CLEC Proposed Competition-Related Conditions on Merger Approval

1. <u>Improve Service Quality and Reporting</u>. Improve UNE, interconnection, and collocation installation intervals tied to incident-based liquidated damages for non-performance and more significant penalties for continued non-performance.

    (a) U S WEST will adopt the following standards pending completion of the Commission's carrier-to-carrier service quality rulemaking:

        (i) Firm Order Confirmations ("FOCs"), which provide CLECs the installation date for a loop, will be delivered within 24 hours or the time specified in the CLEC's interconnection agreement, whichever is shorter. U S WEST will determine facility availability within 48 hours of committing to an FOC and will tag and reserve the available facilities needed to provision the CLEC's request until (a) U S WEST provisions the facilities or (b) the CLEC cancels the order.

        (ii) Analog (or DS-0) loops, xDSL loops, four-wire and other DS-1 capable loops, and sub-loops will be installed within 3 business days of receipt of order (or in parity with U S WEST's loop provisioning to affiliates or its own loop provisioning for retail customers if less than 3 business days). All such loops requiring conditioning should be installed within 7 business days of receipt of order (or in parity with U S WEST's loop provisioning to affiliates or its own loop provisioning for retail customers if less than 7 business days). If no facilities are available to fill the CLEC's order at the time the order is placed, U S WEST will construct or otherwise make the requested facilities available and install the loops within 10 business days of receipt of the order (or in parity with U S WEST's loop provisioning to affiliates or its own loop provisioning for retail customers if less than 10 business days).

        (iii) DS-1 or DS-3 circuits will be installed within 5 business days in high density locations and 8 business days in low density areas following receipt of order (or in parity with U S WEST's own loop provisioning for retail customers if less than the applicable 5 or 8 business days). If no facilities are available to fill the CLEC's order at the time the order is placed, U S WEST will construct or otherwise make the requested facilities available and install the loops within 12 business days in high density areas and 15 business days in low density areas following receipt of the order (or in parity with U S WEST's loop provisioning to affiliates or its own loop provisioning for retail customers if less than the applicable 12 or 15 business days).

        (iv) U S WEST will provide coordinated cut-overs for facilities U S WEST is providing to the CLECs that are currently being used to provide service to an end-user customer in a manner that ensures that the end-user customer is not out of service for both incoming and outgoing calls for a period not to exceed 15 minutes if during regular business hours and one hour if after regular business hours.

(v) Interconnection trunks will be installed within 5 business days in high density locations and 8 business days in low density areas of receipt of order if included in prior CLEC forecast provided to U S WEST.

(vi) Central office collocation and remote terminal access will be provided within 45 days of U S WEST's receipt of an order from the CLEC for both caged and cageless physical collocation.

(b) U S WEST will provide a monthly report to each CLEC that identifies the average intervals for the facilities and coordinated cut-overs referenced above separately for (1) the CLEC receiving the report, (2) all CLECs in the aggregate; (3) U S WEST affiliates; and (4) U S WEST retail operations.

(c) Liquidated damages for each missed interval will be the nonrecurring charges ("NRCs") for that element or service. For each additional late business day, an additional 10% of the NRC(s), or one month's recurring charge, whichever is greater, will be credited to the CLEC. U S WEST will also reimburse the CLEC for all expenses the CLEC incurs to comply with any and all Commission's retail service guarantees as a result of the missed interval. For loops and high capacity circuits, these damages apply once U S WEST misses the initial provisioning interval, regardless of whether the missed interval is due to a lack of available facilities or whether U S WEST has complied with the time period applicable when facilities are not initially available.

(d) For each 30 day period that U S WEST fails to meet intervals for 10% or more of its total UNE orders (excluding orders to affiliates), U S WEST will pay competitive incentive penalties to the general fund of $1,000 per delayed UNE order per day or $250,000, whichever is greater. The same competitive incentive penalties shall apply separately for total interconnection trunk orders and for collocation orders. For loops and high capacity circuits, these competitive incentive penalties apply once U S WEST misses the initial provisioning interval, regardless of whether the missed interval is due to a lack of available facilities whether U S WEST has complied with the time period applicable when facilities are not initially available.

2. <u>Increase Central Office and Outside Plant Investment</u>. U S WEST will increase investment in facilities necessary for interconnection sufficient to ensure that no CLEC is denied or delayed in obtaining interconnection based on its forecasted demand. U S WEST will also increase investment in outside plant necessary to ensure that no feeder distribution interface ("FDI") and/or terminal in Washington is served by a transport facility that has greater than an average 85% fill rate.

(a) U S WEST will file semi-annual reports, supported by affidavits from the

Executive Vice President of Operations (or the equivalent), identifying for each wire center in Washington (1) the line-side switch and interconnection trunk capacity, and (2) the six-month average fill rate for the transport facilities serving every FDI and or terminal in the outside plant. The report will include the methodology employed by U S WEST for calculating these figures.

(b) For each six month period in which the average fill rate for transport facilities serving any FDI and/or terminal in Washington exceeds 85%, U S WEST will pay competitive incentive penalties to the general fund in the amount of $250,000 per non-compliant cable.

(c) U S WEST will separately account for and report as required above on loops (including high capacity circuits) and interconnection trunks that are delayed due to lack of available facilities. For each 30 day period in which U S WEST fails to meet intervals for 10% or more of its total UNE orders (excluding orders to affiliates) due to lack of available facilities, U S WEST will pay investment failure penalties to the general fund, in addition to the penalties referenced above, of $1,000 per delayed UNE order per day or $250,000, whichever is greater. The same additional penalties shall apply separately for total interconnection trunk orders.

3. Improve Access to Databases and Network Information. U S WEST will improve access to U S WEST OSS and network information to provide network information and data needed in the planning and provisioning of local exchange and advanced services.

(a) These improvements would include direct pre-order and order electronic access to network information databases, including but not limited to LFACS and TIRKS. U S WEST's OSS generally will improve electronic access to information necessary to provide advanced services like DSL. For instance, CLECs should be provided pre-order access to loop information, including Design Layout Records ("DLRs").

(b) U S WEST will provide CLECs, upon request, with network design information, including but not limited to the location, service capacity of, and space availability in, remote terminals.

(c) Changes to the LFACS and other computer support systems necessary to implement DSL line sharing fully.

(d) Manual processes would be automated over time; until those processes are automated, U S WEST must provide a 25% discount on all recurring and nonrecurring charges that would otherwise be applicable to loops.

(e) U S WEST will make the information in its databases available to requesting CLECs on the same terms and within the same time intervals the information is available to itself or to its affiliates, including but not limited to the advanced services company, whichever is more favorable.

Future Network Access. U S WEST will ensure that the architecture of any future network build-outs permits interconnection by CLECs.

(a) U S WEST will include CLECs in network planning to ensure that all remote terminal sites are built with sufficient space to permit collocation where requested.

(b) U S WEST will deploy only electronics and equipment that permit interconnection to all loops (for example, U S WEST will deploy IDLC equipment only if it permits CLEC interconnection).

Region-wide MFN. U S WEST will permit all CLECs operating in Washington to adopt, pursuant to Section 252(i) and in whole or in part, the terms of any interconnection agreement entered into by U S WEST, Qwest or the merged entity in any state within the 14 state U S WEST region, whether as ILEC or CLEC, whether arbitrated or negotiated.

UNE Combinations. U S WEST will provide combinations of UNEs to any requesting carrier. Specifically, U S WEST will provide combinations of loop and transport (known as "Extended Local Loops") at the combined Commission-approved TELRIC-based prices of those elements and pursuant to the service standards and remedies listed above. U S WEST will also provide UNE combinations sufficient to provide local exchange service (known as the "UNE Platform") at the combined Commission-approved TELRIC-based prices of those elements and pursuant to the service standards and remedies listed above and in the Commission's retail service quality rules, for a period of not less than three years following closure of the merger.

7. Structural Separation of Retail and Wholesale Services. Structurally separate provisioning of wholesale and retail operations of the merged entity.

(a) Structural separation should be complete. The new retail and wholesale companies would have separate officers, separate employees and separate physical locations. Both companies would continue to be subject to Commission regulation , including but not limited to restrictions on affiliated interest transactions.

(b) The retail company must obtain all services and elements (including but not limited to, collocation, unbundled loops, DSL line sharing, remote terminal access, sub-loop elements, and access to OSS) from the wholesale company pursuant to the same rates, terms, and conditions applicable to CLECs. The retail company must use only the same OSS interfaces that CLECs use to order services and elements and must be subject to the same charges (including OSS development and maintenance charges) imposed on CLECs.

(c) The retail company must comply with imputation standards. Specifically the company's retail prices must exceed the recurring and nonrecurring rates it pays to the wholesale company for collocation, unbundled loops, DSL line sharing, etc. that a similarly-situated CLEC would face plus a reasonable amount for the costs of other network functions and retailing expenses.

(d) The wholesale company must measure and separately report the service quality it provides to the retail affiliate. This data must be included as a separate and distinct category in service quality reports the wholesale company provides to CLECs and the Commission.

8. Ensure Current Compliance with InterLATA Restrictions. The Applicants will file an InterLATA Compliance Certification. Included in that certification will be an inventory of all Qwest assets in the state of Washington and all services that Qwest currently provides to customers in Washington using those assets. The Applicants will then identify which services it will discontinue in order to comply with interLATA service restrictions, as well as when and how those services will be discontinued. The Applicants will also describe and undertake all measures necessary to ensure that performance under existing contracts between Qwest and other entities for interLATA services will continue without interruption or degradation of service quality. The Applicants will identify all of the Qwest assets that will be used to provide intraLATA services and by which business entity. With respect to assets that will not be used to provide intraLATA services, the Merged Company will separately account for those assets and until the Merged Entity is granted authority under Section 271, will file semi-annual reports with the Commission sufficient to demonstrate that the costs of those facilities and their maintenance are not included in U S WEST's intrastate rate base