

In the Matter of the Investigation by the )

DOCKET NO. 98-049-09

PUBLIC SERVICE COMMISSION to )

Establish Service Standards for U S WEST )

COMMUNICATIONS, INC. for 1998. )

REPORT AND ORDER

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ISSUED: June 29, 1998

### SYNOPSIS

The Commission adopts held-order targets for the third and fourth quarters of 1998, in order to monitor and measure U S West Communications, Inc.'s provision of service. We require the Company to continue filing held-order reports with the Division and the Committee. We provide a 'safe harbor' level of held orders which must be exceeded before further detailed monthly information is required. We Order the Division to monitor and audit the reports not less than quarterly for compliance with the held-order targets established hereby, and to report the results of their review to the Commission.

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By the Commission:

This docket originates from the Commission's action responding to a request contained in a February 27, 1998, Memorandum filed by the Division of Public Utilities (Division) in Docket No. 97-049-06. The Division's February 27, 1998, Memorandum reported on U S West Communications, Inc. (U S West or Company) held order results for the fourth quarter of 1997 and recommended that the Commission establish held-order targets for 1998. The Commission instituted this docket by notice issued March 11, 1998, and conducted a hearing on April 13, 1998. Appearing at the hearing were U S West, through counsel Greg Monson and Jim Farr, a U S West employee; the Division, through counsel Laurie Noda and Peggy Egbert and Ingo Henningsen, Division employees; and the Committee of Consumer Services, through counsel Kent Walgren. The Company filed a Position Statement on April 8, 1998, and the Company and Division filed post-hearing briefs on May 22, 1998.

This docket is the third, since 1995, in which the Commission has considered establishing service quality standards or held-order targets and informational reporting requirements for the Company's provision of service to retail customers. See, Docket Nos. 95-049-35 and 97-049-06. While each of the three dockets has had the possibility of an expansive examination of the Company's service to retail customers, each has ultimately focused upon the retail held-orders associated with U S West's efforts to provide customers with access to the public telecommunications network. Although three separate dockets have been initiated, the issues and arguments raised by the parties have been relatively consistent throughout. Our consideration in this docket has incorporated the parties' arguments, positions and evidence presented in Docket Nos. 95-049-35, 97-049-06, as well as this docket. We note that in this docket, the Division has abandoned the concerns it expressed in Docket No. 97-049-06 about the appropriateness of establishing service standards for U S West. As noted above, this docket was begun in response to the Division's recommendation to establish 1998 standards for U S West. U S West has added an argument in its advocacy against 1998 standards. In this docket, U S West argues that with the conclusion of its last general rate case, in Docket No. 97-049-08, the company is now under the rate ceiling provisions and price indexing provisions of UCA §54-8b-2.4. The Company's argument is its familiar, constitutional takings position, but presented in the context of the new price ceiling/price index.

To the extent that the arguments raised in this docket against 1998 standards for US West are the same or similar to the

arguments raised in Docket Nos. 95-049-35 and 97-049-06, we deal with them in the same manner and incorporate herein and rely upon our July 30, 1997, Order issued in Docket No. 97-049-06 and our April 22, 1996, Order issued in Docket No. 95-049-35. We reject U S West's argument based upon the provisions of UCA § 54-8b-2.4. We conclude that the service standard goals we establish for 1998 and the reporting and monitoring procedures we order herein are necessary to bring about and apply the intended regulatory regime created by §54-8b-2.4. Information concerning U S West's service quality to its retail customers is an important component in the Commission's regulation of U S West. §54-8b-2.4(5)(a) specifically provides, in part: "[T]he commission shall regulate the maximum prices . . . according to an aggregate price index or price indices . . . . The aggregate price index or price indices shall be adjusted annually to reflect the effects of inflation, productivity, and exogenous factors and to maintain an appropriate level of service quality." We determine that what we order herein is a predicate to enable us to meet the directive of the quoted statutory provision in crafting statutorily consistent indices.

At the April 13, 1998, hearing the parties presented proposals for a standard for reporting period levels of held orders that would need to be exceeded to cause comprehensive, detailed monthly reports to be prepared and presented to the Commission. We conclude that the proposal should implement and establish a threshold level of held-orders, which, if not exceeded, can reduce the monitoring and reporting activities and allow the parties and the Commission to conserve and efficiently apply limited regulatory resources. We conclude that the reporting format as ordered in our July 30, 1997, Order issued in Docket No. 97-049-06 continues to provide useful information and will continue to require the parties to provide their reports in the same formats as submitted in 1997. We further conclude that we will continue with our August 27, 1997, determination to include in the held-order count those customers served by fixed wireless technology. Although included in the held-order category, we will continue to require additional evidence and factors beyond the mere fact of service provision through fixed wireless technology for any allegation or consideration of inadequate service for such customers.

### ORDER

THEREFORE, IT IS HEREBY ORDERED that:

1. The quarterly held-order targets for the periods ending September 30, 1998, and December 31, 1998, are as enumerated below. The purpose of the targets will be to monitor and measure USWC's service quality with respect to held-orders.

1998 Held-Order Targets 3rd Quarter 4th Quarter

Total Held-Orders 282 148

Non-Primary Held-Orders 125 66

Primary, Less Than 31 Days 78 41

Primary, Over 30 But Less Than 61 Days 40 21

Primary, Over 60 Days 39 20

2. The Company shall continue to produce and file with the Division and the Committee monthly quality of service monitoring reports as required in Docket No. 97-049-06. If the total number of held-orders reported on the closing date of a month in a reporting period does not exceed 475, the Company need not undertake the additional monthly determinations and informational reports previously required. The foregoing exemption may be withdrawn upon application of the Division or other interested person. The Division shall continue to monitor and audit the held order reports for compliance with the held-order targets established in this order and shall report the results of their review to the Commission not less than quarterly.

3. Held-order monitoring reports shall provide, at least, the following detail:

a. A distribution of each category by wire center service area;

- b. A disaggregation of business and residence held-orders distributed to conform with each wire center service area; and
- c. The number of cellular loaner program participants and fixed wireless loops, separately identified and distributed to conform with each wire center service area, as a subset of each currently reported held-order category.

DATED at Salt Lake City, Utah, this 29th day of June, 1998.

/s/ Stephen F. Mecham, Chairman

(SEAL) /s/ Constance B. White, Commissioner

/s/ Clark D. Jones, Commissioner

Attest:

/s/ Julie Orchard

Commission Secretary