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BEFORE THE ARIZONA CORPORATION COMMISSION

MARC SPITZER
Chairman
WILLIAM MUNDELL
Commissioner
JEFF HATCH-MILLER
Commissioner
MIKE GLEASON
Commissioner
KRISTIN MAYES
Commissioner

Arizona Corporation Commission

DOCKETED

NOV - 3 2004

DOCKETED BY

IN THE MATTER OF QWEST
CORPORATION'S PERFORMANCE
ASSURANCE PLAN

DOCKET NO. T-01051B-03-0859

NOTICE OF ERRATA

On November 1, 2004, Qwest Corporation, the Arizona Corporation Commission Staff, Eschelon Telecom, Inc., MCI, Covad and AT&T filed a Joint Stipulation ("Stipulation") in this docket. Subsequently, it has been discovered that the Washington Stipulation referenced in footnote one (1) of the Stipulation was not attached. With this Notice of Errata, the Stipulation with all Exhibits attached is filed.

RESPECTFULLY SUBMITTED this 3rd day of November, 2004.

QWEST SERVICES CORPORATION

By:
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4 Phoenix, AZ 85007

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ATTACHMENT 1

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BEFORE THE ARIZONA CORPORATION COMMISSION

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10 IN THE MATTER OF QWEST
11 CORPORATION'S PERFORMANCE
12 ASSURANCE PLAN

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STIPULATION OF THE PARTIES

13 COME NOW MCI, Inc. ("MCI"), Eschelon Telecom, Inc. ("Eschelon"), AT&T
14 Communications of the Mountain States, Inc. and TCG of Phoenix, Inc. (collectively "AT&T"),
15 DIECA Communications Company dba Covad Communications ("Covad"), (collectively, the
16 "CLECs"), the Commission Utilities Division Staff ("Staff") and Qwest Corporation ("Qwest")
17 (collectively, the "Stipulating Parties") and submit the following Stipulation, resolving the
18 majority of outstanding issues in the Arizona First 6 Month Review of the Qwest Performance
19 Assurance Plan ("QPAP") Proceeding. A copy of the QPAP may be found in the Statement of
20 Generally Available Terms and Conditions ("SGAT") as Exhibit K.

21 The Stipulating Parties have agreed and respectfully recommend that the Arizona
22 Corporation Commission ("ACC" or "Commission") issue its Order approving the following
23 disposition of issues identified in the initial issues matrix in this Proceeding that relate to both the
24 QPAP (Exhibit K) and Performance Indicator Definitions ("PIDs") found in Exhibit B of the
25 SGAT. This Stipulation is intended to be a comprehensive resolution. As such, each Stipulating
26 Party has agreed to compromise its positions, including legal positions, with the goal of achieving
an overall resolution that is fair and in the public interest. The CLECs and Qwest have agreed to

1 support the Stipulation and bring no additional issues forward during this First 6 Month Review.
2 Staff has agreed to support the Stipulation and bring no additional issues forward except as to the
3 limited issue described herein in this Stipulation. Thus, the Stipulating Parties, at arms' length and
4 with full knowledge of the facts, recommend that this Stipulation be approved by the Commission
5 as it is consistent with the Federal Telecommunications Act of 1996 ("the Act") and this
6 Commission's prior orders regarding the QPAP.

7 The Stipulating Parties have entered into this Stipulation with the intent that it be
8 submitted to and recommended by the CLECs and Qwest to the other commissions in Qwest's
9 14-state region except as to the limited issue raised by Staff.

10 If the ACC does not adopt the proposal in this Stipulation, in whole or in part, the CLECs
11 and Qwest reserve their rights to take positions on issues in future proceedings in Arizona that
12 may be contrary to this Stipulation. If any other regulatory commission does not adopt the
13 proposal in this Stipulation, in whole or in part, the CLECs and Qwest reserve their rights to take
14 positions on issues in future proceedings in those states that may be contrary to this Stipulation.
15 Except as necessary to effectuate their agreement to promptly submit and recommend this
16 Stipulation to all remaining state regulatory commissions, nothing in this Stipulation may be used
17 as precedent or an admission against interest by any Stipulating Party against any other
18 Stipulating Party in any future proceeding. Any Party may bring to Arizona subsequent
19 agreements reached in other state proceedings on these or other issues for inclusion in the SGAT
20 Exhibits B and K.

21 Agreement to Resolutions in Washington 2nd 6 Month Review Proceeding

22 Issues 2, 3, 4, 7, and 9 appearing on the Arizona 6 Month PAP Review Issues Matrix
23 Tentative List filed on August 24, 2004 in this Docket ("Arizona initial issues list") were pending
24 resolution in Washington when submitted in this docket. Subsequently, the CLECs and Qwest
25 reached resolution in that proceeding. The Parties agree to resolve the Arizona issues in the same
26

1 manner as contained in the Washington Stipulation.¹ The following reflects the Stipulating
2 Parties' further resolution as to issues on the Arizona initial issues list matrix:

3 OP-5, New Service Quality

4 *Summarized Issue:* What benchmark should apply to OP-5B?

5 *Resolution:* The performance indicator definition OP-5B will be updated to reflect a benchmark
6 of 96.5% for all products except Dark Fiber, Sub-Loop Unbundling and Frame Relay which will
7 remain diagnostic. The QPAP and Minnesota Wholesale Service Quality Plan ("MWSQP") will
8 also be revised to include OP-5A and B.

9 Further, in the QPAP, OP-5B for all states, and in the MWSQP in Minnesota, apply a
10 standard of no more than one order with new service trouble (of the total orders in OP-5T) when
11 order volumes are ≤ 29 . That is, low volume treatment for OP-5B will only be triggered if both
12 (1) the CLEC volume of orders is less than or equal to 29 (the denominator of OP-5T) and (2) the
13 number of orders with trouble in OP-5A is no more than one.

14 This resolution eliminates Issues 5 and 6 on the Arizona initial issues list. The Parties do
15 not agree as to whether low volume treatment is appropriate. CLECs will not object to low
16 volume treatment in this one instance to resolve this disputed issue. In agreeing to this
17 compromise, the Parties are making no representations that low volume treatment or the linking
18 of measures to determine low volume treatment is appropriate for any other measurement or
19 purpose. All Parties reserve their rights to their positions as to the low volume treatment in other
20 contexts, and Qwest will not state in any other context that CLECs agreed that low volume relief
21 is appropriate based on this compromise.

22 In addition, the Parties do not agree as to whether a 96.5% benchmark is appropriate.
23 Qwest will not object to a 96.5% benchmark in the instance of this one sub-measurement, for all
24 states, to resolve this disputed issue. In agreeing to this compromise, the Parties are making no
25 representations that such a standard or benchmark level is appropriate for any other measurement.
26

¹ The Washington Stipulation was filed in Docket T-01051-B-99-0068 on September 15, 2004 with the clean and redlined versions of both SGAT Exhibits B and K and is also attached to the Arizona initial issues list as an exhibit and filed concurrently with this Stipulation.

1 All Parties reserve their rights to their positions as to the types and levels of standards for other
2 measurements in other contexts, and CLECs will not state in any other context that Qwest agreed
3 that a 96.5% benchmark is appropriate for the OP measures or for any other measurement.

4
5 PO-2, Electronic Flow-Through and BI-5, Billing Claims Adjustments

6 *Summarized Issue:* Should PO-2 and BI-5 be added to the QPAP?

7 *Resolution:* The Stipulating Parties agree to withdraw PO-2 and BI-5 (Issue 8) from the issues list
8 in this proceeding. The CLECs and Qwest intend by this agreement to maintain the status quo as
9 to PO-2 and BI-5 in all states at least until the next 6 month review cycle following what may
10 currently be started or underway.²

11 This resolution eliminates Issue 8 on the Arizona initial issues list.

12 QPAP Modifications Pending from May 3, 2004 SGAT Exhibit B Filing

13 *Summarized Issue:* How will the QPAP Exhibit K be modified to reflect applicable changes
14 resulting from the May 3, 2004 SGAT Exhibit B filing in Docket No. T-01051B-99-0068?

15 *Resolution:* Changes to modify the Arizona QPAP based on Qwest's May 3, 2004 SGAT Exhibit
16 B filing will be implemented for PID performance beginning with September data as governed by
17 the business rules for each measurement. Application of the QPAP will begin with October data
18 and will be paid pursuant to the applicable section of the QPAP. This resolution eliminates Issue
19 10 on the Arizona initial issues list.

20 Changes to PID Administration Process

21 *Summarized Issue:* How will PID modifications outside of the 6 month review process be made
22 and issues remaining on the Long Term PID Administration ("LTPA") issues matrix be handled

23
24 ² CLECs agree not to seek the addition of PO-2 or BI-5 to any PAP that currently does not contain PO-2 (Arizona, Idaho, Iowa,
25 Montana, Nebraska, North Dakota, Oregon, South Dakota, Utah and Wyoming) or BI-5 (all states) until at least the next 6 month
26 review cycle following what may currently be started or underway. Qwest agrees not to seek the removal of PO-2 from the PAPs
that currently contain PO-2 (Colorado, Minnesota, New Mexico & Washington) until at least the next 6 month review cycle
following what may currently be started or underway and in any case not to begin earlier than January 1, 2005.

1 going forward?

2 *Resolution:* The Stipulating Parties disagree regarding the LTPA process. The CLECs and Qwest
3 reserve all rights and positions if and when the issue arises; however, for the purpose of this
4 Arizona First 6 Month Review Proceeding, with the exception of the staff, the CLECs and Qwest
5 hereby withdraw issues 19 and 20 from the issues list. If Staff decides to pursue this issue, all
6 Parties reserve their right to participate before the Commission. In the event that Staff pursues
7 this issue, it does not void the agreement among the Parties as to the other issues.

8 Staff Reporting Requests

9 *Summarized Issue:* Staff indicated on the October 15, 2004 conference call, that it had two
10 remaining issues relating to Qwest reporting, one of which does not appear on the initial Arizona
11 issues matrix. Staff requested that Tier II payment information be provided directly to the
12 business office and that Qwest provide data regarding CLECs who had not opted-in to the QPAP
13 and the amount of payments that those CLECs may have received had they opted-in to the QPAP.

14 *Resolution:* The first issue has been resolved with Qwest's agreement to provide the report with
15 its monthly QPAP payment to the business office. The other issue, relating to a data request from
16 Staff has been resolved with Qwest's agreement to provide the data but pending final
17 confidentiality language to be determined by Staff and Qwest. This resolution eliminates Issue 24
18 from the Arizona initial issues list.

19 Compromise

20 The series of resolutions identified above and in the Washington Stipulation appear to
21 resolve all known issues that may require a hearing in this Arizona First 6 Month Review
22 Proceeding except as to the LTPA process which Staff continues to consider.

23 Implementation

24 Application of the QPAP in all states and the MWSQP will begin with October data and
25 will be paid pursuant to the applicable section of the QPAP. Qwest agrees to file the Stipulation
26 and such SGAT revisions to Exhibits B and K by November 12, 2004 in Arizona and by

1 November 30, 2004 in Qwest's other 13 states. This Stipulation may be executed in counterparts.
2 Changes to Exhibits B and K in other states resulting from this Arizona Stipulation are intended
3 to be applicable to all CLECs that have adopted the QPAP in those states and in the MWSQP, and
4 Qwest will request that the interconnection agreements be so amended. Party CLECs will not
5 object to Qwest's request.

6 So have we all stipulated.

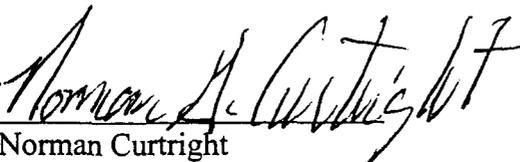
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8 RESPECTFULLY SUBMITTED this 1st day of November, 2004.

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11 QWEST CORPORATION

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Implementation

Application of the QPAP in all states and the MWSQP will begin with October data and will be paid pursuant to the applicable section of the QPAP. Qwest agrees to file the Stipulation and such SGAT revisions to Exhibits B and K by November 12, 2004 in Arizona and by November 30, 2004 in Qwest's other 13 states. This Stipulation may be executed in counterparts. Changes to Exhibits B and K in other states resulting from this Arizona Stipulation are intended to be applicable to all CLECs that have adopted the QPAP in those states and in the MWSQP, and Qwest will request that the interconnection agreements be so amended. Party CLECs will not object to Qwest's request.

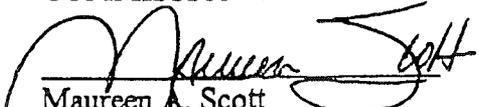
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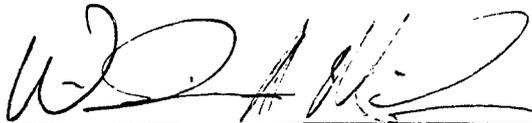
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EXHIBIT 1

Arizona 6 Month PAP Review Issues Matrix

ARIZONA 6 MONTH PAP REVIEW ISSUES MATRIX

#	ISSUE	QWEST POSITION	CLEC POSITION	STAFF POSITION
1.	Scope of 6 month Proceeding.	Not applicable given other resolved issues.	Not applicable given other resolved issues.	Not applicable given other resolved issues.
2.	Line Splitting -- What standard should be used for this product for PIDs MR-3, 4, 6, 8 and PO-5.	Qwest agrees with the resolution as to this topic reached in the Washington Stipulation attached hereto.	CLECs agree with the resolution as to this topic reached in the Washington Stipulation attached hereto.	Staff agrees with the resolution as to this topic reached in the Washington Stipulation attached hereto.
3.	Loop Splitting -- Should this product be added to PIDs PO-5, OP-3, 4, 5, 6, 15, MR-3, 4, 6, 7 and 8 and if so what standard should apply?	Qwest agrees with the resolution as to this topic reached in the Washington Stipulation attached hereto.	CLECs agree with the resolution as to this topic reached in the Washington Stipulation attached hereto.	Staff agrees with the resolution as to this topic reached in the Washington Stipulation attached hereto.
4.	PO-20 -- What Tier should be assigned?	Qwest agrees with the resolution as to this topic reached in the Washington Stipulation attached hereto.	CLECs agree with the resolution as to this topic reached in the Washington Stipulation attached hereto.	Staff agrees with the resolution as to this topic reached in the Washington Stipulation attached hereto.
5.	OP-5A -- New Service Quality.	See Arizona Stipulation.	See Arizona Stipulation.	See Arizona Stipulation.
6.	OP-5B -- New sub-measurement created to ensure Qwest would report all customer impacts associated with service order processing.	See Arizona Stipulation.	See Arizona Stipulation.	See Arizona Stipulation.
7.	Should Qwest be required to publish on its website its aggregate payments under QPAP at the product level?	Qwest agrees with the resolution as to this topic reached in the Washington Stipulation attached hereto.	CLECs agree with the resolution as to this topic reached in the Washington Stipulation attached hereto.	Staff agrees with the resolution as to this topic reached in the Washington Stipulation attached hereto.
8.	Revise list of PIDs included in the PAP to include PO-2 and BI-5 if Qwest allowed to terminate LTPA.	See Arizona Stipulation.	See Arizona Stipulation.	See Arizona Stipulation.
9.	Revise list of products included in the PIDs to include the product xDSL-1 capable loops as recommended by the LTPA facilitator and State Staffs.	Qwest agrees with the resolution as to this topic reached in the Washington Stipulation attached hereto.	CLECs agree with the resolution as to this topic reached in the Washington Stipulation attached hereto.	Staff agrees with the resolution as to this topic reached in the Washington Stipulation attached hereto.

NA - denotes items that the Party either finds no longer applicable or will not pursue further during this 6 month review proceeding

ARIZONA 6 MONTH PAP REVIEW ISSUES MATRIX

#	ISSUE	QWEST POSITION	CLEC POSITION	STAFF POSITION
10.	What changes should be made to modify the QPAP for Qwest's 5-3-04 SGAT revision that changed Exhibit B to reflect LTPA agreements filed in Docket No. T-01051B-99-0068?	See Arizona Stipulation.	See Arizona Stipulation.	See Arizona Stipulation.
11.	Is a Hearing necessary?	Yes, as to the remaining issue, LTPA, if pursued by Staff.	CLECs do not believe a hearing is necessary. If, however, a hearing is conducted and Qwest participates, CLECs may participate as well. NA	Staff believes that a hearing is not necessary and that the LTPA process issue, if pursued, could be addressed with a paper proceeding.
12.	Commission should admit LTPA documents into this proceeding record.	NA	NA	Staff will not pursue except as it may relate to the LTPA process issue.
13.	Commission should resolve disputed issues in this proceeding.	Qwest proposes that the ACC approve the Arizona Stipulation filed concurrently with this matrix and agreed to by the Parties.	CLECs propose that the ACC approve the Arizona Stipulation filed concurrently with this matrix and agreed to by the Parties. NA	Staff proposes that the ACC approve the Arizona Stipulation filed concurrently with this matrix and agreed to by the Parties.
14.	PAP should become self-executing and applicable to all CLECs without the need to formally opt into Exhibit K.	NA	NA	NA
15.	Whether changes to the PIDs based on agreements reached in the LTPA should be automatically incorporated into the PAP.	NA	NA	NA
16.	Consider any other measurements that need to be added, deleted, modified.	NA	NA	NA

NA - denotes items that the Party either finds no longer applicable or will not pursue further during this 6 month review proceeding

ARIZONA 6 MONTH PAP REVIEW ISSUES MATRIX

#	ISSUE	QWEST POSITION	CLEC POSITION	STAFF POSITION
17.	Consider any benchmark standards that should be modified or replaced by parity standards.	NA	NA	NA
18.	Consider whether any changes should be made in the classification of any measure High, Medium, or Low or Tier-1 to Tier 2.	NA	NA	NA
19.	How Arizona PID changes, additions or deletions will be handled in the future if Qwest withdraws from LTPA.	See Arizona Stipulation.	See Arizona Stipulation.	Staff continues to consider whether to pursue this issue.
20.	How will the remaining issues on the LTPA matrix be handled if Qwest withdraws from LTPA?	See Arizona Stipulation.	See Arizona Stipulation.	Staff continues to consider whether to pursue this issue.
21.	Should changes be made to Tier II penalties based upon new products or standards adopted in the LTPA?	NA	NA	NA
22.	Any other changes to Tier II penalties that would be appropriate?	NA	NA	NA
23.	Process for future Arizona PAP reviews.	NA	NA	NA
24.	Reporting on CLEC opt-in rates and the amount of additional penalties Qwest would incur if all CLECs in Arizona opted-in to the PAP.	Qwest has agreed to provide the data however, Staff and Qwest are finalizing confidentiality language.	NA	Qwest has agreed to provide the data however, Staff and Qwest are finalizing confidentiality language.

NA - denotes items that the Party either finds no longer applicable or will not pursue further during this 6 month review proceeding

ARIZONA 6 MONTH PAP REVIEW ISSUES MATRIX

#	ISSUE	QUEST POSITION	CLEC POSITION	STAFF POSITION
25.	Issues deferred from the 271 proceeding.	Qwest will file a report responding to the requirements for follow-up at the first six month review as detailed in Decision No. 66242 dated 9-16-03 within ten business days after Procedural Order issued regarding 6-Month Review Schedule, etc.	CLECs would like an opportunity to comment on the report once filed.	No party raised any issue or concern with regard to any matter within Decision 66242 in this 1 st Arizona 6 month PAP review.

ARIZONA 6 MONTH PAP REVIEW ISSUES MATRIX

OUTSTANDING PAP ISSUES TO BE ADDRESSED
 From PAP Decision No. 64888, dated 6-5-02

<u>#</u>	<u>CITE</u>	<u>ISSUE</u>	<u>QWEST POSITION</u>	<u>MCI, AT&T and COVAD POSITIONS</u>	<u>ESCHELON POSITION</u>	<u>STAFF POSITION</u>
1.	Disputed Issue No. 2 - GA-7, (Timely Outage Resolution Following Software Releases) PO-19 SATE.	1) GA-7 already included in PAP. 2) Re-evaluate PO-19 at six-month review.	NA	NA	NA	NA
2.	Disputed Issue No. 5 - Penalty Cap 44% of Qwest's Arizona net revenues as calculated in Qwest's ARMIS reports.	Calculated on first day of month following annual anniversary of Commission approval of Arizona 271 using most recent publicly available ARMIS data Recalculation due 1-3-05	NA	NA	NA	NA
3.	Disputed Issue No. 6 - Minimum Per Occurrence Penalty.	1) Re-evaluated at six-month review. 2) PAP also requires review of products and submeasurements included in section 10 of the PAP at the six month review.	NA	NA	NA	NA

NA - denotes items that the Party either finds no longer applicable or will not pursue further during this 6 month review proceeding

ARIZONA 6 MONTH PAP REVIEW ISSUES MATRIX

<u>#</u>	<u>CITE</u>	<u>ISSUE</u>	<u>QWEST POSITION</u>	<u>MCI, AT&T and COVAD POSITIONS</u>	<u>ESCHELON POSITION</u>	<u>STAFF POSITION</u>
4.	Disputed Issue No. 10 – Severity Factors.	Re-evaluate staff recommendation for escalated severity payments for possible inclusion at the six-month review	NA	NA	NA	NA
5.	Disputed Issue No. 11 – Audits.	Auditing provisions re-evaluated at six-month review	NA	NA	NA	NA
6.	Disputed Issue No. 12 – Tier II Payments (Table 7).	Re-evaluated at six-month review – three month trigger and payment amounts.	NA	NA	NA	NA
7.	Disputed Issue No. 13 – Sticky Duration.	Re-evaluated at six-month review – review penalty payment amounts	NA	NA	NA	NA

EXHIBIT A to EXHIBIT 1
WASHINGTON STIPULATION
DOCKET UT-043007

BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Second Six-Month)
Review of Qwest Corporation's) DOCKET NO. UT-043007
Performance Assurance Plan)
) Settlement of Disputed Issues
)
)
)
)
)
)
.....)

COME NOW Qwest Corporation ("Qwest"), MCI, Inc. ("MCI"), Eschelon Telecom of Washington, Inc. ("Eschelon") and Covad Communications Company ("Covad"), (collectively, the "Stipulating Parties") and submit the following Stipulation, resolving all outstanding issues in this Second Six-Month Review proceeding.

The Stipulating Parties have agreed and respectfully recommend, that the Washington Utilities and Transportation Commission ("WUTC" or "Commission") issue its Order approving the following dispositions of the issues which appear on the Final Issues List in this Proceeding. This Stipulation is intended to be a comprehensive resolution. Each Stipulating Party has agreed to compromise its positions, including legal positions, with the goal of achieving an overall resolution that is fair and in the public interest. The Stipulating Parties have agreed to support the Stipulation, and are aware that the WUTC Staff has not joined the Stipulation and has filed testimony that is in material disagreement with at least one proposed disposition in the Stipulation. However, the Stipulating Parties, at arms' length and with full

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knowledge of the facts, recommend that this Stipulation be approved by the Commission as it is consistent with the Federal Telecommunications Act of 1996 ("the Act") and this Commission's prior orders regarding the Qwest Performance Assurance Plan ("QPAP").

The Stipulating Parties have entered into this Stipulation with the intent that it be submitted to and recommended by these same Parties to the other commissions in Qwest's 14-state region. The Stipulating Parties agree, however, that provisions relating to PO-20 will not be submitted in Colorado as that commission has previously resolved these issues.

If the Commission does not adopt the proposal in this Stipulation in whole or in part, the Stipulating Parties reserve their rights to take positions on issues in future proceedings that may be contrary to this Stipulation. Except as necessary to effectuate their agreement to promptly submit and recommend this Stipulation to all remaining state regulatory commissions, nothing in this Stipulation may be used as precedent or an admission against interest by any Stipulating Party against any other Stipulating Party in any future proceeding.

1. Line Splitting: What standard should be used for the Line Splitting product for the MR-3, 4, 6, and 8, and the OP-5A PIDs?

Resolution: Parity with Qwest DSL. This new standard should apply to performance data beginning September 1, 2004.¹

2. Loop Splitting: Should Loop Splitting be included in the PO-5, OP-3 through 6 and 15 and MR-3, 4 and 6 through 8 PIDs at this time, and if so, what standard should apply?

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Resolution: Loop Splitting should be included in the named PIDs and Qwest shall begin reporting on the Loop Splitting product with a diagnostic standard at the time CLECs order the product, in any quantity, for three consecutive months.

3. x-DSL: Should x-DSL loops be included in the OP and MR PIDs and if so, what standard should apply?

Resolution: x-DSL loops should be included in the OP and MR PIDs with the following standards: 90% for OP-3; 6 business days for OP-4; parity with Qwest DSL for OP-5A; diagnostic for OP-5B, OP-5R, and OP-5T; parity with Qwest DSL with dispatch for OP-6; parity with Qwest IDSL for the MR-3, MR-4, MR-6, MR-7, and MR-8; and diagnostic for MR-10. These new standards should apply to performance data beginning on September 1, 2004.²

4. PO-20.

A. How will the new PO-20 be incorporated into Exhibit B?

Resolution: Expanded PO-20 was incorporated into the Washington Exhibit B through Qwest's June 25, 2004, filing of an amendment to the SGAT, and the Commission's issuance of Order No. 7 in this proceeding and Order No. 1 in Docket UT-043068. The incorporation of Expanded PO-20 into Exhibit B in other jurisdictions occurred with filings Qwest made in June 2004 to amend the

¹ Qwest will report PID performance beginning with September data as governed by the business rules for each measurement. Qwest will report PAP payments for September data pursuant to the applicable section of the PAP.

SGATs in those various jurisdictions, subject to the appropriate procedures in each state.

B. What Tier should be assigned to this new PID?

Resolution: Tier 1 Medium (in Minnesota, Tier 1B); no Tier 2.³

C. Should Qwest be allowed a low volume exception?

Resolution: Yes, a standard of "no more than one order with PO-20 errors" should be assigned, applicable when CLEC volumes are lower than seventeen in a month during the time the 97% benchmark applies, lower than thirteen in a month during the time the 96% benchmark applies, and lower than ten in a month during the time the 95% benchmark applies, except in Colorado and Minnesota. In Minnesota, the resolution is yes, a standard of "no more than one order with PO-20 errors" should be assigned, applicable when CLEC volumes are lower than or equal to thirty-three in a month during the time the 97% benchmark applies, lower than or equal to twenty-five in a month during the time the 96% benchmark applies, and lower than or equal to twenty in a month during the time the 95% benchmark applies.

D. Should Qwest be allowed a stabilization or "burn in" period?

Resolution: Yes, Qwest should be allowed a stabilization or "burn in period" of up to three months on each Phase, during which payments are not required

² Qwest will report PID performance beginning with September data as governed by the business rules for each measurement. Qwest will report PAP payments for September data pursuant to the applicable section of the PAP.

for "misses" in the Phase being "burned in," but payments are required for "misses" that exceed the applicable benchmark in the previous Phase and that are reported based on the PID requirements for the previous Phase.⁴

5. What changes should be made to the QPAP for LTPA agreements and to reflect the replacement of the existing PO-20 with the Expanded PO-20 in those states that have an Exhibit B-1?

Resolution: No changes other than those in the following three sentences are needed to adapt the QPAP to LTPA agreements or to reflect the replacement of the existing PO-20 with the Expanded PO-20 in states that have an Exhibit B-1. Qwest will, according to the implementation schedule discussed below, in all states in Qwest's local service region except Colorado, file to add Expanded PO-20 to Tier 1 Medium (in Minnesota Tier 1B), and without a Tier 2 assignment, in Attachment 1 to Exhibit K (in Minnesota Appendices A and B), and will include a footnote to the amended Attachment 1 to reflect the agreement on the "burn in period" and low volume relief set forth in Sections 4(C) and (D) above. In Washington and other states that have an existing PO-20, Qwest will simultaneously make a filing to change Exhibit K consistent with the treatment in Exhibit (DWB-5). Qwest will simultaneously file to delete Exhibit B-1 in those states that have such an exhibit, and will request the

³ Should the staff pursue Tier 2 payments separately, the Stipulating Parties agree to abide by the remainder of the Settlement.

⁴ Qwest will begin making PAP payments based on Phase 1 for August 2004 performance pursuant to the applicable section of the PAP.

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Commission in each state to issue its order approving all such changes with an effective date no later than October 1, 2004.

6. Publishing Aggregate Payments: Should Qwest be required to publish aggregate payments by PID and Product under QPAP?

Resolution: Beginning with September 2004 performance, Qwest will publish on its website for each state the payment report by major PID category that Qwest currently files with each state Commission for that state; and Qwest will make available a report similar to that which it provides individual CLECs in Tab 2 of the CLEC payment report showing QPAP payments at the PID/Product submeasure level, and will total the payments for the state for each submeasure and/or product.

7. Low Volume Exception for Line Splitting: Should a Low Volume Exception Exist for OP-3 for Line Splitting?

Resolution: No Low Volume Exception will be allowed for OP-3 for Line Splitting.

8. Implementation: Qwest stipulates to promptly file SGAT revisions to Exhibits B, B-1 (where applicable) and K no later than August 31, 2004, for Washington and no later than September 15, 2004, for the remaining states. Qwest agrees to represent the substance of this Stipulation in Arizona, to the extent more is required there than the filing requirement in this section. This Stipulation may be executed in counterparts. If and when this Stipulation is approved and adopted by the Washington Commission and other state

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regulatory commissions through approvals of the amended Exhibit B, deletion of Exhibit B-1 in those states that currently have such an exhibit and amended Exhibit K, these changes will amend the agreements of all CLECs that have adopted or elected Exhibits B and K in such states or the Minnesota Wholesale Service Quality plan.

So have we all stipulated.

QWEST CORPORATION

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Dated 8/26/04

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** TOTAL PAGE.09 **

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So have we all stipulated.

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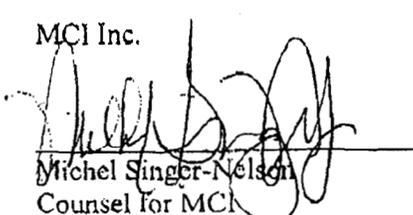
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