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Arizona State Council
District 7 AFL-CIO
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Hearings Division
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Phoenix, AZ 85007

The Communications Workers of America Arizona State Council / (CWA/ASC) supports the negotiated settlement between the Commission Staff and representatives of Qwest in the Qwest rate case.

We believe the negotiated settlement incorporates new competitive measures and consumer protections. This is a three-year trial to create pricing flexibility that should encourage competition and open the Arizona telephone industry. This negotiated settlement is the first step in ending the era of guaranteed rate of return for Qwest and a new era of competition. It is an orderly and well-defined transitional plan with built in safeguards. In year two of the negotiated settlement, "Qwest will submit an application nine months prior to expiration of the initial plan term, with its recommendation for extension, revision or termination of the plan for Staff, RUCO and Commission review. Other interested parties will be allowed to comment on the application." (Page 2 - PRINCIPLES OF SETTLEMENT).

In addition, the negotiated settlement "recognized that service quality may be compromised with increased incentives to reduce costs under price cap regulation. To protect the public interest, in the event Qwest fails to meet existing service quality performance standards in Arizona and becomes subject to penalties under two or more categories within the standards, under Section 2.6 of the Service Quality Plan Tariff, additional credits shall be implemented after each of the initial three Price Cap Plan years

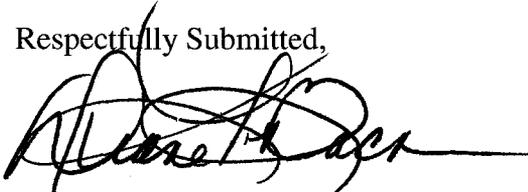
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if existing penalties are payable." (Pages 1-2 - PRINCIPLES OF SETTLEMENT) The negotiated settlement reaffirms "that the Arizona Corporation Commission (ACC) remains the regulatory agency which oversees the quality of service and that complaints regarding any of Qwest's services should still be directed to the Commission's Consumer Services Section." (Page 3 - PRINCIPLE OF SETTLEMENT)

The ASC/CWA has steadfastly been an avid advocate for strict service quality standards in our industry. As previously stated, we believe the negotiated settlement accomplishes this by reaffirming that the ACC will retain its authority over service quality.

We still have concerns about Qwest's staffing and funding a well-trained workforce initiative. In Decision No. 62672, the ACC ordered Qwest to form a Quality of Service Task Force ("Task Force") as a condition of the merger, which we believe is the appropriate venue for the ASC/CWA to address our concerns in regards to adequate staffing of a well-trained workforce. The ASC/CWA reserves our right to address this issue in the Service Quality Tariff, if we can not resolve our issues in Quality of Service Task Force.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Diane K. Bacon", written over a horizontal line.

Diane K. Bacon
Communications Workers of America
Arizona State Council