

### **EXHIBIT 3**



Hand-delivered

October 19, 1998

ALJ Katherine D. Farroba  
Public Utility Commission of Texas  
1701 North Congress  
Austin, TX 78701

**Re: Project No. 16251 – Section 271 Collaborative Process;  
Performance Measures follow-up information**

Dear Judge Farroba:

This letter provides follow-up information relating to Performance Measures Recommendation Nos. 2, 8, 11, 18, 23 and 33. The information was prepared by Randy Dysart and is attached to this letter. I have also included performance measures data from August 1998. SWBT has no additional follow-up information to provide and, therefore, believes all recommendations on this subject are now ripe for Staff's determination and the Commission's decision.

Please call me with any questions concerning this matter. Thanks.

Sincerely,

A handwritten signature in cursive script, appearing to read "Christ. A. Bourgeacq".

Christian A. Bourgeacq

Enclosures

cc: Donna Nelson, Asst. Director, Legal Division, PUC (hand delivered)  
Howard Siegel, Asst. Director, OPD, PUC (hand delivered)  
Nara Srinivasa, Industry Analysis, PUC (hand delivered)  
Parties of record (hand delivered or overnight mail)

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## **FOLLOW-UP FROM 10-6-98 PERFORMANCE MEASUREMENT COLLABORATIVE MEETING**

### **Commission Recommendation 2**

SWBT's response to Staff's proposal on damages is contained in Attachment 1.

### **Commission Recommendation 8**

At the October 6, 1998 work session, AT&T presented a three-part statistical test that SWBT would be required to pass prior to being granted 271 relief. As the table in Attachment 2 illustrates, this three-part test constitutes a requirement that is impossible to meet even when SWBT provides non-discriminatory service to every CLEC on all measurements. SWBT questions the need for AT&T's last-minute proposal and suggests that, under careful scrutiny, Staff recognize such a proposal as simply another attempt to create a barrier to SWBT's obtaining 271 relief.

### **Commission Recommendation 11**

Item one of this recommendation recommends establishing performance measurements related to the access to be offered by SWBT to enable the CLECs to combine UNEs.

SWBT currently provides measurements for UNE loop and port combinations where SWBT does the combining. The measurements as agreed to in the collaborative process will be disaggregated as required to reflect UNE loop and port combinations that SWBT combines separately. These measurements will then be compared to like SWBT retail services as agreed to during the Mega Arbitration II proceedings.

It is premature at this time to develop measurements for access to be offered to CLECs to combine UNEs until such time as methods of access are determined.

### **Commission Recommendation 18**

SWBT was asked to explain how it handles complex orders in its retail organization in relationship to providing a due date to a customer. On SWBT's retail side, there are two "CPAT" type managers. The Account Executive (AE) for Major Accounts and the Account Representative (AR) in the Select Business Account or medium business accounts. Regardless, the order activity is handled the same way in each organization. For minor rearrangements of service or normal order activity, the AE or the AR may not even get involved. The customer may call the Communications Consultant or the Service Representative who handles their account direct and place the orders. In retail, as in wholesale, complex orders carry a specific due date based on what the customer is trying to do. The only difference between wholesale and retail on when due dates are quoted is that in retail it is normally given at the time the order is taken, either via phone or personal visit.

### **Commission Recommendation 23**

SWBT was asked whether it SWBT monitors the CLEC's unbundled dedicated transport in NMA. SWBT does system level monitoring on unbundled dedicated transport through NMA in the same manner as it does for its retail customers. (See NOP 97-102, Attachment 3 to this letter.)

### **Commission Recommendation 33**

SWBT was asked whether there is any type of notification to the CLEC when a major conversion is in jeopardy. In retail, after the AE or AR complete their premise visit with the customer, they will determine the due date for the customer. They coordinate with engineers, if needed, to determine whether a circuit needs to be designed, etc. Normally, the customer has requested a due date and the AE/AR is just confirming whether SWBT can or cannot meet that due date. In wholesale, once the CPAT manager brings the special project to the LSC, they are no longer involved. The LSC manager, communications consultant and service representatives are in charge of determining the due date. These types of orders are projects and require a negotiated FOC. Our LSC manager is now the coordination point with the CLEC account manager until the orders are typed. At that point the LOC may take over exclusive role of coordination or may share that role with the LSC manager based on the complexity of the conversion. The LSC manager may continue to be a part of the process if the project is to be completed in phases. Weekly or as need conference calls may take place involving all parties. If jeopardy problems arise, they would normally come-up at these meetings. This would be true in retail also; however, this is only for major conversions and not all major conversions require this type of concentrated effort.

**ATTACHMENT 1**  
**SWBT PENALTIES PROPOSAL**

**TIER 1:**

- I. Damages apply to the broad based measures proposed in SWBT's 10/5/98 filing.
- II. Credits will be applied to offset penalties to be accumulated in the following categories:
  - A. Provisioning - Resale POTS
  - B. Provisioning - Resale Specials
  - C. Provisioning - UNEs
  - D. Maintenance - Resale POTS
  - E. Maintenance - Resale Specials
  - F. Maintenance - UNEs
  - G. Interconnection Trunks
  - H. Billing
- III. Credits not used within 6 months will be dropped.
- IV. Monetary penalties are based on a per measurement and the penalty will be prorated by the levels of disaggregation. For example, a penalty of \$25,000 is applicable to mean installation interval. If there are 5 levels of disaggregation, then each level is subject to \$5000. This is also applicable to the accumulation of credits.
- V. A valid measurement must include a minimum of 30 observations.
- VI. Penalties will be \$25000 for measurements between 1-3 standard deviations for 2 consecutive months and \$75,000 for any measurement greater than 3 standard deviations. These penalties will be scaled based on the size of the CLEC and is calculated as follows:
  - A. Calculate average lines per CLEC.
  - B. If CLEC lines is > average then 100% of penalties is applied.
  - C. If CLEC lines < average then CLEC % of average \* applicable penalty.
  - D. If CLEC lines < 20% of average then minimum penalty is \$5000 for 1-3 standard deviations for 2 consecutive months and \$15,000 for 1 month > 3 standard deviations.

**TIER 2:**

- 7. When 15% of the measurements, for which penalties are applicable, are out of parity, an additional \$50,000 penalty would be applied for each measure over 15%. This penalty would be prorated as described in number 4 and 6 above.