

UT-043007 Smith Direct  
 Eschelon Telecom, Inc. July 23, 2004  
 Exhibit No. \_\_\_\_\_ (RLS-26T)

**BEFORE THE PUBLIC UTILITIES COMMISSION  
 OF THE STATE OF COLORADO**

DOCKET NO. 02M-259T

IN THE MATTER OF QWEST CORPORATION'S COLORADO PERFORMANCE  
 ASSURANCE PLAN

**ORDER OF THE INDEPENDENT MONITOR CONCERNING  
 PERFORMANCE INDICATOR DEFINITION  
 PO-20 – MANUAL SERVICE ORDER ACCURACY**

1. This Order of the Independent Monitor incorporates the Performance Indicator Definition ("PID") for Manual Service Order Accuracy, PO-20, into the Colorado Performance Assurance Plan ("CPAP"). On February 11, 2004, the Colorado Public Utility Commission ("Commission") issued an Order directing the Independent Monitor to "hold a hearing on the disputed issues remaining for PO-20" and to issue a decision that "orders Qwest to implement reporting and penalties for misses for this new PID."<sup>1</sup> On March 29, 2004, the Independent Monitor conducted a hearing consistent with the Commission's directive.

2. As more fully detailed below, the Independent Monitor orders the incorporation of PO-20 into the CPAP as proposed by Qwest Corporation ("Qwest") on March 2, 2004,<sup>2</sup> with the following modifications: (1) PO-20 will be designated as a Tier 1B PID; (2) the "one-miss" rule will not be incorporated into PO-20; (3) the 10% payment collar of section 18.8 does not apply to PO-20; (4) PO-20 will be phased into the CPAP with escalating performance

<sup>1</sup> Order on Second Six-Month Review, *Qwest Corporation's Colorado Performance Assurance Plan*, Dkt. No. 02M-259T, at ¶ 51 (rel. Feb. 11, 2004).

<sup>2</sup> PO-20 (Expanded) – Manual Service Order Accuracy – 02 Mar 04: Qwest Offer, attachment to Qwest Corporation's Corrected Proposed Performance Indicator Definition PO-20, *In the Matter of Qwest Corporation's Colorado Performance Assurance Plan*, Dkt. No. 02M-259T (Mar. 17, 2004).

standards; and (5) manual service order accuracy errors detected and corrected by Qwest prior to service order completion will not count toward "misses" tallied by PO-20.

#### A. PO-20 Tier Designation

3. The parties dispute the appropriate tier designation within the CPAP for PO-20. Qwest asserts that PO-20 should be assigned to Tier 1C and the competitive LECs<sup>3</sup> argue that Tier 1B is required. I conclude that PO-20 should be designated as a Tier 1B PID under the CPAP.

4. The Commission stated in its June 2002 decision regarding Qwest's compliance with section 271 of the 1996 Telecommunications Act that "the PID for manual service order accuracy will be added as a Tier 1B measure to the CPAP."<sup>4</sup> In August 2003, noting Qwest's similar recommendation, the Commission reiterated its previous statement that "PO-20 will be a Tier 1B measure when it is added to the CPAP."<sup>5</sup>

5. Qwest now asserts that the Tier 1B designation for PO-20 is no longer appropriate. In support of that proposition, Qwest contends that since the parties began negotiations, PO-20 has undergone significant changes. First, the universe of orders examined grew from a random sample of twenty orders per product group per day across the region to all manually completed service orders for the order types and products included in the measure.

<sup>3</sup> AT&T Communications of the Mountain States, Inc. and TCG Colorado, Eschelon Telecom, Inc., MCImetre Access Transmission Services LLC, and MCI WorldCom Communications, Inc., fka MFS Intelenet, Inc. (collectively "competitive LECs") filed a joint proposal for the treatment of PO-20 under the CPAP in opposition to Qwest's proposal. See Joint Proposal for the Treatment of PO-20 Under the Colorado Performance Assurance Plan, *In the Matter of Qwest Corporation's Colorado Performance Assurance Plan*, Dkt. No. 02M-259T (Mar. 22, 2004). The competitive LECs also participated in the March 29, 2004, hearing.

<sup>4</sup> Commission Decision Regarding OSS, Section 272, Public Interest, Track A, Change Management Process, and Data Reconciliation and Commission Decision Regarding the Commission's Recommendation to the Federal Communications Commission Concerning Qwest Corporation's Compliance with Section 271, *In the Matter of the Colorado Public Utilities Commission's Recommendation to the Federal Communications Commission Regarding Qwest Corporation's Provision of In-Region, Inter-LATA Services in Colorado*, C02-718, p. 75 (rel. June 26, 2002) ("Colorado 271 Decision").

<sup>5</sup> Order Denying Rehearing, Reargument, or Reconsideration, *In the Matter of Qwest Corporation's Colorado Performance Assurance Plan*, Dkt. No. 02M-259T, ¶¶ 14-15 (rel. Aug. 22, 2003).

Second, the number of products to be examined under PO-20 expanded to include Centrex 21 and seven additional unbundled loops. Third, the fields of the Local Service Requests ("LSR") examined by PO-20 grew from eleven in the original measure to thirty-nine. Lastly, Qwest notes that a "safety net" feature was added to reduce the potential impact to a competitive LEC's end user customers of the "misses" measured by PO-20. The combined effect of all these changes, according to Qwest, is that the current PO-20 is effectively a "new" PID and should be considered "in a fresh light."

6. The competitive LECs argue that the Commission has already established the tier designation for PO-20 as Tier 1B and that there is no reason for the Independent Monitor to alter that decision. The competitive LECs further assert that the errors measured by PO-20 affect loop products that are normally categorized as Tier 1A and that the Commission was generous to only require Qwest to apply the standards of Tier 1B to PO-20.

7. As mentioned previously, I conclude that PO-20 will be a Tier 1B measure under the CPAP. With the exception of the "safety net" argument, Qwest's concern about PO-20's Tier 1B designation focuses on the increased number of misses that can result from the "new" PO-20's examination of a multitude of orders, fields, and product categories coupled with the higher level of penalty payments for Tier 1B violations versus Tier 1C. I am not persuaded however that the scope of the fields reviewed, the number of orders and products examined, or the increased potential frequency of errors are valid considerations when determining the proper tier designation of a PID under the CPAP. PO-20 is designed to measure the errors that Qwest interjects into the processing of a competitive LEC's electronically provided service order when Qwest manually enters those orders into Qwest's internal provisioning systems. Those orders, if processed electronically, would have been subject to measurements that are either Tier 1A or

Tier 1B. There is no indication in previous Commission pronouncements that the number of data points to examine was a factor in its designation of PO-20 as a Tier 1B PID. Furthermore, there is no evidence in this record that the number of potential misses to a PID dictates the appropriateness of a particular tier designation. As such, there is no support to "downgrade" the importance of the orders measured by PO-20 to Tier 1C.

8. I am not persuaded by Qwest's arguments that the changes in what is now being measured by PO-20 merits a modification of the Commission's previous conclusion that PO-20, when incorporated into the CPAP, would be a Tier 1B measure. Consequently, I designate PO-20 as a Tier 1B measure under the CPAP.

#### B. "One-Miss" Rule

9. The parties dispute whether PO-20 should include a "one free miss" provision. Qwest argues that it should be permitted "one free miss" when a competitive LEC's order volumes in a particular month are twenty orders or less. The competitive LECs assert that because the "one free miss" language is already in the CPAP, the issue of incorporating such a provision into PO-20 is moot. The competitive LECs further add that the "one free miss" exclusion applies only for Tier 1A measures.

10. Given my assignment of PO-20 to Tier 1B, the incorporation of a "one miss rule" in PO-20 is denied. The applicability of such exclusion to Tier 1B measurements is unwarranted given the dearth of evidence in the record to support this charge and the Commission's previous conclusion that the "one miss rule" is only available for Tier 1A measurements. I further note that the CPAP's "one miss rule" applies only when there are ten or fewer occurrences a month. Qwest's request therefore surpasses even what the Commission had previously determined as an appropriate standard for the exclusion to apply.

### C. Application of 10% Collar

11. Qwest recommends that PO-20 should be subject to the "10% collar" provision of section 18.8 of the CPAP.<sup>6</sup> Section 18.8 limits Qwest's payments to affected competitive LECs to 10% above the payments Qwest would have made to those entities if a change in the CPAP during the six-month review process had not occurred. The competitive LECs argue that none of the PO-20 changes ordered by the Commission apply to section 18.8 of the CPAP and, therefore, the 10% collar should not apply. I conclude that the application of the 10% collar is not appropriate for the incorporation of PO-20 into the CPAP.

12. As noted previously, Qwest was required to "work with interested parties to complete development of a PID for manual service order entry" as part of Qwest's section 271 approval process.<sup>7</sup> Qwest and the parties failed to reach a consensus on PO-20 by early 2004 and the Commission directed the Independent Monitor to conduct a hearing, to resolve the outstanding issues, and to order the incorporation of PO-20 into the CPAP. Because PO-20 did not arise out of the CPAP's six-month review process but from the Commission's approval of Qwest's section 271 application, section 18.8 of the CPAP does not apply. Consequently, payments made pursuant to PO-20 are not subject to the 10% collar limitation of CPAP section 18.8.

### D. PO-20 Benchmark Standard

13. Qwest proposes that the benchmark standard for manual service order accuracy measured by PO-20 should be 95%. The competitive LECs argue that a 99% standard is more

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<sup>6</sup> Section 18.8 of the CPAP states, in part:  
18.8 Qwest shall calculate separately, payments owed under the CPAP that do not include changes made at the six-month review ("baseline CPAP") and payments owed under a CPAP revised to reflect changes made at the six-month review ("revised CPAP"). If payments calculated under the revised CPAP are more than 110% of payments calculated under the baseline CPAP, Qwest shall limit payments to the affected CLECs and to the Special Fund to a 10% increase ("10% collar") above the total baseline CPAP payment liability.

appropriate. I conclude that neither is wholly satisfactory and determine that an escalating standard from 95% to 96% to 97% will provide Qwest with the proper incentive to minimize the levels of human error on a going-forward basis while still accounting for the inevitability of such mistakes.

14. Qwest seeks to have a benchmark standard of 95%. In support of that position, Qwest cites the 95% benchmarks used to judge manual order accuracy of SBC-SW, BellSouth, and Verizon. Qwest also argues that only PIDs generally associated with electronic systems or processes, or gateway availability approach or exceed performance measures of 99%. Third, Qwest argues that the magnitude of the LSR fields measured will greatly increase the opportunity for error and that the potential for error will continue to grow as additional phases of PO-20 are implemented. Lastly, Qwest asserts that the competitive LECs have not proven that a failure to meet a service order accuracy standard would result in harm to their end user that would justify any standard, let alone the 99% one they propose.

15. The competitive LECs argue that a 95% benchmark standard for manual service order accuracy does not adequately minimize end user harm. The competitive LECs estimate that at a 5% error rate, Qwest could make approximately 400 service order errors that harm customers each month in Colorado without incurring a single CPAP payment. Given that end user customers may unjustifiably blame competitive LECs for any problems experienced when switching from Qwest, an error at this critical juncture may harm not only the competitive LEC who "won" the customer but also the competitive market place as a whole. Accordingly, the competitive LECs assert that a 99% standard would provide Qwest with the proper incentive to avoid, detect, and correct manual service order errors prior to impacting the competitive LECs' end user customers.

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<sup>7</sup> See *Colorado 271 Decision*, p. 74.

16. I conclude that a gradual escalation of a performance standard for manual service order accuracy places the proper incentives on Qwest and adequately protects the competitive marketplace for telecommunications services. When viewed in the abstract, a 95% benchmark is a high standard for processes that involve human intervention. However, even a 5% variance from perfect may result in a disproportionate impact to competitive LECs and their customers. As an example, the competitive LECs cite an event involving Eschelon and Qwest in Minnesota where a single error introduced by Qwest into a single field resulted in the loss of a \$500,000.00 per year customer to Eschelon.

17. I am not convinced however that a 99% accuracy standard would have necessarily prevented that incident, nor has any party argued that it might have. Arguably, if Qwest were capable of meeting a 99% accuracy standard for PO-20, the possibility of such an occurrence would diminish significantly. I further acknowledge that harm to a competitive LEC and its end user customer is foreseeable when Qwest mistakenly enters incorrect data from an LSR into the Qwest processing systems. In the end, a balance must be struck between the potential impact to the competitive LEC and its end user customer and the cost to Qwest to obtain a specific level of accuracy.

18. The standards under the CPAP must create the proper incentives to further the goals of the CPAP. Anything else either unfairly disadvantages one party or unjustifiably benefits another. The gravamen of my decision is that when manually processing competitive LEC orders to conform to Qwest's internal provisioning systems, Qwest should "do no harm." Consequently, Qwest should have the proper incentive to enter, review, and correct the data received from the competitive LECs LSRs to the best of its ability. Given that over time automated systems for error detection will evolve and Qwest's level of performance will

increase, the accuracy standard for PO-20 should also increase. This will encourage Qwest to reduce the number of orders that require manual processing and to refine their error detection and correction systems.

19. Accordingly, I determine that the accuracy standard for PO-20 will escalate under the following schedule:

95% Performance Standard	96% Performance Standard	97% Performance Standard
August 1, 2004	February 1, 2005	August 1, 2005

20. Additionally, as currently proposed, PO-20 treats all errors as "misses" regardless of whether Qwest or a competitive LEC discovers those errors. Penalizing Qwest for finding and correcting errors as part of its internal quality control mechanisms before the competitive LEC's end user customer is impacted is inconsistent with creating an incentive for Qwest to resolve those errors. I conclude that errors measured by PO-20 that Qwest discovers and corrects prior to order completion and notification by a competitive LEC of that error shall not be treated as a "miss" under PO-20. I further order that the PSON process should continue until such time as Qwest and the competitive LECs no longer consider it necessary to ensure Qwest's manual service order accuracy.

#### **E. PO-20 Phase-In Period**

21. Qwest recommends that PO-20 be implemented in four phases to begin on May 1, 2004. The competitive LECs argue that the Commission should reject Qwest's proposal to "phase-in" PO-20 because its implementation has already been delayed significantly. The competitive LECs add that Qwest's justifications for more delay are based on undisclosed "reporting issues" which the competitive LECs assert Qwest could correct through supplemental reporting as it has done in the past.



22. I conclude that a phased approach for the inclusion of all of the measurements of PO-20 is appropriate. The record does not reflect that Qwest has the ability to effectively implement the measurements of PO-20 on a more accelerated time table. Furthermore, the measurements included in Phase 1 of the PO-20 roll-out include the fields most likely to result in harm to a competitive LEC's end user customer if mistakenly input into Qwest's provisioning systems. Therefore, the competitive LEC's and their end user customers receive the largest benefit in the quickest manner. While subsequent phases of PO-20 review important and critical data for mistakes, the magnitude of the potential customers impacted by an error on Qwest's part does not appear from the record to be as great as in Phase 1.

23. I also conclude that it is appropriate for Qwest to have some time to test the measurements examined under PO-20 (i.e., "burn-in" period). I agree with the competitive LECs that there has been significant delay in the implementation of PO-20, and have consequently accelerated the overall deployment of PO-20 under the CPAP. The phase in schedule for PO-20 is as follows:

	Burn-In Period	First Reporting Month	First Performance Report	First Penalty Payment Report
Phase 1	May, June, July 2004	August 2004	October 31, 2004	November 30, 2004
Phase 2	September, October, November 2004	December 2004	February 28, 2005	March 31, 2005
Phase 3	January, February, March 2005	April 2005	June 30, 2005	July 31, 2005
Phase 4	May, June, July 2005	August 2005	October 31, 2005	November 31, 2005

24. As an aside, I note that the phased deployment of PO-20 does not affect the accuracy standard schedule I have established for PO-20. It is presumed that Qwest will strive

for accuracy in all manually entered data not just for those particular fields being reviewed under the PO-20 performance metric at that time.

#### **F. The "Safety Net"**

25. In 2002, Qwest began offering reports, Pending Service Order Notifications ("PSONs"), to requesting competitive LECs that contained certain selected service order information that the competitive LECs could compare to data received in other Qwest reports. Qwest considers the PSONs to be a part of the "safety net" that Qwest provides to correct service-affecting errors before a competitive LEC's end user customer is impacted.

26. The competitive LECs argue that the PSONs unfairly shift the burden of Qwest's quality control from Qwest to the competitive LECs. Qwest presents the PSON process as "an opportunity for a CLLEC to review the PSON to identify an error prior to due date and to ask Qwest to correct that [error]"<sup>8</sup> and also as "an opportunity for [a competitive LEC] to look at the service order information and to add to the existing Qwest quality assurance processes."<sup>9</sup> I agree that the PSON reports offer an "opportunity" for additional quality control. But the PSON reports should not shift Qwest's responsibility for ensuring the accuracy of manually processed orders. Consequently, I am not persuaded that this "opportunity" impacts Qwest's reporting obligations under PO-20.

#### **G. Additional Matters**

27. Along with and subsequent to the filing of the parties' post-hearing briefs, Qwest and the competitive LECs filed several additional motions and pleadings under this docket. The only matter that is appropriate for me to decide at this time is the competitive LEC's motion to

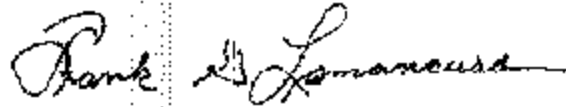
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<sup>8</sup> Hearing Transcript, *In the Matter of Qwest Corporation's Colorado Performance Assurance Plan*, Dkt. No. 02M-259T, pp. 27-29 (Mar. 29, 2004).

<sup>9</sup> *Id.* at p. 29.

waive the thirty-page limit for pleadings filed with its post-hearing brief.<sup>10</sup> I grant the competitive LEC's motion for waiver of the Commission's thirty-page limit for its post-hearing brief.

Respectfully submitted,



Frank G. Lamancusa  
Independent Monitor

April 28, 2004

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<sup>10</sup> Motion to Waive 30-Page Limit of the Commission's Rules of Practice and Procedure, Rule 723-1-22(3)(1), *In the Matter of Qwest Corporation's Colorado Performance Assurance Plan*, Dkt. No. 03M 259T (Apr. 12, 2004).