

UT-043007 Smith Direct  
Eschelon Telecom, Inc. July 23, 2004  
Exhibit No. \_\_\_\_\_ (RLS-24T)

# Minnesota Public Utilities Commission

## Staff Briefing Paper

Meeting Date: **March 25, 2004** ..... \* Agenda Item # \_\_\_\_\_

Companies: Qwest Corporation and Eschelon Telecom, Inc.

Docket No. P421/C-03-616

In the Matter of a Request by Eschelon Telecom for an Investigation  
Regarding Customer Conversion by Qwest and Regulatory Procedures

Issue(s): Does Qwest's compliance filing, in response to the Commission's  
November 12, 2003 Order provide appropriate proposals and procedures  
that respond to the wholesale service concerns identified in the order?

Staff: John Lindell ..... 651-297-1398

### Relevant Documents:

- Commission Order ..... July 30, 2003 (#16)
- Qwest Compliance Filing ..... August 29, 2003 (#17)
- Eschelon Comments ..... September 12, 2003 (#18)
- DOC Comments ..... September 15, 2003 (#19)
- Eschelon Supplemental Comments ..... September 25, 2003 (#20)
- Eschelon Supplemental Comments ..... October 9, 2003 (#21)
- Commission Order ..... November 12, 2003 (#24)
- Qwest Compliance Filing ..... December 16, 2003 (#25)
- Qwest Compliance Filing ..... February 13, 2004 (#26)
- DOC Comments ..... March 1, 2004 (#28)
- Eschelon Comments ..... March 4, 2004 (#29)

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**Procedural History**

On April 21, 2003, Eschelon Telecom, Inc. (Eschelon) filed its request for an investigation and establishment of a process to address time critical issues. Eschelon claimed that a customer conversion from Qwest to Eschelon was badly mishandled and as a result the customer elected to not switch to Eschelon's service.

On July 30, 2003, the Commission issued its *Order Finding Service Inadequate and Requiring Compliance Filing*. The Order required that Qwest propose remedies to: A) properly separate retail service reps from handling wholesale activities; B) promptly acknowledge and take responsibility for mistakes in processing wholesale orders; and C) establish procedures to reduce errors in processing wholesale orders.

On August 29, 2003, Qwest filed its response to the Commission's July 30, 2003 Order explaining the changes it plans to make.

On September 12, 2003, Eschelon filed its reply comments.

On September 15, 2003, the DOC filed its reply comments.

On September 25 and October 9, 2003, Eschelon submitted supplemental comments that identify additional incidents of improper wholesale-retail contacts and win-back activity.

On November 12, 2003, the Commission issued its *Order Finding Compliance Filing Inadequate and Requiring Further Filings*. The Commission required that Qwest respond to additional deficiencies (identified in items (a) - (n) on pages 4 and 5 of the order).

On December 16, 2003 and February 13, 2004, Qwest submitted its response to items (a) - (n) of the Commission's November 12, 2003 Order.

On March 4, 2004, Eschelon and DOC filed comments regarding Qwest's responses to the Commission's November 12, 2003 Order.

**Qwest Compliance Filing and Parties' Comments**

Qwest responded to the Commission's November 12, 2003, Order providing its response to the fourteen issues that were identified. Each issue in the Commission's order is itemized a - n below along with Qwest's response and other parties' comments. Of the fourteen issues addressed by Qwest, other parties did not object to Qwest's proposal for thirteen of them - items (a) - (m). For item (n) the parties recommended additional or alternative requirements to Qwest's proposal.

*Item (a) Procedures for extending to all wholesale orders notice procedures alerting retail service representatives when they are dealing with wholesale orders, eliminating references to "porting" orders and "LNP" [Local Number Portability] orders in the original compliance filing.*

**Qwest**

Qwest will place a notice on all orders that are not currently blocked and will implement this change February 21, 2004.

**Eschelon**

Eschelon did not comment on this item.

**DOC**

DOC did not comment on this item.

*Item (b) Modification of the content of the notice alerting retail service representatives when they are dealing with wholesale orders to advise them to refer the customer to the new carrier and take no further action.*

**Qwest**

Qwest will modify the notation consistent with the Commission order with an update on February 21, 2004.

**Eschelon**

Eschelon did not comment on this item.

**DOC**

DOC did not comment on this item.

*Item (c) A detailed explanation of which retail service representatives will be blocked from making changes in wholesale orders, which retail service representatives will not be blocked from making changes in wholesale orders, and the reasons for distinguishing between these two groups of retail service representatives.*

**Qwest**

Qwest's system update to Consulting Plus will block sales reps that sell to consumer and small business customers from access via Consulting Plus to any LNP and shared loop orders. The update will not block sales reps that handle large business accounts because these reps do not use Consulting Plus. All other sales reps are already blocked from having access to all other types of orders.

Retail service personnel that need to access LNP and shared loop orders will still have access because LNP and shared loop orders require coordination between the different

services provided by Qwest retail and CLECs. This access to ordering information is necessary to address service issues that may arise.

**Eschelon**

Eschelon did not comment on this item.

**DOC**

DOC did not oppose Qwest's explanation of this item.

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*Item (d) A feasibility report justifying any decision that it is not feasible to block all retail service representatives from making changes in wholesale orders.*

**Qwest**

Rather than preparing a feasibility report, Qwest agreed to make the system upgrades that will block all retail reps from making changes in wholesale orders. The upgrades will include changes to Qwest systems called SOLAR, SONAR and SWIFT and should be completed by May 31, 2004.

**Eschelon**

Eschelon did not comment on this item.

**DOC**

DOC supports Qwest's response and understands that Qwest will block all retail sales reps from access to wholesale orders, not just those using the Consulting Plus system.

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*Item (e) Procedures for ensuring that Qwest acknowledges mistakes in processing wholesale orders using the following language: "Qwest acknowledges its mistake in processing this wholesale order. The error was not made by the new service provider."*

**Qwest**

Qwest will insert this language when Qwest agrees that it has erred.

**Eschelon**

Eschelon did not comment on this item.

**DOC**

DOC did not comment on this item.

*Item (f) Procedures for extending the error acknowledgment procedures set forth in part (e) to all Qwest errors in processing wholesale orders.*

**Qwest**

In order to acknowledge a Qwest error, the CLEC must provide a written request to its Qwest service manager. The request must include the PON#, service order number, billing telephone number, a description of the end-user impact, and the ticket number associated with the repair to address the end-user impact. The CLEC must follow usual repair procedures before requesting a Qwest acknowledgment of an error.

When a Qwest service manager receives a request for error acknowledgment, an investigation will begin. At the conclusion of the investigation and if Qwest agrees that it caused the error, Qwest will send a letter to the CLEC. Qwest's letter will include the pertinent information including the PON#, service order number, etc. and include the required statement that Qwest acknowledges its mistake.

**Eschelon**

Eschelon did not comment on this item.

**DOC**

DOC did not comment on this item.

*Item (g) Procedures for communicating to line staff that time is of the essence both for identifying errors in processing wholesale orders and for providing the acknowledgment set forth in part (e) and procedures for requiring the acknowledgment as soon as practicable after the cause of the error has been identified.*

**Qwest**

All service managers will be advised through internal procedure updates and email that time is of the essence in processing a request for acknowledgment of an error and that they should respond as quickly as possible given the particular CLEC issue to address.

**Eschelon**

Eschelon did not comment on this item.

**DOC**

DOC did not comment on this item.

Item (h) *Procedures for ensuring that acknowledgments appear on Qwest letterhead or other indicia to show that it is Qwest making the acknowledgment.*

**Qwest**

Qwest's written responses acknowledging Qwest error will be with the Qwest identification.

**Eschelon**

Eschelon did not comment on this item.

**DOC**

DOC did not comment on this item.

Item (i) *Procedures for providing the acknowledgment to the competitive local exchange carrier, who in turn may provide it to the end use customer, to prevent improper contacts with the other carrier's customer.*

**Qwest**

Qwest will provide the error acknowledgment to the CLEC that makes the request.

**Eschelon**

Eschelon did not comment on this item.

**DOC**

DOC did not comment on this item.

Item (j) *Procedures for preventing use of a confidentiality designation in acknowledgments, to ensure that the competitive local exchange carrier can provide the acknowledgment to its end user customer.*

**Qwest**

Acknowledgments from service managers will not include a confidentiality statement and this instruction will be provided to service managers.

**Eschelon**

Eschelon did not comment on this item.

**DOC**

DOC did not comment on this item.

Item (k) *Procedures for making the acknowledgment process readily accessible to competitive local exchange carriers, including procedures for identifying clearly the person(s) to whom requests for acknowledgments should be directed.*

**Qwest**

Qwest will provide external documentation to the CLEC that requests for acknowledgment should be made directly to their service manager. Instructions will be provided to CLECs that explain access to Qwest's Customer Contact Information Tool that can be used to identify the assigned Qwest service manager.

**Eschelon**

Eschelon did not comment on this item.

**DOC**

DOC did not comment on this item.

Item (l) *Procedures for ensuring that persons designated to provide acknowledgments have been appropriately trained and have the authority to provide acknowledgments.*

**Qwest**

Service managers will be authorized and instructed on how to respond to requests for acknowledgments.

**Eschelon**

Eschelon did not comment on this item.

**DOC**

DOC did not comment on this item.

Item (m) *A proposal for including performance measures for Centrex 21 and linesharing services in performance measure PO-2 in the Long Term PID process, including submission of a proposal for such performance measures to the Long Term PID Administration Forum by the next filing deadline of November 6, 2003.*

**Qwest**

Qwest submitted a proposal consistent with this requirement on November 6, 2003 and also attached a copy with its compliance filing.

**Eschelon**

Eschelon did not comment on this item.

**DOC**

DOC noted that Qwest had submitted a proposal to the LTPA that measures Electronic Flow-through. Discussions are on-going regarding whether the measurement should include a benchmark standard or whether the measure should be diagnostic for six months with the goal of determining an appropriate standard after six months.

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*Item (n) A proposal for reducing errors in processing manual wholesale orders, such as additional proof reading.*

**Qwest**

Qwest proposed a new PID PO-20 and explained its on-going efforts such as training to address the Commission's concern regarding errors in processing manual orders. Qwest did not propose additional proof-reading or other more direct measures to reduce the level of errors in processing manual wholesale orders.

Qwest explained the efforts it has taken to enhance its manual processing of orders which the FCC had already found to be accurate in conjunction with Qwest's 271 proceedings. Qwest has adopted on an interim basis PID PO-20 which evaluates the degree to which Qwest accurately processes local service requests (LSRs) that are electronically submitted but fall out for manual processing. PO-20 is a measure of the percentage of Qwest service orders that are populated correctly, in specific data fields, with information obtained from CLEC LSRs. It is worth noting that when Qwest's PIDs were being developed, CLECs agreed to a set of PIDs that did not include a measure to evaluate Qwest's manual service order accuracy. Nevertheless, Qwest, in response to CLECs concerns agreed to develop and implement PO-20.

Qwest submitted a chart that demonstrated that from March to June 2003, Qwest accurately processed over 96.15% of Resale and UNE-F POTS LSRs and over 97.27% of unbundled loop LSRs each month that fell out for manual processing. These results were measured on a region-wide basis. In response to CLEC input, Qwest requested that the PO-20 be addressed in the Long-term PID Administration (LTPA) process. Various meetings have been held to refine the PO-20 measure since October 2002. Recently, parties have considered the expansion of the list of fields reviewed by PO-20, through a phased approach, to allow all manually handled orders, rather than just a sample, for reported products to be included within PO-20. The parties have also discussed means for CLECs to report errors before those errors affect the end users and to report errors for fields not included in the mechanized review. While these discussions continue, Qwest will continue to report its manual service order accuracy performance under PO-20's current definition. Qwest believes its accuracy for manually processed orders are within reasonable tolerances and continues to evaluate ways to make further improvements.

To reduce errors in processing orders, changes have been made in different areas. First, Qwest edits and implements changes to its IMA based on analysis of previous errors. Qwest's service delivery coordinators (SDCs) are responsible for processing



orders and the edits to the IMA assist them on the front end of each transaction. The IMA edits will improve processing by minimizing incomplete or inaccurate LSRs. This will reduce manual processing errors by SDCs and provides immediate feedback to CLECs so that a correct LSR can be resubmitted.

Qwest has also implemented enhancements to its Flow-Through System to allow more LSRs to be electronically processed. Currently two-thirds of CLECs orders are processed on a flow-through basis and Qwest expects the flow-through rate to increase and thereby minimize the need for manual processing.

For the LSRs that are manually processed, Qwest has implemented changes such as on-going customized training of SDCs for processing specific products and services. Quality reviews by SDC coaches have also been instituted that reviews orders processed by each SDC and giving them feedback to improve performance. For errors that are common to all SDCs, Qwest can communicate system and process changes to Qwest Service Centers. The training programs for Qwest personnel and support provided to CLECs have contributed to KPMG's approval of the pertinent OSS testing. In fact, in the ROC OSS Test, KPMG found that Qwest's training, continuous improvement measures and quality initiatives adequately addressed the issues of order processing.

Qwest has delivered more than 160 instructor led classes and over 2500 hours of training in the first six months of 2003. In addition, 385 employees visited web-based training classes and 16 courses were developed or updated during this period. All of this training has helped to ensure that SDCs manually processed LSRs are handled correctly. In response to KPMG's April 30, 2002 study titled "Qwest Manual Order Entry Performance Indicator Description Adequacy Study," Qwest agreed to develop a new performance measure discussed earlier as PO-20.

In the limited instances where manual processing errors occur, CLECs can use online tools available through IMA to track orders through to provisioning. The IMA permits CLECs to review a service order detail notice (PSON) and can contact the Help Desk for specific LSR issues or contact the Service Management Team assigned to them if the CLEC believes there is a pattern of problems related to their LSRs. The Change Management process can also be used to improve interaction with Qwest. CLECs and State staffs are also participating in the Qwest Long Term PID Administration forum to establish benchmarks. Qwest is now subject to penalties for failure to meet the PID's new 95% benchmark. With these changes and Qwest's commitment to improve performance, Qwest requests that the Commission accept its compliance filings and close the docket.

#### **Eschelon**

Eschelon does not believe that Qwest has appropriately addressed this compliance item and recommended that Qwest establish a PID PO-20 performance accuracy

benchmark of 99%.<sup>1</sup> Eschelon also recommended that Qwest be required to report semi-annually the number of service order errors it makes in Minnesota by type, beginning July 1, 2004. Another alternative would be a requirement that Qwest make a new compliance filing that shows data on the number and type of orders that Qwest currently proof reads in each of its centers and a commitment to increase those numbers.

Qwest, in its compliance filing, recited the work that it has done from two or more years ago to address this item and describes process improvements that had nothing to do with Qwest's manual service order accuracy. For example, Qwest cites a 2002 KPMG Consulting report to validate its training and quality assurance program. The KPMG report stated that quality assurance representatives review three orders per week per representative and for new order typists, 100% of orders are reviewed for accuracy until the typist has achieved at least 85% accuracy for four weeks. According to Eschelon, if this high level of inaccuracy is acceptable, the Qwest's errors will occur frequently.

The Commission directed Qwest to develop a plan to reduce Qwest's manual service order processing errors. Qwest identified three sets of process changes. First, Qwest described its "first line of defense" as the IMA edits. IMA edits are error messages sent to CLECs that prevent CLECs from submitting LSRs with certain errors. While the IMA edits are beneficial, they do nothing to reduce Qwest's errors on service orders that it must later process manually. IMA edits are not a procedure for reducing Qwest's manual service order errors.

Second, Qwest describes changes to its flow-through system. Eschelon's LSR that Qwest manually processed in error and that caused Eschelon to lose a large customer will continue to be processed manually according to Qwest. The approximately 33% of orders that Qwest will continue to process manually will not be affected by Qwest's described flow-through process and therefore Qwest's has failed to address the problem at hand.

Third, Qwest described internal system edits that it implemented in August 2002. Obviously those edits didn't prevent the Qwest errors that brought down service for one of Eschelon's customers. Qwest described one edit to its Purchase Order Number (PON) field on the LSR. This edit would not prevent Qwest from making an error in the Due Date field which caused Eschelon to lose its customer and gave rise to this complaint. Qwest provided no plan to reduce errors in this critical field.

The Commission required Qwest to provide a proposal to reduce manual wholesale processing orders, such as additional proof reading. Qwest's compliance filing does not

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<sup>1</sup>Qwest submitted its PO-20 proposal to the multi-state PID administrator. This PID is currently under consideration in that multi-state forum. If resolution is not reached amongst the parties in that forum, the Minnesota Commission can address this issue as an impasse item along with others that the parties may not agree on.

provide any data on the number or types of orders that are proof read today nor does it show any increase in the numbers of types of orders being proof read since the Commission's order. Instead, Qwest attempts to satisfy the Commission's concern by suggesting its Manual Service Order Accuracy PID (PO-20) will sufficiently punish Qwest for errors. Contrary to Qwest's assertion, PO-20 does not demonstrate compliance. Qwest's PO-20 is based on a limited sample and even assuming the sample is representative, it shows that Qwest is making way too many errors.

Qwest failed to mention that PO-20 does not measure the Due Date field of LSRs and will not do so until some unknown date far in the future. Qwest plans to implement PO-20 in at least four phases and the Due Date field will not be measured by PO-20 until the end of the phases. Phase 1 will be reported beginning in July 2004 and Phase 3 may be completed by January 2005. Thus, the Commission should not be eluded that Qwest will be subject to penalties under PO-20 when Qwest types in the wrong due date on an order.

Qwest has reviewed its handling of manually typed orders and concluded that it handles them well. In support of this claim, Qwest cites the percentage of errors that it reported under PO-20 for March through June 2003. Qwest bases its report on a sample and does not indicate what the size of its sample was nor how that sample compares to the total number of manually processed orders. According to Eschelon, Qwest's most recent reports indicate that at least 11,751 CLEC LSRs were manually handled in December 2003. If one extrapolates from Qwest's claim of accurately processing over 96.15% of Resale and UNE-P POTS LSRs and over 97.27% of Unbundled Loop LSRs then an approximately 3% error rate would result in 353 service order errors in Minnesota in December 2003. Qwest claimed that its errors are isolated incidents. However, based on Eschelon's analysis this would indicate that Qwest makes approximately 10-15 errors per day in Minnesota. Such an error rate is unacceptable.

Qwest would also have the Commission be comforted by Qwest's claim that escalating PO-20 penalties would deter Qwest from failing to meet the proposed error free benchmark of 95%. Qwest's proposal would have allowed Qwest to make more than 587 service order errors in Minnesota in December 2003 before any penalties would have applied. Qwest also proposed a \$25 per occurrence penalty if it exceeds the PO-20 threshold. A mere \$25 penalty for errors that exceed approximately 500 errors for a month does not create an appropriate incentive when Eschelon has the exposure to lose a half million dollar customer due to a Qwest error. Such a disparity in the penalty versus the potential loss by a CLEC of a significant customer is clearly not in the public interest.

In light of Qwest's failure to address the Commission's requirement to reduce order processing errors, Eschelon recommended that Qwest begin semi-annual reporting of errors and to modify PO-20 to increase the service quality standard for service order accuracy. Eschelon recommends that the Commission order Qwest to begin reporting semi-annually the number of errors it makes in Minnesota by type beginning July 1, 2004. Qwest has the information to do this reporting because of records that Qwest

keeps. For example Qwest uses codes when closing out escalation and repair tickets that are due to a Qwest service order error. If Qwest's reporting does not show improvement, additional steps should be required to reduce the number of manual service order errors.

Qwest's proposal for the LTPA was to set a standard of 95% or an error rate of 5% for PO-20 would be acceptable. As explained earlier, this level of error rate is wholly inadequate and inconsistent with the Commission's directive to reduce errors. Eschelon recommends that the Commission set the error-free standard at 99%. Even with an error rate of 1%, Qwest can still make approximately 50 service order errors per month in Minnesota without incurring a penalty. Because Qwest failed to detail a plan to reduce errors in accordance with the Commission's order, additional incentive through the PO-20 standard is appropriate. If Qwest, in the future, can support its position to lower the standard, Qwest could request to revisit the standard then. If Qwest does not agree to a higher standard in the LTPA, Eschelon requests that the Commission take notice of this matter if PO-20 is presented to the Commission for resolution as an impasse item. A 1% error threshold for PO-20 would provide an appropriate incentive for Qwest to reduce errors as directed by the Commission.

#### **DOC**

DOC remains concerned that human error in processing manual wholesale orders has the potential to cause significant financial harm to CLECs. Acknowledging that manual processing will always be subject to errors, DOC recommended that increased oversight of the manual process would be appropriate. Increased mechanization would also contribute to the reduction of human errors.

Qwest's proposal to revise PO-20 have not yet been implemented. Therefore, DOC recommended that quarterly reporting be implemented that details the implementation of revisions of PO-20. If the LTPD is unable to resolve outstanding issues regarding the appropriate benchmark, the Commission may need to revisit this issue.

### Commission Options

#### I. For items (a) through (m):

**A.** Find that Qwest has proposed appropriate remedies that address the deficiencies identified in items (a) through (m) in the Commission's November 12, 2003 Order.

**B.** Find that Qwest has not proposed appropriate remedies to address the deficiencies identified in one or more of the items (a) through (m) in the Commission's November 12, 2003 Order.

#### II. For item (n):

**A.** Find that Qwest has proposed appropriate remedies that address the deficiencies identified for item (n) in the Commission's November 12, 2003 Order.

**B.** Find that Qwest has not proposed appropriate remedies to address the deficiencies identified for item (n) in the Commission's November 12, 2003 Order and:

#### Recommended by Eschelon

**1)** Require Qwest to begin semi-annual reporting of the number of service order errors by type of error, beginning July 1, 2004. If the reports do not show noticeable improvement, require Qwest to take steps to reduce each type of error. Require Qwest to provide this report to the Commission, the DOC, the OAG, and any requesting CLEC.

**2)** Establish an appropriate standard for Qwest order accuracy rate of 99%, if PO-20's standard is brought before this Commission as an impasse item in the PID/PAP proceeding.

**3)** Alternatively, Eschelon recommended a requirement that Qwest make a new compliance filing that includes data on the number and type of orders Qwest currently proof reads in each of its centers and a commitment to increase those numbers.

#### Recommended by DOC

**4)** Require Qwest to submit quarterly reports to DOC and Eschelon detailing the implementation of PO-20.