EXHIBIT MGW-RT1

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Petition of Qwest Corporation To be Regulated Under An Alternative Form of Regulation Pursuant to RCW 80.36.135	Docket No. UT-061625

REBUTTAL TESTIMONY

OF

MICHAEL G. WILLIAMS

QWEST CORPORATION

February 16, 2007

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND EMPLOYMENT.

A. My name is Michael G. Williams and my business address is 1801 California, Denver, Colorado 80202. I am employed by Qwest Services Corporation ("QSC") as a Senior Director of Regulatory Compliance for Qwest Corporation ("QC") and other Qwest companies.

Q. PLEASE REVIEW YOUR PRESENT RESPONSIBILITIES.

A. I am responsible for assuring Qwest's compliance with regulatory retail and wholesale service quality requirements. I have submitted testimony and participated in workshops in each of the 14 states in Qwest's local services region.

Q. BRIEFLY OUTLINE YOUR EMPLOYMENT BACKGROUND.

A. I hold an MBA degree from the University of Utah, 1985, and a bachelor's degree in electrical engineering from Brigham Young University, 1976. Since 1981, I have worked for Qwest or its predecessors in various management positions, including engineering, technical sales, regulatory, new technologies, international cellular joint venture leadership, wholesale interconnection operations and regulatory finance. My responsibilities have included service quality-related metrics and payments since 1997. I have held my current position since July 2004.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION?

A. Yes. I have testified in a number of proceedings before the Commission, particularly in the 271 proceeding, Docket Nos. UT-003040 and UT-003022.

Q. WHAT IS THE PURPOSE OF THIS TESTIMONY?

A. The purpose of my testimony is to respond to testimony of Public Counsel witness, Mary M. Kimball. I particularly address the Public Counsel's proposal to re-impose a service quality incentive plan (SQIP), along with other aspects of her testimony.

<u>No Justification Has Been Presented for Reinstituting a Form of the SQPP</u>

Q. BEGINNING ON PAGE 14 OF HER TESTIMONY, MS. KIMBALL STATES THAT PUBLIC COUNSEL RECOMMENDS AN INCENTIVE-BASED, SELF-EXECUTING SERVICE QUALITY PERFORMANCE PLAN. WHAT DOES THIS REPRESENT?

A. Simply put, Public Counsel's Service Quality Incentive Plan (SQIP) represents a reinstitution of the former Service Quality Performance Plan (or SQPP), which expired over a year ago.

Q. WHAT SUPPORT DOES MS. KIMBALL OFFER FOR PROPOSING THE SQIP?

A. After acknowledging improvements in Qwest's service quality performance and making observations about investment trends, Ms. Kimball states that she believes "this indicates that the SQPP served its intended purpose in providing an incentive to improve service quality."[1] She then makes some observations about the intent of Public Counsel's SQIP and describes its components. She states that the SQIP

1 Direct Testimony of Mary M. Kimball, Exhibit MMK-1TC, page 21, lines 3-4.

is designed to be an “anti-backsliding plan” and says it would complement Qwest’s wholesale service quality plan (QPAP).

Qwest’s Performance Referenced by Ms. Kimball Supports Qwest’s Position

Q. DO MS. KIMBALL’S POINTS JUSTIFY REINSTATING SUCH A PLAN?

A. Not at all. In fact, if anything, many of her observations actually support Qwest’s position that such a plan is not warranted or even appropriate. For example, the only support she gives for her statement that SQPP served its purpose is that Qwest’s service quality has been improving. However, she provides no causal link between the presence of SQPP and Qwest’s improving service quality, and she appears to ignore that these improvements were sustained or increased during the most-recent year in which the SQPP was not in effect – that is, in the year following the expiration of the SQPP.

Further, although she implies that the SQPP should be reinstated because it appeared to serve its purpose, she does not offer any service quality-based data or other evidence that such a plan should be reinstituted.

Q. ON WHAT DO YOU BASE YOUR ASSERTION THAT QWEST HAS SUSTAINED OR IMPROVED SERVICE QUALITY IN WASHINGTON, EVEN AFTER THE SQPP EXPIRED?

A. The year 2006 is the first full year following the expiration of the SQPP. In that year, Qwest’s performance, relative to the historic SQPP standards was generally the same or better than in the final full year under the SQPP (2005). Specifically, there were four metrics that did not fully satisfy SQPP standards, Held Orders greater than 5 days, Held Orders greater than 90 days, Repair Access Average Wait Time, and Out of Service Cleared within 48 hours. Nevertheless, these generally showed improvements since the expiration of the SQPP. (Please see Exhibit MGW-2 for comparisons of 2006 performance to 2005.)

Q. PLEASE EXPLAIN HOW THIS IS TRUE WITH REGARD TO THE HELD ORDER STANDARDS.

A. With respect to Held Orders greater than 5 days, the SQPP standard was "less than or equal to 10%." There were 12 instances (exchange-months) in which this standard was missed in 2005 and 19 instances in 2006, which would appear to represent declining performance. However, such an impression is not correct, and it is created by the fact that a number of these instances of missing the standard involve small exchanges, where only a few individual held orders can represent a relatively large percentage. In reality, comparing 2006 to 2005, statewide, there were fewer customers experiencing orders held greater than five days, as a percentage of total orders installed, than there were in 2005. Specifically, the comparison is 1.32% (2006) to 1.43% (2005), which demonstrates the improvement in 2006 over 2005.

With respect to Held Orders greater than 90 days, the standard is "less than or equal to 1%." In 2005, there were 5 instances (exchange-months) in which this standard was missed in 2005, and only 3 instances in 2006. This apparent improvement is confirmed when looking at the statewide percentages of orders held more than 90 days, which declined from 0.0144% (i.e., 1.44 orders per

10,000 orders installed) in 2005 to 0.0102% (i.e., 1.02 orders per 10,000 orders installed) in 2006.

Q. PLEASE EXPLAIN THE SITUATION WITH REPAIR ACCESS (AVERAGE WAIT TIME) FROM 2005 TO 2006.

A. The SQPP standard applicable to Repair Access Average Wait Time was "less than or equal to 60 seconds." Qwest's performance has missed this standard only once in two years. Since that single miss in July 2006, there has not been a repeated problem.

Q. PLEASE EXPLAIN THE PROGRESS WITH OUT OF SERVICE CLEARED WITHIN 48 HOURS, FROM 2005 TO 2006.

A. The SQPP standard applicable to Out of Service Cleared within 48 hours ("OOS<48") was very high, at 99.5%. Qwest notes that, while this standard was recently moved downward from 100% to avoid requiring perfect performance, actual sustained performance levels appear to demonstrate that 99.5% is the highest practical level that can be achieved. Only once in two years has it been exceeded, and that single instance was in October 2006, without SQPP in effect. (Please see Exhibit MGW-2.) Therefore, for purposes of comparing 2005 performance while under SQPP and 2006 performance after the expiration of SQPP, it is useful to look at the significance or extent of the misses. In this case, Qwest's performance in seven months of 2006 missed the 99.5% standard by less than one-third of a percentage point[2] – i.e., they were better than 99.17% – and only two of the five months that had a lower percentage were less than 98.6%. In comparison, in 2005 under SQPP, nine of the twelve months missed the standard by *more than* one-third of a percent. Summarizing, this shows that seven months in 2006 missed the standard by less than 1/3 percent, while only three months in 2005 missed by that same small amount. Thus, with respect to the magnitude of the misses, 2006 was far better than 2005 in its OOS<48 performance.

Retail Service Quality Incentive Plans are Obsolete – Experience Shows that Qwest's Quality Has Improved in 2006 Without Self-executing Incentive Plans

Q. ARE SERVICE QUALITY "INCENTIVE" PLANS COMMON THROUGHOUT QWEST'S 14-STATE LOCAL SERVICE TERRITORY?

A. No. Service quality incentive plans are virtually obsolete. They reflect a bygone era characterized by the imposition of punitive regulations on a carrier that requires compensation to all customers for the service problems experienced by a few customers.

Q. WHAT IS QWEST'S EXPERIENCE WITH INCENTIVE PLANS?

A. At the time of the Qwest/U S WEST merger, seven of the fourteen in-region states had service quality incentive provisions as part of their merger agreements, tariffs or other requirements. These states were Arizona, Colorado, Iowa, Minnesota, New Mexico, Oregon and Washington.

---

2 One-third of a percentage point below the 95.5% standard (i.e., 99.17%) was selected based on the groupings of the actual data in 2006. Most of the 2006 results for OOS<48 were better than this nominal degree of deviation from the standard, while nearly the opposite was true in 2005.

Q. DO ALL OF THESE SEVEN STATES STILL HAVE INCENTIVE PLANS?

A. No. Over time, in four of the seven states, the service quality incentive provisions were either terminated or were allowed to expire.

Q. WHAT SPECIFICALLY BECAME OF THOSE FOUR PLANS?

A. The Minnesota incentives were included as part of the AFOR plan that was effective from 2001 through 2005. When the Commission renewed the AFOR, beginning in 2006, the plan did include a few service quality standards, but no payment "incentives" were ordered for those standards (Dockets P-421/AR-97-1544 & P-421/AR-05-1081). The Iowa incentive payment provisions were eliminated when the merger agreement requirements were terminated at the end of 2005 (Docket SPU-99-27). The Oregon payment incentives appeared in the legislation that first enabled the AFOR, but they were allowed to sunset at the end of 2003 (Senate Bill 622). Finally, of course, the Washington Service Quality Performance Plan incentives were first modified and then later allowed to expire at the end of 2005 (Docket UT-991358). It is noteworthy that no party filed to renew or extend the Washington incentive provisions when they expired.

Q. WHAT ABOUT THE INCENTIVE PLANS IN THE REMAINING THREE STATES?

A. The incentive provisions in Arizona have been in place since 1995 (Decision No. 59147) and have been modified from time to time. The latest revision occurred in March 2006 (Docket T-01051B-03-0454) as part of the Price Cap Plan settlement agreement. The Colorado incentives originally applied potential penalties to thirteen measures, but in the latest revision of the AFOR plan (August 2005, Dockets 97A-540T & 04A-411T), the Commission eliminated incentives on all but two remaining measures. The incentives in the original New Mexico AFOR were dropped in favor of provisions that appear in Commission rules (Case no. 05-00466-UT) that are, on the whole, less stringent than under the AFOR.

Q. HAS SERVICE QUALITY SUFFERED IN THOSE STATES WITHOUT SERVICE QUALITY INCENTIVE PAYMENT PROVISIONS?

A. No. The quality of service has either been sustained or improved – all without imposed payment "incentives."

Q. PLEASE GIVE SPECIFIC EXAMPLES OF SERVICE QUALITY BEING SUSTAINED OR IMPROVED WHERE THE INCENTIVE PROVISIONS HAVE EXPIRED.

A. Examples exist in both Washington and other states. In Washington, an example involves the performance results for Provisioning Interval, Out of Service and Trouble Report Rate service quality measures, comparing 2006 results to those achieved in the years prior to 2006 (See Exhibit MGW-3C, page 1). By comparing year-over-year results, one can clearly see that the performance in 2006 has been either substantially sustained or has been improved.

Q. IS QWEST'S SERVICE QUALITY PERFORMANCE IN WASHINGTON CONSISTENT WITH THE EXPERIENCE QWEST HAS HAD IN OTHER STATES THAT REMOVED INCENTIVE PROVISIONS?

A. Yes. Comparing similar metrics in Minnesota and Oregon for the same time periods shows that service quality performance has also been basically sustained or improved over the years (See Exhibit MGW-3C, pages 2 and 3), regardless of when the incentive provisions ceased. (The vertical lines within the charts for the various metrics indicate when the plans in those states changed from having incentive payments to not having them.)

Q. WHAT IS ANOTHER WAY OF ILLUSTRATING SERVICE QUALITY WHERE THE INCENTIVE PROVISIONS HAVE EXPIRED?

A. We can also examine the number of cases where customer remedies were paid, over time, such as those paid under Washington's Customer Service Guarantee Program (CSGP). While there is not a direct link between the number of customer remedy cases paid and the kinds of payments addressed in a self-executing performance plan, trends in the number of customer remedies paid are indicators of progress related to service issues experienced by customers. Even a cursory review of data displayed in Exhibit MGW-4C shows that service, from a customer's perspective, has improved, even after the "incentives" were removed. For example, the number of customers receiving a credit remedy for provisioning intervals greater than 5 business days averaged 1.72 customers per 10,000 access lines in 2005, the last year of the SQPP. However, in 2006, the average improved to 1.22 customers per 10,000 access lines, without the SQPP in effect.

Q. DID REPAIR REMEDIES PER 10,000 ACCESS LINES FOLLOW THE SAME PATTERN IN WASHINGTON?

A. While it is not a readily apparent, repair remedies per 10,000 access lines in Washington did indeed reflect improvement. (Please see Exhibit MGW-4C.)

Q. WHY DO YOU SAY IT IS NOT READILY APPARENT?

A. Repair results are subject to numerous factors, some of which are not fully within Qwest's control. Factors such as severe weather affect the number of trouble reports and can delay resolution of trouble reports. The graph in Exhibit MGW-4C for Repair shows a spike in the number of repair remedies paid in January 2006 that tends to distort the analysis. Additional spikes are seen in November and December 2006.

Q. WHAT HAPPENED IN JANUARY, NOVEMBER, AND DECEMBER 2006 THAT MIGHT HAVE CAUSED SUCH SPIKES IN REPAIR VOLUMES?

A. These were periods in which Washington was deluged with heavy rainfall in a very short period of time, along with high winds. In January, Seattle newspapers were reporting 27 consecutive days of rain that delivered almost 14 inches of rain (Seattle Times Jan 17, 2006) and caused roads to be washed out (Seattle Times Jan 11, 2006).

Q. IF THE JANUARY 2006 ANOMALY IS REMOVED, WHAT DO THE RESULTS SHOW?

A. In 2005, as the last full year of SQPP, only 15.7 customers for every 10,000 access lines, on average, received a repair customer remedy each month. In 2006, after removing only the January anomaly, the number was less, at only 12.0 customers for every 10,000 access lines receiving a repair customer remedy.

Removing the November and December anomalies would make the 2006 improvement over 2005 even more apparent.

There is Already in Place Protection Against Backsliding, and There is No Evidence of Backsliding in Retail Service Quality With or Without Incentive Plans in Place

Q. MS. KIMBALL IMPLIES THAT, WITHOUT AN INCENTIVE PROGRAM IN PLACE, THERE IS NO PROTECTION AGAINST BACKSLIDING (PAGE 14). IS THAT ASSERTION TRUE?

A. No, it is not true, because the Commission already has in place an exhaustive set of service quality rules that cover the same areas as her proposed SQIP. Further, the Commission has authority to fine companies that are not satisfying those rules. Qwest's monthly reporting is on this rule-based program today.

Q. WHY IS MS. KIMBALL'S PROPOSAL TO PREVENT BACKSLIDING UNWARRANTED?

A. First of all, there has been no evidence of backsliding in any of the measures during or since the termination of the SQPP. Even Staff witness Kristen Russell confirms that, "While [Qwest] has not met all Commission service quality standards, the Company's overall service quality compares favorably to that of other telecommunications companies in this state" (page 19). Secondly, as I just mentioned, the Commission already has the authority to compel Qwest to comply with the standards specified in the Commission Rules in any event of "backsliding."

Q. WHAT SPECIFIC AUTHORITY DOES THE WASHINGTON COMMISSION ALREADY POSSESS TO COMPEL COMPLIANCE?

A. Per WAC 480-120-019, the Commission may enforce performance requirements by imposing administrative penalties under RCW 80.04.405. That law states that: "[Any party who violates] of any provision of this title or any order, rule, regulation or decision of the commission shall incur a penalty of one hundred dollars for every such violation. Each and every such violation shall be a separate and distinct offense and in case of a continuing violation every day's continuance shall be and be deemed to be a separate and distinct violation."

Q. WHAT OTHER PENALTY MAY THE COMMISSION IMPOSE?

A. In addition, RCW 80.04.405 also requires that: "Any public service company which shall violate or fail to comply with any provision of this title, or which fails, omits or neglects to obey, observe or comply with any order, rule, or any direction, demand or requirement of the commission, shall be subject to a penalty of not to exceed the sum of one thousand dollars for each and every offense. Every violation of any such order, direction or requirement of this title shall be a separate and distinct offense, and in case of a continuing violation every day's continuance thereof shall be and be deemed to be a separate and distinct offense."

Q. BASED ON THIS AUTHORITY, DOES THE AFOR NEED ANY OTHER INCENTIVES FOR COMPLIANCE?

A. Absolutely not. The existing rules already preserve and enhance service quality and protect against degradation as required by the AFOR statute. The AFOR does not need to include yet another layer of service quality "incentives" to accomplish this requirement.

Q. WHAT IS THE RELATIONSHIP OF THE AFOR STATUTE TO THE COMMISSION'S RULES?

A. The AFOR statute was effective in the year 2000. Two years later, the Commission issued General Order R-507 that amended the service quality rules. One would anticipate that, had the Commission deemed the incentives in the rules insufficient to preserve and enhance service quality and protect against the degradation of the quality or availability of efficient telecommunications services, it would have included additional provisions to the rules at that time.

There is No Backsliding Incentive in the Retail Market as Addressed by QPAP in the Wholesale Market

Q. WHAT IS YOUR RESPONSE TO MS. KIMBALL'S STATEMENT THAT PUBLIC COUNSEL'S SQIP IS DESIGNED TO BE AN "ANTI-BACKSLIDING PLAN?"

A. Again, while that may be Public Counsel's intent for its SQIP proposal, Ms. Kimball offers no evidence whatsoever that such backsliding protection is needed or justified. Nor is it correct to suggest that "anti-backsliding is good and should always be instituted." Mr. Reynolds' rebuttal testimony explains that no other company in the state is subject to such a plan, and why it is retrogressive. My testimony explains that Qwest's past and present performance provides no basis to institute such a plan, and that more powerful incentives to provide good service already exist.

Q. WHAT ABOUT THE FACT THAT QWEST'S WHOLESALE PERFORMANCE ASSURANCE PLAN (QPAP), TO WHICH MS. KIMBALL REFERS, HAS BEEN CHARACTERIZED AS AN ANTI-BACKSLIDING PLAN; DOES THAT SUPPORT HAVING SUCH A PLAN IN THE RETAIL MARKETPLACE IN WASHINGTON?

A. Not at all. Factors that affect service quality regulation in the wholesale marketplace are fundamentally different than those in the retail marketplace. Hence, concepts like backsliding in the wholesale world have a completely different meaning in the retail world.

Q. PLEASE EXPLAIN.

A. The QPAP emerged as a component of ILECs'[3] efforts in the wholesale marketplace to support gaining approval under Section 271 of the Federal Telecommunications Act of 1996 (the "Act") to enter the nationwide long distance market. The Act called for non-discrimination in service quality. Accordingly, state and federal regulators established "parity" as the primary basis for service quality standards. Further, since these regulators operated under the belief that ILECs had a natural incentive to "backslide" to the detriment of competitors who purchased services from them, they required some way of addressing the possibility of what they called "backsliding." In response, ILECs,

---

[3] Incumbent Local Exchange Carriers.

including Qwest, generally negotiated and obtained approval for self-executing performance plans such as the QPAP.

Q. HOW DOES THE RETAIL MARKETPLACE DIFFER FROM THIS?

A. The natural incentives relative to service quality in the retail marketplace are completely different than those being addressed by the QPAP in the wholesale marketplace. In the wholesale market, the provider/customer relationship is between ILEC and CLEC (the wholesale customer). In the retail market, the provider/customer relationship is between ILEC (or another carrier) and the retail customer. Thus, as explained above, in the wholesale market, there were concerns about ILECs "backsliding" in the service quality delivered to CLEC competitors due to the perceived incentives inherent in competition between ILECs and CLECs. However, in the retail market there is no such competition in the provider/customer relationship – i.e., between carriers and their own customers. Instead, with respect to service quality, the incentives in the retail marketplace are for all competitors to constantly seek ways to improve service quality to competitive levels – levels that by nature are in the customer's interest and thus in the public interest. Certainly, there is no incentive in the retail marketplace for ILECs to harm their customers, particularly in light of the competition that exists (and as Mr. Teitzel has testified in this docket).

Q. WHY IS THIS OF PARTICULAR IMPORTANCE IN THIS CASE?

A. In Washington and other states, Qwest has been experiencing significant line losses over the past several years. If Qwest is to have any success in slowing or offsetting these losses, it must do all it can to keep service quality levels competitive. The incentives associated with this competitive reality make artificial attempts to create incentives, such as SQIP, pale in comparison and also make them redundant and unnecessary. Hence, there is absolutely no basis for reinstituting any kind of "anti-backsliding" plan in Washington. It is on this basis that Qwest strongly objects to such a proposal.

Q. PLEASE RESPOND TO MS. KIMBALL'S COMMENTS ON PAGES 21 AND 22 THAT THE PROPOSED SQIP WOULD "COMPLIMENT" THE QPAP.

A. In making this claim, Ms. Kimball observes that, "…to the extent Qwest's retail service quality declines, their service to wholesale customers may also decline, and if there are no financial incentives on the retail side, then Qwest arguably has an incentive to provide inferior service to retail customers because doing so would make it easier for them to meet certain QPAP performance standards." First, as I pointed out earlier, it is false to claim that there are no financial incentives on the retail side, given the existing rules and the Commission's power to levy fines. More importantly, in light of the concepts I have just described, Ms. Kimball's observation on this point does not even come close to being "arguable," as she put it. In fact, it is nothing short of absurd. It is an enormous and erroneous stretch to imply that any ILEC would sacrifice retail service quality to avoid paying wholesale QPAP payments, particularly when facing competition that is taking thousands of lines away each year as is happening to Qwest in Washington,.

While QPAP does provide some incentive to provide *wholesale* customers (CLECs) service that is not discriminatory or "at least equal" in comparison to retail, there is no basis of evidence to support extrapolating this to say that Qwest has any incentive to diminish retail service quality. To the contrary, on its face, it is abundantly clear that Qwest and all its competitors have every incentive to provide competitive levels of service quality in order to remain viable in the retail marketplace.

Q. MS. KIMBALL FINALLY POINTS TO DECLINING TRENDS IN QWEST'S INVESTMENTS AS A REASON FOR ANTI-BACKSLIDING PROTECTIONS. IS SHE CORRECT?

A. No. Aggregate "investment per line" numbers have very little correlation to service quality performance. To illustrate, there are two service quality measures that would be likely to reflect such a correlation if there was one: Trouble Report Rate and Held Orders greater than 90 days. Using Washington-specific data, Exhibit MGW-5 clearly show that results for these two service quality metrics improved, despite the declines in investment. Specifically, the average trouble report rate each year dropped from just above one trouble report for every 100 access lines in 2001 to just under one trouble report for every 100 access lines for the remaining five years. Correspondingly, the average number of orders held greater than 90 days improved from a high of 50 per month in 2001 to only 15 per month in 2002. By 2003, the average monthly number of orders held for 90 days further dropped to a level that is about one-tenth of the 2001 number and remained there for the next two years.

References to Service Quality Issues of U S WEST in the 1990s are Irrelevant

Q. ON PAGE 7, MS. KIMBALL ADDRESSES "US WEST SERVICE QUALITY ISSUES IN THE 1990S." OF WHAT RELEVANCE IS THIS TO THE PRESENT CASE?

A. Absolutely none. This case is about the present-day Qwest and its AFOR proposal. It appropriately involves examination of relevant evidence related to Qwest, in the present and in the recent past, but not data about its predecessor entity over ten years ago. The issues facing the industry and U S WEST during the 1990's bear little resemblance to the conditions that exist today. Competition was just emerging and the industry was trying to find a way to transition away from rate of return regulation toward the competitive environment that Dave Teitzel describes in his testimony. The 1996 Telecomm Act was one of the major legislative responses to the many forces being thrust into the marketplace during that transitional time. It was a different time and a different company that existed in the 1990s.

<u>Incorrect Reporting of Trunk Blocking Led to Unnecessary Recommendations</u>

Q. IN SECTION IV OF MS. KIMBALL'S TESTIMONY, SHE STATES THAT QWEST FAILED TO MEET THE TRUNK BLOCKING STANDARD IN SEVERAL MONTHS DURING 2006 FOR TWO OF THE THREE TRUNK

BLOCKING STANDARDS. IS THERE A PROBLEM WITH THIS ASSESSMENT?

A. Yes. In the process of reviewing this matter, Qwest discovered that it had incorrectly reported the trunk blocking percentages used by Ms. Kimball. Consequently, it appears that her assertions were based on Qwest's incorrect trunk blocking performance results. Using correct results, Qwest is in substantial compliance with trunk blocking standards. Qwest apologizes for its error that led to these incorrect recommendations and has recently filed correct trunk blocking results.

<u>Service Quality Reporting Requirements and Related Concessions by Qwest</u>

Q. ON PAGES 3 AND 4 OF HER TESTIMONY, MS. KIMBALL ADDRESSES SERVICE QUALITY REPORTING REQUIREMENTS AND CLAIMS THAT QWEST'S PROPOSAL WOULD DO NOTHING TO PRESERVE OR ENHANCE SERVICE QUALITY. DOES HER CLAIM HAVE ANY BASIS?

A. She offers no basis for this claim, although she acknowledges (on page 4) that Qwest's proposal includes reporting on service quality throughout the term of the AFOR. She only complains that it would be premature to grant a waiver of reporting, despite the existence of Qwest's positive performance, which she also acknowledges (on page 14, lines 19-20, of her testimony). In other words, there is no evidence supporting her concern and, with the reporting included in Qwest's proposal throughout the term of the AFOR, there is nothing that would prevent a party from seeking a reversal of this provision based on results reported during the AFOR. Nevertheless, as Mr. Reynolds' rebuttal testimony indicates, Qwest is willing to amend the portion of its plan by removing the provision to waive reporting beyond the term of the AFOR.

Q. MS. KIMBALL ALSO OBJECTS TO A WAIVER OF REPORTING ON THE CUSTOMER SERVICE GUARANTEE PROGRAMS (PAGE 6). WHAT IS YOUR RESPONSE?

A. Again, she offers no real basis for this, beyond the simple assertions that she believes it is in the public interest, that Qwest is a large provider, and that the guarantee program is important. Nevertheless, again, Qwest is willing to change this aspect of its proposal so that it will continue to report on the CSGP.

Conclusion

Q. PLEASE SUMMARIZE YOUR TESTIMONY.

A. Qwest strongly objects to the reinstitution of any form of retail, self-executing "incentive" plan because, as I have testified, no justification has been shown and, further, because the evidence demonstrates that the expiration of the former SQPP has not resulted in troubling deteriorations in Qwest's service quality in Washington. To the contrary, service quality levels since the expiration of SQPP have almost always continued to be very high. Qwest's performance in other states that have dropped retail self-executing plans (indicating the obsolescence of such plans) is similar. Regarding the trunk blocking metric proposals of Public Counsel, Qwest apologizes that its incorrect reporting of trunk block appears to have triggered unnecessary recommendations on this topic. Finally, regarding reporting, while Qwest's proposals were appropriate, Qwest has agreed to change these provisions from its proposal. Therefore, Qwest respectfully asks the Commission to approve its AFOR proposal as currently amended.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes, it does.