

**Impasse Issue on Standard
for
PO-2B Percent Electronic Flow-through of Eligible LSRs**

Overview

In the original collaborative development of the Performance Measures to be used for the ROC OSS test and subsequent reporting purposes, several Performance Indicator Definitions (PIDs) were identified as “Diagnostic” or “To Be Determined”. The Percent Electronic Flow-through of Eligible LSRs (PO-2B) was one such measure that was designated with a Diagnostic Standard. The rationale for identifying this measure as Diagnostic centered on not having sufficient experience with the measurement yet to determine an appropriate benchmark.

Based on the history of audited and reported measures accrued since the original development of PO-2B, the ROC TAG recently undertook to collaboratively determine the standard to be used for PO-2B going forward after the OSS test. Initial discussions have resulted in agreement on aspects of the standard, including that a Benchmark will be used for the aggregate CLEC measure of PO-2B while the individual CLEC measures will remain Diagnostic measures.

The TAG has reached impasse on two other aspects of the PO-2B Standard – namely, the actual Benchmark levels to be used and whether or not the measure is to be included in the future Qwest Performance Assurance Plan (QPAP) making it subject to financial penalties for under performance.

Below are statements prepared by Qwest and AT&T outlining their positions on these issues at impasse, and their respective proposals for consideration by the ROC Steering Committee in resolution of this impasse issue.

Process

The positions will be submitted to the ROC Project Manager, Denise Anderson of MTG, by COB Thursday, November 1st. MTG will consolidate and distribute the position document to the TAG. The ROC Steering Committee will hold a resolution discussion of this topic at its meeting on Monday, November 5th. The TAG will be notified of the ROC Steering Committee's decision and rationale by COB on November 6th, 2001.

Qwest's Position on the Standard for PO-2B**Issue 1 – The actual benchmark levels to be used:**

Qwest has offered benchmarks for PO-2B flow-through levels in the form of both benchmarks that would apply now, as well as a commitment to certain increases in flow-through levels, described by specific higher benchmarks at six-month increments going forward. Qwest has emphasized that, because CLEC behavior can affect flow-through rates (as recognized by the FCC in recent orders), these benchmarks should be used for evaluation purposes only, where there is an opportunity to “look behind the data” if a benchmark is missed. However, as further explained in response to the next issue, PO-2B benchmarks should not be used in any context where automatic consequences are triggered (such as in a PAP).

Accordingly – and particularly in the context of Qwest's commitment to achieving pre-specified increases in performance – any benchmarks set for PO-2B should represent minimum requirements during specified periods, not future targets. Benchmarks are most useful as thresholds below which further attention may be warranted. In contrast, setting benchmarks that are higher than currently-improving performance levels renders the benchmarks virtually useless, because they will be frequently “tripped,” implying that additional attention is needed when, in fact, improvements are proceeding according to plan.

Given that Qwest's current aggregate (i.e., regional and statewide) performance levels for PO-2B are only recently just reaching, and in some cases exceeding, the first set of benchmarks Qwest proposes (Jan 02), it makes sense to use those levels to begin with. Under this approach, further attention appropriately would be triggered only if flow-through levels drop below these initial levels. Then, at the next step increment, if Qwest fails to implement the higher levels it has offered to meet, attention would be appropriately drawn by the performance levels versus benchmarks at that time.

In this respect, Qwest is willing to incorporate into the PO-2B PID not only the initial step of Jan 02 benchmarks, but also the other specified steps of higher benchmarks. Qwest requests that the Steering Committee approve the structure of PO-2B benchmarks it has proposed.

Issue 2 – Whether or not the PO-2B is to be included in the future QPAP:

This issue was raised in response to Qwest's assertions that PO-2B should not be included in a PAP, which Qwest emphasized as a matter of overall context for discussing the benchmarks. Nevertheless, the actual issue of including this measurement in a PAP is not a matter that is appropriate for the TAG to decide. The forums that were appropriate for such issues in relation to QPAP already have been concluded, and Mr. Antonuk has issued his report. Various

participating states are now in the process of considering QPAP. PO-2B was never proposed and was not included in Mr. Antonuk's recommendations.

Notwithstanding, Qwest again reiterates that, because flow through levels measured by PO-2 are affected by CLEC behavior, as the FCC has acknowledged in recent orders, it is not reasonable to apply self-executing or automatic consequences if benchmarks are missed. Even treatment in an aggregate fashion, such as Tier 2, would not resolve the problem, because Qwest still would be vulnerable to making payments when the cause was not its own performance.

Accordingly, the Steering Committee should recognize that this issue is not relevant for its consideration.

AT&T/WCOM's Position on the Standard for PO-2B

The importance of flow-through to CLECs is widely known because of the significant consequences that befall to CLECs and their customers when ILEC systems do not flow through CLEC orders. Orders that flow through are afforded the same expedited route to processing as are the ILEC's retail orders that are directly entered into the service order systems. CLEC orders must traverse the ordering interface and gateways to be processed and all orders that do not flow through are manually processed to some extent. The potential for backlogs and data entry errors cannot be mitigated once the orders have been routed to the Qwest service center for processing.

An order is flow-through eligible when it is placed to request services from Qwest that conform to the Qwest "LSRs Eligible for Flow Through Matrix". The matrix provides four basis product types and identifies the order activity types that are processed in a fully electronic mode. Each product type has a list of as many as 20 exceptions that are those special conditions that make an order ineligible for flow through. Qwest makes changes to its systems to increase the types of orders that are flow-through eligible by removing exceptions or adding activity types.

If Qwest's software systems comport with its identified "LSRs Eligible for Flow Through Matrix" Qwest's results for PO-2B would be 100%. CLECs that submit orders that do not flow through but contain any of the Qwest-identified exceptions, reduce PO-2A results but do not reduce PO-2B results because these are not flow-through eligible orders.

PO-2B results that are low reflect "disconnects" between Qwest's OSS interfaces and its "LSRs Eligible for Flow Through Matrix" that create significant consequences on CLEC orders. CLECs issue these orders with the understanding that they will flow through, but an OSS interface capability prevents them from actually flowing through. The system of PO-2A and PO-2B

work together to have more order types become flow-through eligible and to increase the proportion of flow-through eligible orders that actually achieve flow-through processing.

AT&T/WCOM recommends that the Qwest proposal for PO-2B benchmarks be stepped up to target higher percentages of flow-through eligible sooner than proposed by Qwest.

Qwest’s Proposal:

<u>Beginning</u> →	<u>Jan '02</u>	<u>Jul '02</u>	<u>Jan '03</u>	<u>Jul '03</u>
Resale:	80%	90%	95%	95%
Unb. Loops:	60%	70%	80%	85%
LNP:	80%	90%	95%	95%
UNE-P:	60%	75%	90%	95%

AT&T/WCOM’s Proposal is to advance the schedule by six months, and retain the same percentage targets as recommended by Qwest.

<u>Beginning</u> →	<u>Jan '02</u>	<u>Jul '02</u>	<u>Jan '03</u>
Resale:	90%	95%	95%
Unb. Loops:	70%	80%	85%
LNP:	90%	95%	95%
UNE-P:	75%	90%	95%

On the issue of PO-2B being included in the Performance Assurance Plan, AT&T/WCOM’s position is that PO-2B is competitively significant and deserves Qwest’s management attention to ensure that Qwest systems operate according to their published specifications. To achieve success in PO-2B, Qwest needs to maintain effective linkage between the “LSRs Eligible for Flow Through Matrix” and its OSS interfaces. Failures to keep these synchronized penalizes CLECs that have no other way to determine which order types can flow through and which actually flow through electronically.

In addition, Qwest’s current performance for flow through is such that Qwest has already met most, if not all, of the PO-2B benchmarks that AT&T/WCOM is now proposing. In addition, Qwest indicated on the October 30, 2001 Arizona TAG call that the mechanized nature of its systems made it unlikely that its flow through rates would degrade. One of the fundamental goals of a PAP is to provide financial incentives to ensure that Qwest’s performance after receiving Section 271 relief does not degrade from the level it achieved prior to receiving Section 271 relief. Qwest’s current PO-2B performance is already far superior to the benchmarks that Qwest is proposing. Adopting the benchmarks that Qwest

now proposes, would permit Qwest's performance to severely degrade after receiving Section 271 relief. That should not be permitted.

The CLECs have already agreed to make the PO-2B measurement a Tier 2 payment that would be based upon aggregate CLEC performance. This CLEC concession takes away any financial incentive for CLECs to intentionally create LSRs that would not flow through and should put to rest any Qwest concerns of CLEC gaming.

In Colorado the PO-2B performance measurement is part of the CPAP. (Colorado Performance Assurance Plan, Recommended SGAT Language, Docket No. 01F041T | Decision No. R01-997-I, p. 39). While Qwest filed a motion to modify many aspects of the Colorado Performance Assurance Plan, Qwest did not seek to remove the PO-2B measurement from CPAP payment consideration. (Qwest Corporation's Motion to Modify Hearing Commissioner's Decision on Qwest's Colorado Performance Assurance Plan, Docket No. 01F041T, October 9, 2001). If having the PO-2B measurement subject to CPAP payments in Colorado is acceptable to Qwest, then it also should be acceptable to Qwest to have the PO-2B measurement subject to QPAP payments in states other than Colorado.