

APPENDIX A

DOCKET NO. UT-991358

**U S WEST, INC. and QWEST COMMUNICATIONS
INTERNATIONAL, INC.**

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

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COMMUNICATIONS

In re Application of

U S WEST, INC. and QWEST
COMMUNICATIONS INTERNATIONAL
INC.

Docket No. UT-991358

For an Order Disclaiming Jurisdiction or, in the
Alternative, Approving the U S WEST, INC. –
QWEST COMMUNICATIONS
INTERNATIONAL INC. Merger

SETTLEMENT AGREEMENT

U S WEST Communications, Inc. (“USWC”), on behalf of its parent corporation, U S WEST, Inc., Qwest Communications Corporation, LCI International Telecom Corp., USLD Communications, Inc. and Phoenix Network, Inc. (collectively “Qwest”), on behalf of their ultimate parent, Qwest Communications International Inc. (“Qwest Inc.”), the Staff of the Washington Utilities and Transportation Commission (“Staff”) and the Public Counsel Section of the Attorney General of Washington (“Public Counsel”) enter into the following Settlement Agreement (the “Agreement”) as of March 3, 2000.

BACKGROUND

On August 31, 1999, Qwest and USWC filed an Application with the Commission requesting an Order disclaiming jurisdiction or, in the alternative, authorizing the merger of their parent companies, Qwest Inc. and U S WEST, Inc. Qwest and USWC included with the Application their prefiled testimony supporting the proposed merger. At a prehearing conference held September 23, 1999, other parties (“Intervenors”) were granted intervention in the proceeding. Pursuant to a notice issued December 22, 1999, the procedural schedule was revised to allow parties to the proceeding to discuss possible settlement. In accordance with that revised procedural schedule, Staff, Public Counsel and Intervenors submitted their prefiled testimony on February 1, 2000.

After the filing of direct testimony and responsive testimony by Parties and Intervenors and following discovery thereon, USWC, Qwest, Staff and Public Counsel

(the “Parties”) engaged in settlement discussions regarding the contested issues in this proceeding. The Parties have reached agreement on most of these issues, and wish to present their agreement on these issues for the Commission’s consideration. The Parties therefore adopt the following Agreement. The Parties enter into this Agreement voluntarily to resolve, in part, the matters in dispute among them and to expedite the orderly disposition of this proceeding.

AGREEMENT

Now, therefore, the Parties hereby agree as follows:

I. RESOLUTION OF ISSUES IN PENDING PROCEEDING

A. Scope of Agreement. The Parties agree that the terms of this Agreement resolve, as among them, the contested issues in this proceeding regarding the matters set forth in this Agreement including, without limitation, issues regarding quality of service, required investment and other service improvement measures to be undertaken by the Company,¹ the Company’s rates, treatment of merger-related costs and merger synergies, and access to Company books and records. The Parties specifically preserve as issues remaining to be litigated the competition-related matters including, without limitation, the issues raised in Staff witness Blackmon’s prefiled testimony at pages 3-15. Nothing in this Agreement precludes the Parties from continuing negotiations to attempt to resolve competition-related issues among themselves and with Intervenors.

B. Support of Agreement. The Parties shall cooperate in submitting this Agreement promptly to the Commission for acceptance, and shall support adoption of this Agreement in proceedings before the Commission, through testimony or briefing, as resolution of the issues included within this Agreement. No Party to this Agreement or its agents, employees, consultants or attorneys will engage in any advocacy contrary to the Commission’s adoption of this Agreement as resolution of the issues included within this Agreement. Each Party shall make available a witness or witnesses in support of this Agreement, if a hearing is determined necessary by the Commission. To the extent that any prefiled testimony of any Party’s witness conflicts with the terms of this Agreement, the Parties agree that the terms of this Agreement supersede the recommendations in that

¹ “Company” refers to USWC or its successors, except where otherwise specified.

Party's testimony.

II. SERVICE QUALITY IMPROVEMENTS

A. Customer-Specific Credits

1. **Consumer Bill of Rights.** Not later than thirty (30) days after the merger closing date,² the Company shall file tariff revisions to include a Consumer Bill of Rights as a part of its Washington State Exchange and Network Services tariff. Such tariff revisions will include statements of customer rights such as privacy, accuracy, courtesy and good service, as well as the specific customer service credits or service alternatives and the availability of an order confirmation number set forth in this Section II.A of this Settlement Agreement. The Parties recognize that these credits and service alternatives are a part of the Company's tariff and, as such, are subject to change. Subsequent to the approval of the Consumer Bill of Rights as part of the Company's tariff, the Company may file a tariff revision at any time, which other parties may support or oppose; provided, however, that the Company shall not file for tariff revisions that would modify the credits or service alternatives provided in Sections II.A.3-7 below for a period of three (3) years from the merger closing date.

2. **Order Confirmation Number.** Not later than thirty (30) days after the merger closing date, the Company agrees to offer to provide each retail applicant with an order confirmation number for each service order. The order confirmation number shall be provided to such applicant at the time of order unless not technically possible in which case it will be provided promptly thereafter. In the case of orders for new exchange access service, the confirmation number may be the billed telephone number assigned to such applicant; in all other cases, the confirmation number shall be a unique indicator that will permit applicants for service to track and verify orders.

3. **Held Orders.** Applicants shall retain the existing held order customer service guarantee program (installation waiver, wireless loaner, etc.) as currently set forth in USWC's tariff, WN-U31, Section 2, Sheets 27 and 27.1.

4. **Missed Appointments.** The Company agrees to retain the existing

² Reference to "merger closing date" throughout this Agreement means the closing of the transaction pursuant to the Merger Agreement.

\$50 missed appointment and commitment credit as currently set forth in USWC's tariff, WN-U31, Section 2, Sheets 27.2 and 27.3.

5. Out-of-Service Conditions. Effective thirty (30) days after the merger closing date, each customer with an out-of-service condition (no dial tone) not restored within two (2) working days, excluding Sundays and holidays, will receive a \$5.00 credit for a reported out of service condition not cleared within two working days. Each customer with an out-of-service condition lasting for more than seven (7) calendar days will receive a credit of the monthly recurring charges (local exchange service and associated regulated features) for the month in which such condition occurs. These credits shall not apply if the out-of-service condition or the Company's inability to clear the condition is due to emergency situations, unavoidable catastrophes, force majeure, work stoppage, inside wiring or customer premise equipment.

6. Dial Tone. Effective thirty (30) days after the merger closing date, all customers within a wire center will receive a credit of one month's recurring charge (local exchange service and associated regulated features) for any month in which customers within the wire center are unable to obtain dial tone within three seconds on at least ninety percent of calls placed during a normal busy hour. This credit shall not apply in any office currently served by an analog switch until the date specified in Attachment A for replacement of the analog switch in such office. These credits shall not apply during periods of emergency or catastrophe, or extraordinary or abnormal conditions of operations, such as those resulting from work stoppage, holidays, civil unrest, or force majeure, or disruptions of service caused by persons or entities other than the local exchange company.

7. Trouble Report Rate. Effective thirty (30) days after the merger closing date, all customers in any exchange out of compliance with the trouble report rate standard in a given month shall receive a credit of \$0.25 per line for such month. The trouble report rate standard is 4.0 per one hundred access lines. An exchange is out of compliance for a given month if its trouble report rate for such month, **and** for either

- (i) the preceding month, **or**
- (ii) three of the preceding 11 months

is greater than 4.0 per 100 access lines. The application of (i) and (ii) above is not

cumulative, *i.e.*, the credit under this provision shall in no event exceed \$0.25 per line in any month. The "preceding month(s)" for purposes of (i) and (ii) above may include months occurring earlier than thirty (30) days after the merger closing date. These credits shall not apply to trouble reports relating to operation of customer premises equipment, nor shall it apply to extraordinary or abnormal conditions of operation, such as those resulting from emergency or catastrophe of disruptions of service caused by persons or entities other than the local exchange company.

8. Clear Existing Held Orders. The Company shall by October 1, 2000 complete all retail orders for local exchange service and retail intraLATA intrastate private line service that on February 29, 2000 were pending and had been held due to company reasons for more than sixty (60) days. Private line held orders that require the provision of the fiber optic capabilities addressed in Section III.B below shall be completed in conjunction with the schedule set forth in that section. The Company may petition the Commission by June 1, 2000 to be relieved of its obligation to complete any existing held order for any local exchange or intraLATA intrastate private line service that would be unreasonably expensive to complete.

9. Improved Complaint Response. Effective thirty (30) days after the merger closing date, the Company agrees to use Washington-based employees to respond to customer complaints filed with the Washington Utilities and Transportation Commission. Such employees shall provide complete and detailed responses to the Commission Consumer Affairs Staff, in accordance with WAC 480-120-101, within two (2) business days of receipt of the inquiry.

10. Annual Service Quality Report. Not later than sixty (60) days after the conclusion of each calendar year, the Company shall provide an annual report to customers describing its performance with respect to service quality during such year. Such report shall include, at a minimum, those specific monthly results where the Company's performance was below the level required by Commission rules as they exist today or in the future. The Company shall consult with Staff and Public Counsel regarding the form and content of such report, and shall review such report with Staff and Public Counsel prior to its distribution. The reporting requirement under this section shall be effective as of calendar year 2001, with the first report filed in 2002.

11. Review of Reporting Requirements. No earlier than three (3) years after the merger closing date, the Company may petition the Commission to eliminate any service quality reporting requirement, including the Annual Service Quality Report required in Section II.A.10 above, that is not required of all telecommunications carriers operating in exchanges in which the Company operates.

12. Review of Customer Credits. No earlier than three (3) years after the merger closing date, the Company may file tariff revisions (which other parties may support or oppose) to remove any customer-specific service quality credits, required in Sections II.A.3-7 above, that are not required of all telecommunications carriers operating in exchanges in which the Company operates.

B. Service Quality Performance Program

1. Baseline Levels. Attachment B specifies the baseline levels of service to be provided by the Company with respect to eight (8) service quality performance measures.

2. Calculation of Credits. In the event the Company's service quality falls below the baseline levels, Attachment B sets forth the methodology for calculating the amount of credits payable to customers. Such calculations shall be performed on a monthly basis, in accordance with the provisions of Attachment B.

3. Monthly Reports. The Company shall file with the Commission, and provide a copy to Public Counsel at the time of filing, a monthly report with information sufficient to evaluate the Company's performance with respect to the baseline levels specified in Attachment B. These reports shall be similar in form and content to the existing monthly service quality reports filed by the Company, expanded to include all the service quality elements included in Attachment B. Each monthly report shall be filed no later than the end of the following month.

4. Payment of Credits. In its monthly report to the Commission for December each year, the Company shall include a calculation of any credits payable for that calendar year under the Service Quality Performance Program. Unless the amount is mitigated pursuant to Section II.B.5 below, the amount of credits payable for such year shall be paid to current customers of the Company as an equal bill credit on all Company local exchange access lines. Such credits shall be paid no later than ninety (90) days after

the end of such calendar year.

5. Mitigation of Credit Amounts. The Company may petition the Commission for mitigation of the credit amounts that would otherwise be paid pursuant to Section II.B.4 above. The Company shall have the burden of demonstrating that mitigation of any service quality credit amount is in the public interest. In considering whether mitigation is in the public interest, the Commission shall consider whether the assessment of credit amounts is due to unusual or exceptional circumstances for which the Company's level of preparedness and response was reasonable. Any such petition shall be filed no later than thirty (30) days after the end of the calendar year for which such credits are payable.

6. Ratemaking Treatment of Credits. The Company shall make appropriate ratemaking adjustments to exclude any credits paid under this Service Quality Performance Program from its regulated results of operations.

7. Duration of the Program. The Service Quality Performance Program shall commence on January 1, 2001. Credits shall be payable in 2002, based on the performance during calendar year 2001. The Service Quality Performance Program shall continue for no fewer than three (3) calendar years, through December 31, 2003. The Company may petition the Commission to terminate the Service Quality Performance Program after the year 2003, and in any event will not be obligated to continue the Program after December 31, 2005.

III. OTHER SERVICE COMMITMENTS

A. Elimination of Analog Switches. The Company shall replace every analog central office switch with digital central office equipment by June 30, 2001, according to the schedule set forth in Attachment A.

B. Expansion of Fiber Optic Capabilities. The Company shall by September 30, 2002, employ fiber optic interoffice transmission facilities to every office not currently served by such facilities, according to the schedule set forth below. The Parties agree that the Company may lease such facilities from other providers, and that nothing in this Agreement obligates the Company to build its own fiber facilities. The Company may petition for schedule adjustments in the event delays in manufacturing occur; the Company shall have the burden of demonstrating that such delays could not

have been prevented and that alternative facilities were not available.

Route	Completion Date
Ocean Shores/Aberdeen	May 31, 2000
Pasco/Yakima	April 30, 2001
Spokane Chestnut/Colfax	April 30, 2001
Enumclaw/Buckley	April 30, 2001
Spokane Chestnut/Coulee Dam	April 30, 2002
Colville/Deer Park	April 30, 2002
Remaining ³	September 30, 2002

C. Service to Currently Unserved Areas. The Company shall spend no less than \$1 million per year (net of billed line extension charges, and assuming that demand for such services exists) for three (3) years following the merger closing date to extend local exchange service to areas inside its exchange boundaries. This provision does not relieve the Company or its customers of any obligations that exist under tariff, rule or law. Expenditures made by the Company under this section shall be considered universal service costs, and the Company may recover these expenditures using an unserved rate area additive to be applied in the same manner as the Company uses to recover universal service costs. The Company shall not challenge (and shall withdraw its current challenge in Thurston County Cause No. 99-2-01953-6) efforts by the Commission and other companies to use the same mechanism for recovery of costs to extend service to unserved areas.

D. Maintain Historic Capital Investment Levels. The Company shall maintain its average historic investment for telephone network infrastructure for three calendar years following the merger closing date. Capital investment shall be measured by the average investment⁴ per access line served. The Company shall file quarterly investment reports and shall meet annually with the Commissioners, Commission Staff and Public Counsel to review the prior year's network investment and preview planned network capital investment. The Parties agree that quarterly investment reports filed

³ The remaining routes are Ephrata/Coulee Dam, Pateros/Coulee Dam, Colfax/Pomeroy, Sequim/Port Ludlow, Pateros/Omak, and Colfax/Lewiston.

⁴ Including any expenses incurred for the use of other companies' facilities as a substitute for Company facilities.

pursuant to this section may, at the Company's option, be treated as confidential under the provisions of WAC 480-09-015.

E. Provision of Service Using Alternative Technologies. The Company may file a tariff revision by which the Company would define circumstances in which it would provide basic telephone service (as defined by RCW 80.36.600) using alternative technologies for additional lines at a residential location. The Parties agree to work in good faith prior to the filing of such a tariff to resolve any differences regarding the form and contents of such a tariff, and to support any filing upon which the Parties mutually agree.

F. Obligation to Serve in High-Cost Areas. The Parties shall discuss in good faith the possibility of modifying or eliminating the Company's obligation to provide basic telephone service (as defined by RCW 80.36.600) in areas where a wireless or cable TV company has been designated under 47 CFR 214 as an eligible telecommunications carrier. No later than six (6) months after the merger closing date, the Parties shall report to the Commission the results of these discussions and any recommended actions.

IV. RATE ISSUES

A. No Rate Reduction. This Agreement does not require the Company to reduce any rate or charge in order to pass through any synergies that may occur in connection with the merger. Except as provided in Section IV.B below, this Agreement does not prohibit recognition of merger synergies in a rate proceeding.

B. Limitations on General Rate Case Filings.

1. Prior to January 1, 2004, neither Commission Staff nor Public Counsel shall initiate, nor support any third-party in a request for the Commission to initiate, any complaint proceeding regarding the overall revenue or earnings level of the Company. Prior to January 1, 2004, the Commission may not otherwise take any action that would change the retail prices or access rates of the Company. The foregoing limitation shall not apply to voluntary rate reductions filed by the Company.

Notwithstanding the foregoing, Commission Staff and Public Counsel may, at any time, seek rate changes to:

- (a) Implement a state or federal program of universal service support, or similar program;
- (b) Effect revenue-neutral rate rebalancing;
- (c) Adjust revenues for changes in reciprocal compensation; or
- (d) Adjust revenues for changes in mandated costs.

The Company may contest the merits of any rate proceeding initiated by Staff or Public Counsel.

2. Prior to January 1, 2004, the Company shall not seek to increase any tariffed rate or charge within the State of Washington, except that the Company may seek to raise rates to:

- (a) Implement a state or federal program of universal service support, or similar program;
- (b) Effect revenue-neutral or revenue-negative rate rebalancing;
- (c) Adjust revenues for increases in reciprocal compensation expense, whether arising under interconnection agreements negotiated or arbitrated under the Telecommunications Act of 1996, statements of generally available terms, or tariffs;
- (d) Adjust revenues for changes in mandated costs, and to recover unfunded mandates imposed by federal, state or local governments; or
- (e) Make individual or minor rate adjustments in the normal operation of its business (including without limitation, individual case basis contracts, new service offerings and price listed services).

Nothing in this provision prohibits the Company from petitioning for competitive classification of products or services. Staff and Public Counsel may contest the merits of any rate proposal or competitive classification petition initiated by the Company.

C. Merger Costs. The Company shall absorb, and customers shall not bear, the transaction costs of the merger, including financial advisor, legal advisor, consultant and filing fees and other non-recurring charges, such as change in control payments, goodwill or goodwill amortization, acquisition premiums, and any negative effect on

capital costs.

D. AFOR Discussions. The Parties shall discuss in good faith the possibility of an alternative form of regulation, or AFOR, for the Company's Washington regulated operations. The Parties shall seek to include all other interested parties and shall consider all issues related to any proposed AFOR.

V. OTHER MATTERS

A. Books and Records. The Company⁵ shall provide the Commission, its Staff, and Public Counsel with access (in Washington, where feasible) to the books and records required to be accessed to verify or examine transactions affecting the Company's Washington State regulated operations.

B. Effect if Service Area is Sold. If the Company,⁶ whether by subsequent merger or otherwise, sells, transfers or otherwise disposes of during the term of this Agreement any or all of the Washington State operations of U S WEST Communications, Inc. or its successors, it shall require as a condition of the sale or transfer that the successor be bound by all requirements of this Agreement.

C. WTAP Program. The Company shall work with relevant, interested parties to develop a proactive program designed to inform eligible low-income population consumers of the state's Washington Telephone Assistance Program (WTAP) and to improve participation in such Program.

VI. GENERAL PROVISIONS

A. Settlement Discussions. The Parties agree that this Agreement represents a resolution among them of the matters in this proceeding included within this Agreement. As such, all discussions, evidence or conduct relating to this Agreement are privileged and confidential.

B. Effective Date of Agreement. This Agreement shall not become effective unless and until (1) the Commission enters an Order approving this Agreement, and (2) the closing of the merger transaction between U S WEST, Inc. and Qwest, Inc. In the

⁵ "Company" as used in this Section V.A refers to all corporate signatories to this Agreement.

⁶ "Company" as used in this Section V.B refers to all corporate signatories to this Agreement.

event the Commission rejects all or any portion of this Agreement as resolving the issues included within this Agreement, or imposes additional conditions with respect to such issues, each Party reserves the right to withdraw from this Agreement. In such case, no Party to this Agreement shall be bound or prejudiced by the terms of this Agreement, and each Party shall be entitled to seek reconsideration of the Commission Order, to file any testimony it chooses, to cross-examine witnesses, and in general to put on such case as it deems appropriate. If this Agreement does not become effective according to its terms, it shall be null and void.

C. No Precedent. Except to the extent expressly stated in this Agreement, nothing in this Agreement shall be (1) cited or construed as precedent or as indicative of the Parties' positions on a resolved issue, or (2) asserted or deemed to mean that a Party agreed with or adopted another Party's legal or factual assertions in this or any other proceeding, including those before the Commission, the state courts of Washington or of any other state, the federal courts of the United States of America, or the Federal Communications Commission. The limitation in this Section VI.C shall not apply to any proceeding to enforce the terms of this Agreement or any Commission order adopting this Agreement.

D. Entire Agreement. The Parties acknowledge that this Agreement is the product of negotiations and compromise and shall not be construed against any Party on the basis that it was the drafter of any or all portions of this Agreement. This Agreement constitutes the Parties' entire agreement on all matters set forth herein, and it supersedes any and all prior oral and written understandings or agreements on such matters that previously existed or occurred in this proceeding, and no such prior understanding or agreement or related representations shall be relied upon by the Parties. By entering into the Agreement, the Parties intend that the Commission exercise only that authority contained in the public service laws.

E. Execution in Counterparts. This Agreement may be executed by the Parties in counterparts and as executed shall constitute one agreement. Copies sent by facsimile are as effective as original documents.

F. Necessary Actions. Each Party shall take all actions necessary and appropriate to enable it to carry out this Agreement.

DATED this 3rd day of March, 2000.

**U S WEST COMMUNICATIONS,
INC.**

U S WEST, INC.

By: _____
Robert L. Connelly, Jr.
Senior VP Law and Deputy General
Counsel

By: _____
Robert L. Connelly, Jr.
Senior VP Law and Deputy General
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**U S WEST COMMUNICATIONS,
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James M. Van Nostrand
Counsel for U S WEST
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**QWEST COMMUNICATIONS
CORPORATION
LCI INTERNATIONAL TELECOM
CORP.
USLD COMMUNICATIONS, INC.
PHOENIX NETWORK, INC.**

**QWEST COMMUNICATIONS
INTERNATIONAL INC.**

By: _____
Steve Davis
Senior Vice President of Government
Affairs

By: _____
Steve Davis
Senior Vice President of Government
Affairs

FROM US WEST LEGAL DEPT

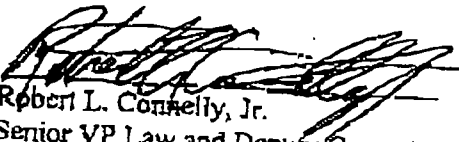
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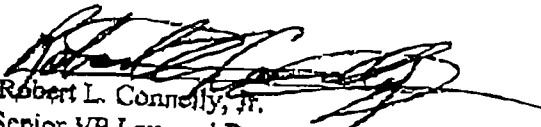
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DATED this 3rd day of March, 2000.

U S WEST COMMUNICATIONS,
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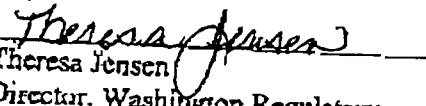
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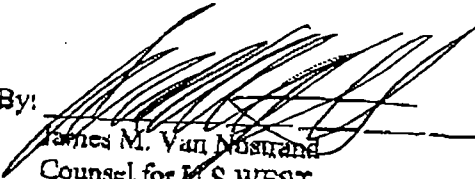
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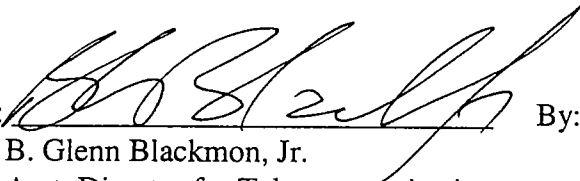
**QWEST COMMUNICATIONS
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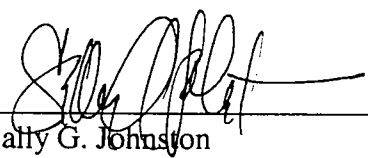
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**ATTORNEY GENERAL OF
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By: 
Sally G. Johnston
Assistant Attorney General
Counsel for Commission Staff

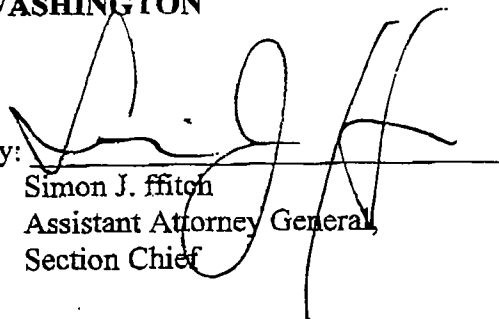
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**STAFF OF THE WASHINGTON
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**PUBLIC COUNSEL SECTION OF
THE ATTORNEY GENERAL OF
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Section Chief

**ATTORNEY GENERAL OF
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By: _____
Sally G. Johnston
Assistant Attorney General
Counsel for Commission Staff

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Attachment A

Schedule for Replacement of Analog Switches

Switch	Replacement Date
Spokane Walnut	January 28, 2000
Seattle Emerson	February 18, 2000
Spokane Keystone	March 17, 2000
Seattle Main	March 24, 2000
Spokane Hudson	May 5, 2000
Seattle West	June 9, 2000
Tacoma Skyline	July 21, 2000
Puyallup	August 18, 2000
Seattle Duwamish	November 4, 2000
Yakima Chestnut	January 27, 2001
Tacoma Lenox	March 9, 2001
Pasco	May 18, 2001

Service Quality Performance Program

The Service Quality Performance Program shall comprise eight (8) measurements of performance, as follows:

(1) **Processing of Orders Within 5 Days.**

Baseline: As measured on a calendar monthly basis, 90% of all applications for installation of up to five residence or business primary exchange access lines in any exchange shall be completed within five business days after the date of receipt of the applications when all tariff requirements have been met by the applicant or subscriber. In those instances where a later installation date is requested by the applicant or subscriber or where special equipment or service is involved, this time period does not apply.

Calculation of Credit: The credit payable for each month shall be an amount equal to \$333,333¹ times the percentage of Company exchanges where the Company's performance is not in compliance with this standard in such month. Such percentage shall be calculated by dividing the number of Company exchanges where the Company's performance is not in compliance with this standard in such month by the total number of Company exchanges.

Maximum Annual Credit: \$4.0 million

(2) **Processing of Orders Within 90 Days.**

Baseline: 99% of all applications for installation of up to five residence or business primary exchange access lines in any exchange shall be completed within ninety (90) days after the date of receipt of the applications when all tariff requirements have been met by the applicant or subscriber.

Calculation of Credit: The credit payable for each month shall be an amount equal to \$333,333² times the percentage of Company exchanges where the Company's performance is not in compliance with this standard in such month. Such percentage shall be calculated by dividing the number of Company exchanges where the Company's performance is not in compliance with this standard in such month by the total number of Company exchanges.

Maximum Annual Credit: \$4.0 million

¹ Representing \$4.0 million divided by 12 months.

² Representing \$4.0 million divided by 12 months.

(3) **Trouble Reports.**

Baseline: Trouble reports by exchange shall not exceed four trouble reports per one hundred access lines per month for three consecutive months, nor shall they exceed four trouble reports per month for four months in any one twelve-month period. This standard shall not apply to trouble reports relating to the operation of customer premises equipment, nor shall it apply to extraordinary or abnormal conditions of operation, such as those resulting from emergency or catastrophe.

Calculation of Credit: The credit payable for each month shall be an amount equal to \$333,333³ times the percentage representing the number of Company exchanges where the Company's performance is not in compliance with this standard in such month. Such percentage shall be calculated by dividing the number of Company exchanges where the Company's performance is not in compliance with this standard in such month by the total number of Company exchanges.

Maximum Annual Credit: \$4.0 million

(4) **No Dial Tone.**

Baseline: Sufficient dial central office capacity and equipment shall be provided to meet the requirement of dial tone within three seconds on at least 90% of calls placed. These credits shall not apply during periods of emergency or catastrophe, or extraordinary or abnormal conditions of operations, such as those resulting from work stoppage, holidays, civil unrest, or force majeure, or disruptions of service caused by persons or entities other than the local exchange company.

Calculation of Credit: The credit payable for each month shall be an amount equal to \$333,333⁴ times the percentage representing the number of Company central office switches where the Company's performance is not in compliance with this standard in such month. That percentage shall be calculated by dividing the number of Company central office switches where the Company's performance is not in compliance with this standard in such month by the total number of Company central office switches.

Maximum Annual Credit: \$4.0 million

(5) **Out-of-Service Conditions—Repair Intervals.**

Baseline: All reported interruptions of telecommunications service shall be restored within two business days, excluding Sundays and holidays, except interruptions caused by emergency situations, unavoidable catastrophes, force majeure, work stoppage, or failure of inside wiring or customer premises equipment. These credits shall not apply to trouble reports relating to operation of customer premises equipment, nor shall it apply to extraordinary or abnormal conditions of operation, such as those resulting from emergency or catastrophe of disruptions of service caused

³ Representing \$4.0 million divided by 12 months.

⁴ Representing \$4.0 million divided by 12 months.

by persons or entities other than the local exchange company.

Calculation of Credit: The credit payable shall be \$83,333⁵ for each month in which the Company's performance is not in compliance with this standard.

Maximum Annual Credit: \$1.0 million

(6) **Answer Time Performance—Repair Calls.**

Baseline: Except during periods of emergency operation, the Company shall answer 80% of repair calls within thirty seconds.

Calculation of Credit: The credit payable shall be \$83,333⁶ for each month in which the Company's performance is not in compliance with this standard.

Maximum Annual Credit: \$1.0 million

(7) **Complaint Response.**

Baseline: Provide a complete and detailed response to the Commission Consumer Affairs Staff, in accordance with WAC 480-120-101, within two business days of receipt of a commission complaint inquiry.

Calculation of Credit: The credit payable shall be \$83,333⁷ for each month in which the Company's performance is not in compliance with this standard.

Maximum Annual Credit: \$1.0 million

(8) **Answer Time Performance—Customer Service.**

Baseline: Except during periods of emergency operation, each local exchange company shall answer 80% of business office calls within thirty seconds.

Calculation of Credit: The credit payable shall be \$83,333⁸ for each month in which the Company's performance is not in compliance with this standard.

Maximum Annual Credit: \$1.0 million

⁵ Representing \$1.0 million divided by 12 months.

⁶ Representing \$1.0 million divided by 12 months.

⁷ Representing \$1.0 million divided by 12 months.

⁸ Representing \$1.0 million divided by 12 months.