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**BEFORE THE ARIZONA CORPORATION COMMISSION**

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7 **Chairman**

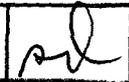
Arizona Corporation Commission

**DOCKETED**

8 **JAMES M. IRVIN**  
9 **Commissioner**

**MAY 24 2001**

10 **MARC SPITZER**  
11 **Commissioner**

DOCKETED BY 

12 **IN THE MATTER OF U S WEST**  
13 **COMMUNICATIONS, INC.'S**  
14 **COMPLIANCE WITH § 271 OF THE**  
15 **TELECOMMUNICATIONS ACT OF**  
16 **1996**

**Docket No. T-00000A-97-0238**

**REPLY BRIEF OF WORLDCOM, INC. REGARDING  
QWEST CORPORATION'S PERFORMANCE ASSURANCE PLAN**

18 WorldCom, Inc., on behalf of its regulated subsidiaries, ("WorldCom") submits its  
19 reply brief addressing Qwest's proposed performance assurance plan. In this reply brief,  
20 WorldCom will address only some of the impasse issues as identified where WorldCom  
21 has new information or has a compromise proposal. If an impasse issue is not addressed  
22 in detail here, it is because WorldCom's original arguments in the Joint Intervenors'  
23 opening brief adequately address the issue and there is no reason to restate the earlier  
24 arguments.  
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1                   **PAP-1: Additional Measures – PO6, PO7, PO8, and PO9**

2                   The quality of service measured by PO6, PO7, PO8 and PO9 affect customer  
3 expectations, and therefore, are critical in evaluating the service Qwest provides to  
4 competitive local exchange carriers (“CLECs”). In order for CLECs to provide equivalent  
5 customer service to that provided by Qwest’s retail personnel, Qwest must provide the  
6 timely notifications required in these measures. As stated in the Joint Intervenors’ opening  
7 brief, the work completion notice (PO-6) and billing completion notice (PO-7) serve  
8 different purposes, but both impact consumers. PO-8 and PO-9 also measure different  
9 forms of performance by Qwest. PO-8 is a quantitative measure that determines the  
10 timeliness of the process. PO-9, on the other hand, measures the quality of the process.  
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13                   That being said, WorldCom proposes that the Commission at least include in  
14 Qwest’s performance assurance plan (“PAP”), either PO6 or PO7, based upon which of  
15 these two measures produce higher payments to competitive local exchange carriers  
16 (“CLECs”) in order to incent Qwest to meet the higher measure and improve its processes,  
17 and that the Commission include both PO8 and PO9 in the PAP. This compromise strikes  
18 an appropriate balance between Qwest and the CLECs.  
19  
20

21                   **PAP-2: CHANGE MANAGEMENT**

22                   As stated in the opening brief, Change Management has not been discussed  
23 extensively in the PAP workshops. Therefore, this discussion largely addresses what  
24 should be done in the future. Qwest has produced two proposed performance  
25 measurements related to “Timely Release Notifications” (PO-16) and “Timely Outage  
26

1 Resolution” following Software Releases (GA-7) that are currently being considered in the  
2 Arizona OSS collaborative. GA-7 should not be a diagnostic measure as proposed by  
3 Qwest. Moreover, this measure should be a benchmark with 100 percent compliance  
4 because Qwest must give CLECs timely notice of Release Notifications in order to  
5 upgrade their OSS.  
6

7 In addition, a Software Validation measurement should also be developed. A new  
8 measure addressing release quality should also be developed. The “Release Quality” PID  
9 (RQ-3) would measure the quality of Qwest’s Software Releases by determining the  
10 number of releases that require amendment, suspension, or retraction within 14 days of  
11 implementation.  
12

13 **PAP-3: Root Cause Analysis**

14 Qwest states "Qwest notes that no other BOC’s performance assurance plan  
15 contained a requirement for "root cause" analysis when presented to the FCC" but then  
16 recognizes later that the SBC Texas PAP does have a root cause analysis for Tier 1  
17 payments whereas Qwest's PAP does not. Clearly, Qwest’s initial assertion is in error and  
18 is in fact contradicted by Qwest’s later statement. The whole purpose of the root cause  
19 analysis is to investigate recurring problems. The trigger proposed in the Joint  
20 Intervenor’s opening brief establishes an appropriate trigger consistent with what was  
21 established in the Texas PAP that was approved by the Federal Communications  
22 Commission (“FCC”).  
23  
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26 Repeated failures are a reasonable trigger for further investigation. As a

1 practical matter, the prospect of increasing payments should drive Qwest to want to  
2 identify the causes and to implement corrective steps.

3 Further, the Commission should formally establish its right to initiate a root cause  
4 analysis under whatever circumstances it deems warrant further investigation. Qwest  
5 should also post its findings and a description of the corrective action on its web site so  
6 that interested parties are aware of the results of the investigation and the action taken to  
7 correct a problem.  
8

9  
10 Finally, the Commission can incorporate the root cause analysis concept into the  
11 audit procedures it adopts in this PAP. With appropriate audit procedures, the need for a  
12 root cause analysis could be mitigated so long as an audit process leads to an investigation  
13 and correction of a recurring problem.  
14

15 **PAP-4: USE OF K TABLE**

16 As noted in Qwest's comments, Qwest and certain CLECs reached an agreement on  
17 the elimination of the K-Table in the April 24-26, 2001, Regional Oversight Committee  
18 ("ROC") workshop. Qwest has stated this should be included in this PAP, and also offers  
19 the ROC statistical agreement to the CLECs participating in the Arizona collaborative.  
20 Since Qwest has described in its opening brief what has been proposed in the ROC PEPP,  
21 WorldCom believes that it is appropriate to discuss further agreements, which occurred at  
22 the ROC PEPP workshop held in May. Qwest agreed to include DS1 and DS3 and higher  
23 for both Resale and Unbundled Loops under the 1.04 proposal.  
24  
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1           The ROC agreement is a step in the right direction. However, if under the ROC  
2 agreement higher critical values will be used for larger sample sizes it only seems  
3 appropriate for Qwest and the Commission to consider a 1.04 critical value for all parity  
4 measures with sample sizes of 10 or less.  
5

6           Qwest's proposed statistical adjustment eliminates the K-table in exchange for  
7 raising the critical values for the statistical test at larger sample sizes. The larger critical  
8 values proposed by Qwest reduce Type I error at larger sample sizes, thus reducing the  
9 opportunity for a false finding of discrimination by biasing the statistical test against a  
10 finding of discrimination. Qwest's statistical adjustment continues to ignore Type II error -  
11 the failure to find discrimination that actually exists.  
12

13           The proposal actually inflates Type II error, because a decrease in Type I error  
14 increases Type II error for any given true means difference. One change to Qwest's  
15 statistical proposal, however, makes the altered statistical methodology more consistent  
16 with statistical approach that takes into account both Type I and Type II error. Because the  
17 Type II error is larger at small sample sizes than at large sample sizes, the critical values at  
18 small sample sizes should be reduced below 1.65 to "balance" Type I and Type II errors.  
19  
20 WorldCom has supported a "balancing" approach (in Florida and the ROC PEPP  
21 Workshops) that selects critical values based on the standard of equal Type I and Type II  
22 error probabilities. WorldCom would support Qwest's statistical adjustment if the critical  
23 value for measures with sample sizes of 10 or less observations was reduced for all  
24  
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1 measures, not just the measures for which Qwest has proposed that lower critical value  
2 apply.

3 Qwest has already agreed to use the lower critical value for some measures, so the  
4 groundwork of the graduated scale of critical values, beginning with a critical value of  
5 1.04 at the smallest sample sizes, has been established by Qwest. Given the reduction of  
6 the critical value from 1.64 to 1.04 for all measures with sample sizes of 10 or less and the  
7 elimination of the K-table, WorldCom would accept this modified statistical approach.  
8

9  
10 **PAP-5: Cap on Penalties**

11 WorldCom continues to object to a fixed cap for the reasons stated in the opening  
12 brief.

13 **PAP-6: Miscellaneous Penalty Issues**

14  
15 a. **Minimum Per Occurrence Credit:** WorldCom continues to encourage the  
16 Commission to adopt a minimum per occurrence penalty for the reasons stated in its  
17 opening brief.

18  
19 b. **Escalating Penalties for Repeat Occurrences:** WorldCom continues to  
20 encourage the Commission to increase penalties for repeat occurrences for the reasons  
21 stated in its opening brief. Although Qwest argues that higher penalties for CLECs will  
22 result in windfalls, Qwest's measure of CLEC harm is significantly inadequate as was  
23 discussed in the opening brief. Therefore, penalty amounts can escalate without creating a  
24 windfall for CLECs.  
25  
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1           c.     Payment Types: Payment by check is necessary in order to ensure certain  
2 payment and because it is easier for CLECs to administer and track as was stated in the  
3 opening brief. However, no matter what payment method is ordered, the Commission  
4 must order Qwest to provide an adequate explanation of the payments being made. The  
5 Commission should require Qwest to provide it with a prototype of any explanation of  
6 payments that would be paid to ensure that the explanation is complete, detailed, and  
7 allows CLECs to track the reason for the payment. However, even if Qwest provides an  
8 adequate explanation, the use of bill credits will not address delays due to bill cycles or  
9 CLECs withholding payment in billing disputes that was discussed in the opening brief as  
10 several reasons for requiring payment by check. Under those circumstances, Qwest would  
11 refuse to provide a bill credit because a CLEC was disputing a bill.  
12  
13

14                   **PAP-9: Classification of Penalties**

15           WorldCom continues to assert that all measures included in Tier I also be included  
16 in Tier II with the exception of the GA measures for the reasons stated in the opening  
17 brief.  
18

19                   **PAP 10: Severity Factor**

20           Qwest's plan does not adequately account for the magnitude of poor performance  
21 measures for the reasons stated in the opening brief.  
22

23                   **PAP 11: Audits**

24           The Commission has before it two audit proposals. WorldCom believes that for an  
25 audit process to be meaningful, Qwest should not be permitted to select the auditor as  
26

1 proposed in its PAP. The audit process must be independent and Qwest's proposal does  
2 not lend itself to that objective. The Massachusetts Department has ordered Verizon to  
3 obtain an independent audit of Verizon's data and reporting on an annual basis.<sup>1</sup>  
4

5 Further, the Commission must have the ability to initiate an audit if it finds Qwest  
6 is not properly complying with its PAP. Depending on what trigger the Commission  
7 establishes to assert its authority to impose an audit on Qwest, will impact the need for a  
8 root cause analysis. If the Commission directs an audit when Qwest misses any  
9 measurement for two consecutive months, and for each succeeding violation of that  
10 measurement, then the need for a separate root cause analysis may be unnecessary.  
11 However, the key is determining when a Commission-mandated audit should be initiated.  
12

13 Finally, CLECs must also have the right to seek mini-audits as discussed in the  
14 opening briefs. The Commission should determine how the costs of such a mini-audit  
15 should be assessed. Certainly, for example, if Qwest is violating a procedure established  
16 in the PAP, or in a PID, or inaccurately collecting or reporting data, it should pay the cost  
17 of such an audit. On the other hand, if a CLEC abuses the mini-audit process, it should be  
18 assessed the costs of the audit.  
19  
20

21 **PAP 12: Tier II Payments**

22 WorldCom continues to assert that all measures, except GA measures, should result  
23 in Tier II payments for the reasons stated in the opening brief.  
24

25 \_\_\_\_\_  
26 <sup>1</sup> See *Verizon January 30<sup>th</sup> PAP* at 25. The first audit will begin six months after  
Verizon enters the long-distance market in Massachusetts. See *id.*

1           **PAP 13: Sticky Duration**

2           As a compromise to the position stated in the opening brief, WorldCom believes  
3           that it would be appropriate to include a “sticky duration” concept whereby the amount of  
4           a payment would be adjusted to allow Qwest to drop back one month for each consecutive  
5           month Qwest passed. So, if Qwest missed 4 months in a row and passed on month 5, the  
6           payment amount would fall back to a month 3 payment. Therefore, if Qwest were to miss  
7           again in month 6 it would pay a month 3 penalty. If Qwest missed again in month 7, the  
8           payment would be a month 4 amount. However, as stated in its opening brief, the  
9           payment amount should not be capped in month 6 and for each month thereafter as  
10          proposed in Qwest’s PAP for the reasons stated.

13           **PAP 14: Plan Limitations**

14           In the event the Commission chooses not to make the PAP effective prior to 271  
15          approval for Qwest by the FCC, the Commission should adopt a “memory” concept for  
16          duration penalties. By a memory concept, WorldCom means that since Qwest is now  
17          collecting and reporting data under its performance measures, that in the event upon the  
18          effective date of the PAP, Qwest has missed a measure for 3 consecutive months prior to  
19          the effective date and then continues to fail in the first month after the PAP becomes  
20          effective, because Qwest has missed the measure for 4 months in a row, the payment for  
21          the first month failure after the effective date of the PAP be the amount that would be  
22          appropriate after four consecutive months of failure, not a first month payment amount.  
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1 As stated in its opening brief, WorldCom is not seeking double recovery. Qwest  
2 argues in its opening brief that "Qwest understands that SBC does not have existing  
3 interconnection agreements with remedy plans or significant liquidated damages that exist  
4 in addition to its PAP (which is incorporated into SBC's agreements as Attachment 17), so  
5 that a section similar to section 13.6 is not applicable here." This statement is incorrect.  
6  
7 MCIMetro, a WorldCom subsidiary, had a remedy plan that was different than the 271  
8 PAP for nearly a year after SBC's 271 approval in Texas. However, MCIMetro never  
9 alleged that we were entitled to compensation under both plans.  
10

11 CLECs should not be entitled to double recovery for the same violation. However,  
12 Qwest's plan proposes no recovery for analogous activity, which is too broad and will  
13 result in many disputes over what constitutes analogous activity.  
14

15 **CONCLUSION**

16 For the reasons stated, the Commission should modify Qwest's PAP as proposed in  
17 the Opening Brief. However, WorldCom has also proposed some alternative revisions to  
18 the PAP in this Reply Brief, which could be implemented if the Commission chooses not  
19 to accept the proposed modifications in the Opening Brief.  
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