

ATTACHMENT 12

SERVICE QUALITY STANDARDS AND PROCESSES

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Service Quality Standards and Processes

1. Introduction

This Agreement contains provisions which are applicable to Local Services, Network Elements, including Ancillary Functions and features, and **Combinations**, access to GTE's poles, conduits and rights of way, and Interconnection Services, and shall apply on a national and/or an individual state basis, as herein specified or as otherwise established by agreement of the parties or by the context in which a quality standard, process or measurement is applied. The service quality standards, processes and procedures, including Direct Measures of Quality (DMOQs), set forth in this Attachment shall apply to GTE's provision and performance of services, systems, processes and related activity under this Agreement, and are in addition to and not in place of or satisfaction of specific performance standards or obligations imposed on GTE elsewhere in this Agreement or in other Attachments to this Agreement, provided, however, in no event shall the DMOQ's and corresponding financial incentives set forth in this Attachment require GTE to provide a quality of service higher than that which GTE provides to itself, its affiliates, or other parties to which GTE provides the same or similar services, systems, processes and related activity called for under this Agreement, and in no event shall GTE be required pursuant to this Agreement to pay financial incentives for failure to provide service quality higher than that which GTE provides to itself, its affiliates, or other parties to which GTE provides the same or similar services, systems, processes and related activity called for under this Agreement. To the extent indicated in this Attachment, related performance obligations are imposed on AT&T, and the indicated service quality standards, processes and procedures shall apply to AT&T's performance of said obligations.

[*Combinations*]

- 1.1. Pursuant to Section 10 of this Agreement, Appendix 1 of this Attachment 12 sets forth the service standards, measurements and performance criteria, applicable to Local Services, and Network Elements (including Ancillary functions and features) and **Combinations** provided under this Agreement, and the liquidated damages, payments, or credits to be paid, or other remedies to apply in the event that specified failures of performance occur.

[*Combinations*]

- 1.2 The Parties recognize that this Agreement will establish new business processes. The Parties also expect that experience will show whether new

measurements are needed or whether existing measurements are not needed. Either Party, therefore, may request the addition, deletion or modification of the measures set forth in the Appendices to this Attachment. In the event that the Parties cannot agree on such addition, deletion or modification, then the Party seeking the addition, deletion or modification may initiate the Dispute Resolution process prescribed in Attachment 1 to this Agreement.

- 1.3.** GTE shall provide services to AT&T that have substantially the same characteristics of timeliness and performance as GTE provides to itself, its affiliates (hereinafter referred to as "GTE's actual performance"). GTE's service performance, as defined by the designated comparable measures, shall be no worse than or no less than the specific performance threshold of GTE's actual performance for the equivalent service, subject to the definitions contained within this Attachment 12. AT&T shall provide performance as defined by the designated comparable measures at no less than the specific performance thresholds contained within this Attachment 12. The calculation of those performance thresholds will be based on a three (3) month rolling average of actual performance unless otherwise specified. Liquidated damages will apply when a Party's performance is worse than the specified performance threshold as described in this Attachment 12.

1.4 Average Non-Recurring Charges

The Average Non-Recurring Charge is the sum of all non-recurring charges applied to service orders issued by AT&T to GTE divided by the total number of AT&T orders issued to GTE. These calculations will be made by service activity and service category, Business (Single/Multi-Line, Centrex, PBX Trunks), Residence, LINK, and ISDN. The Average Non-Recurring Charge will be separately calculated for field work and non-field work orders. These Averages and a weighting factor for field and non-field work will be calculated during a study period to be mutually agreed between the Parties. The initial average non-recurring charge calculation will occur within three (3) months of AT&T's initial issuance of orders. The average non-recurring charge shall be recalculated when there is a non-recurring charge rate change, and annually as part of the Interconnection Agreement Annual Review.

1.5. Average Recurring Charges

The Average Recurring Charge is the sum of all recurring charges applied to service orders issued by AT&T to GTE divided by the total number of AT&T orders. These Averages will be calculated during a study period to be mutually agreed between the Parties. These calculations will be made by service activity and service category, Business (Single/Multi-Line, Centrex,

PBX, Trunks), Residence, LINK and ISDN. The initial average recurring charge calculation will occur within three (3) months of AT&T's initial issuance of orders. The average recurring charge shall be recalculated when there is a recurring charge rate change, and annually as part of the Interconnection Agreement Annual Review.

1.6 DMOQs are categorized by the Parties as:

CATEGORY 1;
CATEGORY 2; or
CATEGORY 3.

Category 1: Those primary Performance Measures which the Parties agree must be delivered at performance threshold either by state or at a national level or as specified per measure. These DMOQs will carry financial incentives in the form of debits or credits to a Party's bill when a current month's performance is worse than the performance threshold. In addition, gap closure plan incentives will apply to Category 1. (Example: Due Date Commitments Met).

Category 2: Those secondary Performance Measures which are indicators of predicted performance and which the Parties agree must be delivered at or above the performance threshold either at a national level by state as specified in Appendix 2 of Attachment 12. While financial incentives do not apply to these Category 2 DMOQs, gap closure plan financial incentives will apply. (Example: Repair Ticket Closures).

Category 3: Those DMOQs which the Parties may determine to be necessary and appropriate, but which require additional evaluation to permit that determination. The Implementation Team established under this Attachment will review and consider each such Category 3 DMOQ to make the aforementioned determination. If the Implementation Team determines that a Category 3 DMOQ is necessary and appropriate, it will reclassify the DMOQ in question as Category 1 or Category 2.

- 1.7 The Parties' agreement to these standards, processes and procedures does not waive or limit the rights of either Party to initiate the Dispute Resolution processes provided in Attachment 1 to this Agreement, nor to initiate or pursue other administrative, judicial or arbitration proceedings to enforce rights or obligations under this Agreement or under governing law.
- 1.8 The service standards, processes and procedures set forth in this Attachment shall not relieve the Parties of any obligations otherwise imposed by the Telecommunications Act of 1996, by the rules, regulations and guidelines duly

promulgated thereunder, or by other applicable state or federal law, nor constitute a waiver by the Parties of any rights relating to such obligations.

- 1.9** As used in this Attachment, Contract Month means a calendar month during the term of this Agreement. Contract Month 1 shall commence on the first day of the first full calendar month following the Effective Date. However, if the Effective Date is on the first day of a Calendar Month, that month will be Contract Month 1.

2. Service Quality

- 2.1** The Parties recognize that this Agreement will establish new business processes. Except for terms and conditions set forth in state specific provisions contained in this Attachment 12 and the procedures and processes developed to address such provisions, it is the objective of the Parties that the terms and conditions of this Attachment 12 as well as the processes and procedures developed under this Attachment 12, shall be interpreted, implemented and applied evenly on a national basis in all applicable circumstances, subject to individual state requirements. The Parties also expect that experience will show whether new measurements are needed or whether existing measurements are not needed. Either Party, therefore, may request the addition, deletion or modification of the measures set forth in the Appendices to this Attachment. The Parties shall work together to resolve such issues promptly and they expect that resolution of such issues shall take into account and reflect industry solutions and experience in addressing similar issues. In the event that the Parties cannot agree on such addition, deletion or modification, then the Party seeking the addition, deletion or modification may initiate the Dispute Resolution process prescribed in Attachment 1 to this Agreement.
- 2.2** DMOQs. GTE will provide Local Service, Network Elements and Ancillary Functions in accordance with the service parity standards and other measurements of quality ("DMOQs") described and agreed to in this Attachment and in the Appendices to this Attachment. In the event that either Party fails to meet an applicable DMOQ, the procedures described in Appendix 1 shall be followed.
- 2.3** Service Guarantees. The credits and waivers described in Appendix 2 are intended to serve as an incentive for the Parties to fulfill certain of their commitments under this Agreement.
- 2.4** AT&T Supplier Performance Quality Management System. As one method of achieving quality and reliability for services ordered from GTE, GTE agrees to

implement the AT&T Supplier Performance Quality Management System described in Appendix 3 to this Attachment.

3. Deployment

- 3.1. Deployment Plan. The Deployment Plan is a staged approach to the implementation of processes, procedures and systems required by this Agreement. The Deployment Plan describes the Parties' attempt to implement a process for attaining performance at or better than the performance threshold.

The Parties agree to implement the provisions of this Agreement in accordance with the Deployment Plan set forth in Appendix 4 to this Attachment. The Parties agree to negotiate, by the end of Contract Month 1, additional requirements which relate to those obligations of the parties in this Agreement that are not addressed in the Deployment Plan.

Thereafter, the Deployment Plan may be revised from time to time to add any additional requirements established by the Parties as part of the implementation process.

3.2. Implementation Team.

The Parties understand that the arrangements and provision of services, network elements and ancillary functions described in this Agreement shall require technical and operational coordination between the Parties. The Parties further agree that it is not feasible for this Agreement to set forth each of the applicable and necessary procedures, guidelines, specifications and standards that will promote the Parties' provision of Telecommunications Services to their respective Customers. Accordingly, the Parties agree to form a team (the "Implementation Team") which shall develop and identify those additional processes, guidelines, specifications, standards, terms and conditions necessary for the provision of the services, network elements and ancillary functions, and for the specific implementation of each Party's obligations hereunder, including those described in the Deployment Plan. Within five (5) days after the Effective Date, each Party shall designate, in writing, not more than four (4) persons to be permanent members of the Implementation Team; provided that either Party may include in meetings or activities such technical specialists or other individuals as may be reasonably required to address a specific task, matter or subject. Each Party may replace its representatives on the Implementation Team by delivering written notice thereof to the other Party. Furthermore, the Deployment Plan will describe the Parties' attempt to implement a process for attaining and maintaining service parity.

3.3. Operations Plan.

Within one hundred and twenty (120) days after the Effective Date, the Implementation Team shall reach agreements on the items listed in the Deployment Plan, which shall include processes, procedures, and milestones. The agreements reached by the Implementation Team shall be documented in an operations manual (the "Operations Plan"). The Operations Plan shall include documentation of the various items described in the agreement which are to be agreed upon by the Parties.

3.4. Action of Implementation Team.

The Deployment Plan and the Operations Plan may be amended from time to time by the Implementation Team as the team deems appropriate. Unanimous written consent of the permanent members of the Implementation Team shall be required for any action of the Implementation Team. An escalation process will be put in place to support the resolution of disputed issues. If the Implementation Team and the escalation process are unable to resolve the issue, the existing provisions of the Deployment Plan and Operations Plan shall remain in full force and effect.

3.5. Further Coordination and Performance.

Except as otherwise agreed upon by the Parties, on a mutually agreed upon day and time once a month during the Term of this Agreement, the Implementation Team shall discuss the performance of the Parties under this Agreement and apply the principles of the AT&T Supplier Performance Quality Management System. At each such monthly session the Parties will discuss: (i) the administration and maintenance of the interconnections and trunk groups provisioned under this Agreement; (ii) the Parties' provisioning of the services, network elements and ancillary functions provided under this Agreement; (iii) the Parties' compliance with the DMOQs set forth in this Agreement and any areas in which such performance may be improved; (iv) any problems that were encountered during the preceding month or anticipated in the upcoming month; (v) the reason underlying any such problem and the effect, if any, that such problem had, has or may have on the performance of the Parties; and (vi) the specific steps taken or proposed to be taken to remedy such problem. In addition to the foregoing, the Parties, through their representatives on the Implementation Team or such other appropriate representatives, will meet to discuss any matters that relate to the performance of this Agreement, as may be requested from time to time by either of the Parties.

3.6. Operational Review

3.6.1. Representatives of AT&T and GTE will meet on a quarterly basis, beginning with the end of the first quarter of 1997, to determine that the service cycle of pre-ordering, ordering, provisioning, maintenance and billing categories are addressed, including the following:

a) Interfaces and processes are operational and the agreed upon numbers of AT&T Customers for residential and business Resale Services are successfully completed per day;

b) Interfaces and processes are operational and the agreed upon numbers of orders for Network Elements, and Ancillary Functions and Combinations are successfully completed per day;

[Combinations]

c) Interfaces and processes are operational and the AT&T orders for unbundled loops are successfully completed per day;

d) All agreed upon performance standards and DMOQs will be reviewed with respect to the Implementation Plan.

3.6.2. If at any quarterly review it is determined that the requirements of this Agreement and the Act are not being met, the Parties may invoke the dispute resolution proceedings provided in Attachment 1 to this Agreement where allowed by applicable regulatory orders.

4. Processes

The Parties agree to implement the following processes as a means to provide a mechanism for addressing the individual requirements of AT&T in a specific state.

4.1. The Bona Fide Request process set forth in Appendix 5 to this Attachment 12 is to be used when AT&T requests customized Service Orders for certain services, features, capabilities or functionality defined and agreed-upon by the Parties as services to be ordered as Bona Fide Requests. The Parties agree to apply effective FCC regulations, the Act, and other applicable law to the determination of whether GTE will offer any Network Elements in addition to those listed in Section 32.9 of the Agreement.

- 4.2. New Services. AT&T may request from GTE that facilities, features, capabilities, functionality or services that are not already available under this Agreement at the time of such request be provided under this Agreement by delivering a New Services Request to GTE in accordance with the procedures described in Appendix 6 to this Attachment.

5. Capacity Planning

5.1 The Parties negotiated and included in this Agreement common provisions which are applicable to Local Services, Network Elements, including Ancillary Functions and features, and **Combinations**, access to GTE's poles, conduits and rights of way, and Interconnection Services for all geographic areas in which GTE provides Telecommunications Services on a national basis. However, the Parties recognize that certain provisions, in addition to pricing, must be handled on a state specific basis to address unique local requirements. These items are described below in this Attachment.

[Combinations]

5.1.1 By the end of Contract Month 1, AT&T will provide a forecast of the quantities of Local Services, Network Elements, **Combinations** and Ancillary Functions to be made available to AT&T during Contract Year 1 on a State-wide basis. The Parties shall meet during the last Contract Month of each Contract Year to agree upon the quantities of Local Services, Network Elements, **Combinations** and Ancillary Functions to be made available to AT&T for the next Contract Year. These quantities shall be sufficient to meet AT&T's anticipated requirements as communicated to GTE. If GTE is not able to meet AT&T's forecast requirements at any time during the term of this Agreement, GTE must document to AT&T within fifteen (15) days of receiving AT&T's forecast the reasons why such requirements cannot be met.

[Combinations]

5.2 In addition, AT&T will furnish a per month quarterly forecast of service order volumes, quantities of Local Services, Network Elements, **Combinations** and Ancillary Functions on a State-wide basis. These forecasts will be furnished at least one month before the beginning of the quarter covered by the forecast. These projections will allow GTE to provide sufficient Staff for the projected demand and to secure appropriate inventories to meet AT&T's requirements. In the event that the first month of AT&T's next quarterly forecast is greater than ten (10%) percent of the last month of the current quarter forecast, AT&T will notify GTE promptly of the increased order

volume.

[Combinations]

- 5.3 If AT&T actual order activity for a quarter is ten (10%) percent less than stated in its forecast submission to GTE for that quarter, then financial incentives as set forth in Appendix 2 will apply. If AT&T actual order activity for a quarter exceeds the level stated in its forecast submission to GTE for that quarter pursuant to Section 5.2 of this Attachment 12, then as to such order activity in excess of forecast levels, the remedies otherwise applicable for missed service order commitments in the Category 1 and Category 2 DMOQs and preparation of Gap Closure Plans shall not apply.
- 5.4 AT&T will provide forecasts as specified in Sections 5.1 and 5.2 on a sub-State basis, provided, however, that AT&T will provide such forecasts only after the Parties have mutually agreed on a definition of "sub-State" and further provided, that no penalties shall apply to sub-State forecasts.
- 5.5 At the meeting to be held during the last Contract Month of each Contract Year, AT&T will provide GTE with a two (2) year rolling forecast of its growth requirements for Ancillary Functions that will be reviewed jointly on a yearly basis.

**Appendix 1
to
Attachment 12**

DMOQs

1. **General**

The DMOQs in this Appendix are managed as part of the Supplier Performance Quality Management System (SPQMS).

SPQMS requires that when the monthly results do not meet the performance levels described in Appendix 2 to this Attachment, Gap Closure Plans shall be implemented to improve performance. The intent of a Gap Closure Plan is to identify and implement expeditiously those actions necessary to close performance gaps to the acceptable levels of performance established by the Parties under this Agreement and this Attachment. The Parties anticipate that Gap Closure Plans will typically be of six to nine months' duration.

These Gap Closure Plans include:

- evaluation of the opportunity for continuous improvement, systems enhancements and re-engineering;
- forecasted improvement to the desired DMOQ for each issue or initiative;
- evaluation of pertinent changes in periodic results; and
- a date for compliance with AT&T's expected performance.

The Gap Closure Plans will be reviewed monthly, or more frequently as updated data and analysis are available.

2. **Measurements**

The specific measurements which apply to this Agreement are described in Appendix 2. The Parties agree to meet on an annual basis to discuss whether changes should be made to any DMOQs or performance objectives.

3. **Performance Incentives**

- 3.1. If either Party fails to meet an applicable Category 1 or 2 DMOQ for Three (3) Contract Months in a Six (6) Month period, that Party must thereafter submit

to the other Party a draft of a Gap Closure Plan within thirty (30) days of receipt of notice that the DMOQ(s) was (were) not met.

- 3.2. If either Party required under Section 3.1 preceding to deliver a draft Gap Closure Plan to the other Party fails or fails within the prescribed time period to do so, then the other Party shall receive a credit or payment of Five Thousand Dollars (\$5,000.00). Said payment or credit shall be made within three (3) business days of the entitled Party's demand therefor.
- 3.3. AT&T and GTE will agree upon an approval date for the Gap Closure Plan within ten (10) days of the delivery of the draft Gap Closure Plan.
- 3.4. The Party subject to the Gap Closure Plan will commence implementation of the Gap Closure Plan on its approval date. If that Party fails to meet its commitments under the Gap Closure Plan, the other Party shall receive a credit or payment, as appropriate, in the sum of up to Fifteen Thousand dollars (\$15,000) payable on demand within three (3) business days, as described in Sections 3.4.1, 3.4.2 and 3.4.3 below.
 - 3.4.1 Payment of Five Thousand Dollars (\$5,000) for failure to implement the process improvements outlined in the plan. The parties may with mutual agreement modify the process improvements in the plan during the life of the plan.
 - 3.4.2 Payment of Five Thousand Dollars (\$5,000) for failure to achieve performance improvements by the completion date of the approved Gap Closure Plan.
 - 3.4.3 Payment of Five Thousand Dollars (\$5,000) for failure to complete the Gap Closure Plan on schedule.
- 3.5 GTE is committed to service parity at the start of AT&T's Local Service operations. Both parties recognize that a sufficient volume of orders must be processed before a DMOQ can exhibit with a degree of confidence that parity does or does not exist.

The Parties agree to a "transition period" where process data will be accumulated and discussed. This information will assist the Implementation Team in their development and implementation of processes.

For national DMOQs, once AT&T's order volume reaches a level of one hundred fifty (150) orders for three (3) consecutive months, a ninety (90) day grace period will begin, with respect to the performance incentives prescribed

for each DMOQ under this Attachment. At the end of that ninety (90) day grace period, those performance incentives shall fully apply.

For State DMOQs, once AT&T's order volume reaches a level of one hundred fifty (150) orders for the State for three (3) consecutive months, a ninety (90) day grace period will begin, with respect to the performance incentives prescribed for each DMOQ under this Attachment. At the end of that ninety (90) day grace period, those performance incentives shall fully apply.

- 3.6** The purpose of the payments described above are to serve as an incentive for the Parties to improve their respective performance, not as a substitute for either Party's right to institute dispute resolution processes under Attachment 1 of this Agreement.

Appendix 2

to

Attachment 12

DMOQ Categories

1. **Category 1 DMOQs**

- 1.1 Table 1 below lists the Category 1 DMOQs for each of the pre-ordering, ordering and provisioning, interconnection, maintenance and repair, forecasting, and billing classifications. For each Category 1 DMOQ classification, column 1 indicates the number of the DMOQ within the classification. Column 2 indicates which Party has the obligation to meet the DMOQ performance measurement, with a "G" indicating a GTE obligation and an "A" indicating an AT&T obligation. Column 3 indicates whether the relevant DMOQ performance measurement data is compiled on a national level ("N"), by state ("S"), or by each occurrence of the DMOQ ("P"). Column 4 contains a description of each DMOQ within each classification. Column 5 describes, for each DMOQ, the performance measurement that applies to the DMOQ. Column 6 shows the remedy that must be paid by the Party that has the obligation to meet the DMOQ if that Party has failed to meet the performance thresholds set forth in column 5.
- 1.2. The Parties agree to provide performance at or above the performance thresholds for each applicable DMOQ as indicated in Table 1 following. Each Party also agrees to pay to the other Party the remedies applicable to each DMOQ for which it has an obligation to meet the performance thresholds but has failed to do so.

TABLE 1
CATEGORY 1 DMOQs

			DESCRIPTION	MEASURE	REMEDY
			Pre-Ordering/Ordering/Provisioning		
1	G	N	Prompt transmission of Customer Service Record ("CSR") Information	85% of CSRs sent to AT&T by the close of business on business day following receipt of request.	5% of Average Non-Recurring Charges incurred by AT&T for the number of CSRs for which the Quality Standard not met in the reported month.
2	G	N	Prompt transmission of Firm Order Confirmation ("FOC")	85% of FOCs sent to AT&T by the close of business on business day following receipt of request.	20% of Average Non-Recurring Charges incurred by AT&T for the lines ordered for which GTE failed to meet the Quality Standard in the reported month.
3	G	S	Due Date commitments met	Percent of AT&T Customer install, transfer and change service orders for which service is installed by close of business on the committed due date is not more than 2.5 percent below the percent of GTE customer install, transfer and change service orders.	Waiver of the Average Non-Recurring Charge installation charges for the number of lines for which GTE fails to meet the Quality Standard in the

			DESCRIPTION	MEASURE	REMEDY
					reported month.
4	G	S	% Reporting trouble within 30 days of the date installed	Percent of AT&T customer install, transfer and change service orders which are followed by a customer trouble report within 30 days of service order completion date is not more than 2.5 percent worse than the percent GTE customer install, transfer and change service orders which are followed by a customer trouble report within 30 days of service order completion date.	One month's average recurring charge per trouble report exceeding the Quality Standard in the reported month. (not to exceed on credit per customer line per month).
5	A	S	Service Order Discrepancy: LSRs issued without material errors.	80 percent of LSRs initiated by AT&T do not contain an order discrepancy or error. Twelve (12) months after this measurement becomes effective, the metric shall change to 90 percent.	Payment by AT&T to GTE equal to 20% of the average non-recurring installation charges for the number of lines for which AT&T fails to meet the Quality Standard in the reported month.
6	G	N	PIC Changes completed within 72 hours (or at parity with what GTE provides to itself or any other party, which ever is shorter.)	85% of the time the PIC changes will be completed within 72 hours (or at parity with what GTE provides to itself or any other party, which ever is shorter.)	PIC change charge credit for PIC changes worse than the quality standard.
			Interconnection		
1	G	S	Trunk orders	Percent of trunk orders by AT&T	Waiver of 100% c

			DESCRIPTION	MEASURE	REMEDY
			completed on or before the Committed Due Date.	completed by GTE on or before the commitment date is not more than 10 percent below the percent of feature group B & D switched access orders by all ordering companies completed by GTE on or before the commitment date.	Average Non-Recurring Charge for trunks ordered for which GTE failed to meet the Quality Standard the reported month.
2	G	N	Firm Order Confirmation (FOC) time delivery	Percent of trunk orders by AT&T completed by GTE on or before the commitment date is not more than 5 percent below the percent of feature group B & D switched access orders by all ordering companies for which GTE sends FOC within 5 days.	Waiver of 20% of Average Non-Recurring installation charges for trunks ordered for which GTE failed to meet the Quality Standard in the reported month.
3	A	N	Service Order Discrepancy: ASRs issued without material errors.	80% of ASRs initiated by AT&T do not contain a material error or result in a discrepancy. Twelve (12) months after this measurement becomes effective, the metric shall change to 90 percent.	Charge equal to 20% of Average Non-Recurring Charges for installation of trunks ordered for which AT&T failed to meet the Quality Standard in the reported month.
4	G	P	Collocation: Conditioning of space provided for Collocation.	The time AT&T's collocated space is not available to AT&T for installation of equipment by the agreed upon due date.	The credit will be calculated by dividing the monthly recurring charge for such collocated space by 30, times the number of days

			DESCRIPTION	MEASURE	REMEDY
					delayed. This penalty does not apply if the delay circumstances are beyond GTE's control.
5	G	P	Collocation: Outage of AT&T Equipment Collocated in GTE space.	The time AT&T's collocated equipment is out of service due to GTE's failure to comply with its obligations under this agreement.	AT&T will receive an outage credit calculated by dividing the monthly recurring charge for such collocated space by 30, times the number of days of outage. This penalty does not apply if the delay circumstances are beyond GTE's control.
6	G	P	Rights of Way (ROW), Conduit and Pole Attachments Availability.	When ROW, Conduit and Pole-Attachments are not available to AT&T by the agreed upon due date.	AT&T will receive credit in the amount proportionate to the length of the delay. The credit will be calculated by dividing the annual rental charge by 365 times the number of days delayed. This penalty does not apply if the delay circumstances are

			DESCRIPTION	MEASURE	REMEDY
					beyond GTE's control.
			Maintenance/Repair		
1	G	S	Percent commitments met.	Percent of AT&T customer network trouble reports where commitment met was more than 2.5 percent worse than the percent of GTE customer network trouble reports where commitment was met (excluding reports which are cleared CPE, AT&T Customer error).	One month's flat rate average recurring charge per line out of service for which Quality Standard is not met in the reported month.
2	G	S	Average clearing time - out of service - Designed.	Average repair time (total number of elapsed hours/minutes for out of service AT&T Customer network trouble reports divided by total number out of service customer network trouble reports) for AT&T Customers is more than 10 percent more than the average repair time for GTE Customers (includes only "designed" services).	One month's flat rate average recurring charge per line out of service for which Quality Standard is not met in the reported month.
3	G	S	Average clearing time - out of service - non-designed	Average repair time (total number of elapsed hours/minutes for out of service customer network trouble reports divided by total number out of service customer network trouble reports) for AT&T Customers is more than 10 percent more than the average repair time for GTE customers (includes only POTS and circuits which do not require a design).	One month's flat rate average recurring charge per line out of service for which Quality Standard is not met in the reported month.
4	G	S	Percent reports per 100 (failure	Percent of AT&T Customers making trouble reports (total number of	One month's flat rate average

			DESCRIPTION	MEASURE	REMEDY
			frequency)	AT&T Customer network trouble reports divided by the total access lines multiplied by 100) is not worse than 0.5 percentage points than the percent of GTE customers making trouble reports.	recurring charge per line out of service for which Quality Standard not met in the reported month.
5	G	S	Percent repeat reports in 30 days	Percent of AT&T Customer repeat trouble reports (total number of AT&T Customer network trouble reports which had a previous network trouble report within the last 30 days divided by the total number of customer network trouble reports multiplied by 100) is not more than 2.5 percent worse than the percent of GTE customer repeat trouble reports.	One month's flat rate average recurring charge per line out of service for which Quality Standard not met in the reported month.
			Forecasting		
1	A	S	Resale requirements accurately forecast.	Volume of AT&T's resale requirements in a month is not greater than 10% below the amount forecast by AT&T in its most recent quarterly forecast (which shall have been made not later than 30 days prior to the quarter in question.)	20 percent of the Average Non-Recurring Charge for the number of service units below the forecast when the actual volume is greater than 10% and less than or equal to 30% under forecast. 40 percent of the Average Non-Recurring Charge for the number of service units below

			DESCRIPTION	MEASURE	REMEDY
					<p>the forecast when the actual volume is greater than 30% and less than or equal to 40% under forecast.</p> <p>50 percent of the Average Non-Recurring Charge for the number of service units below the forecast when the actual volume is over 40% under the forecast.</p>
			Billing		
1	G	N	Advance notification of late billing associated with the wholesale bill.	GTE agrees to develop, within six months of the Effective Date, a Quality Standard for the percent of notifications received by AT&T prior to late billing based upon a mutually agreed upon financially significant threshold. The documentation provided prior to late billing must include: 1) the anticipated bill date and 2) a reasonably accurate estimate of the adjustment or charge.	GTE will credit AT&T's national resale bill by \$5,000 per month for each month in which commitment is not met.
2	G	N	Timeliness: Delivery of mechanized Customer Service Record (CSR) for wholesale billing	GTE agrees to make by March 30, 1997, an initial assessment of its capability to measure the percent of CSRs received within 10 days of the actual bill date. The Implementation Team will determine the appropriate	GTE will credit AT&T's national resale bill by \$5,000 per month for each month in which commitment

			DESCRIPTION	MEASURE	REMEDY
			verification.	percent of CSRs to be delivered on time.	is not met.

1.3. Outage Credits

1.3.1	<p>Local Services and <u>Network Elements and Combinations</u>: Outage credits apply to <u>interruptions</u> of <u>Local Services or, Network Elements or Combinations</u>, in accordance with applicable state Public Service Commission requirements.</p> <p>[Combinations]</p> <p>1.3.1.1 If a Local Service <u>or, Network Element or Combination</u> is interrupted, AT&T will be entitled <u>to</u> outage credits. An interruption period begins when AT&T reports to GTE that a <u>Local Service or, Network Element or Combination</u> is interrupted (or GTE has knowledge that an interruption has occurred through service monitoring or other means). An interruption period ends when the <u>Local Service or, Network Element or Combination</u> is repaired and returned to AT&T. <u>A Local Service or, Network Element or Combination</u> is considered to be interrupted <u>when</u> there has been a loss of continuity, the <u>Local Service or, Network Element or Combination</u> does not operate in accordance with the applicable service standards, or it is otherwise unavailable for use by AT&T. This definition is not intended to conflict with state Public Utility Commission requirements.</p> <p>[Combinations]</p> <p>1.3.1.2 The Implementation Team will evaluate if and set the amount of outage credits for unbundled <u>Network Elements and Combinations</u> and determine when they should apply.</p> <p>[Combinations]</p>
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2. Category 2 DMOQs

2.1 Table 2 below lists the Category 2 DMOQs for each of the pre-ordering, maintenance, and billing classifications. For each Category 2 DMOQ classification, column 1 indicates the number of the DMOQ within the classification. Column 2 indicates which Party has the obligation to meet the DMOQ performance measurement, with a "G" indicating a GTE obligation and an "A" indicating an AT&T obligation. Column 3 indicates whether the relevant DMOQ performance measurement data is compiled on a national level ("N"), by state ("S"), or by each occurrence of the DMOQ ("P"). Column 4 contains a description of each DMOQ within each classification. Column 5 describes, for each DMOQ, the performance measurement that applies to the DMOQ.

2.2 The Parties agree to provide performance at or above the performance thresholds for each applicable DMOQ as indicated in Table 2 following.

TABLE 2
 CATEGORY 2 DMOQs

			DESCRIPTION	MEASURE
			Pre-Ordering/Ordering/Provisioning	
1	G	N	Average speed of answer per inquiry by GTE's call center within 20 seconds.	80% of the time GTE will answer within 20 seconds
			Maintenance	
1	G	S	Average speed of answer per inquiry by GTE's call center within 20 seconds	80% of the time GTE will answer within 20 seconds.
			Billing	
1	G	N	Timeliness: Charges billed in current wholesale billing period for	GTE agrees to make, by March 30, 1997, an initial assessment of its capability to

			flat rated services.	measure the percent of dollar amount due for service orders billed in the current billing period in which the service order was completed and provide such assessment to AT&T so the Parties can agree on and establish performance thresholds.
2	G	N	Timeliness: Charges billed within 90 days for usage charges.	GTE agrees to make, by March 30, 1997, an initial assessment of its capability to measure the percent of dollar amount due for usage charges billed within 90 days from the date the service was rendered and provide such assessment to AT&T so the Parties can agree on and establish performance thresholds.
3	G	N	Accuracy: Financial accuracy of local OCC bills. Financial accuracy is the percent of total net dollars correctly billed.	GTE agrees to make, by March 30, 1997, an initial assessment of its capability to measure the percent of total net dollars accurately billed, excluding bill correcting adjustments resulting from AT&T's inaccurate LSRs, and provide such assessment to AT&T so the Parties can agree on and establish performance thresholds.
4	G	N	Timeliness: Making corrections and adjustments within agreed timeframes.	GTE agrees to make, by March 30, 1997, an initial assessment of its capability to measure the percent of all corrections and adjustments made within agreed timeframes and provide such assessment to AT&T so the Parties can agree on and establish performance threshold.
5	G	N	Customer Usage Data: File Transfer: GTE will initiate and transmit all files error free and without loss of signal.	Meets Expectations: 6 months of file transfers without a failure. Note: During the first 6 months after the Effective Date.
6	G	N	Customer Usage Data: Timeliness: Delivery of all messages delivered	GTE's initial service performance threshold will be 94% of all messages delivered

			within 5 days of when the message was recorded.	within 5 days from when the message was recorded. GTE agrees to make, by March 30, 1997, an initial assessment as to what a parity level of performance should be. Within six months of the contract Effective Date, the Parties will agree on an ongoing performance measure and associated penalties.
8	G	N	Customer Usage Data: Accuracy of transmitted customer usage data.	An initial service delivery threshold will be established at 99% of recorded usage data correctly transmitted to AT&T. GTE agrees to make, by March 30, 1997 an initial assessment as to what a parity level of performance should be. Within six months of the contract effective date, the Parties will agree on an ongoing performance measure and associated penalties.

3. Category 3 DMOQs

3.1 Table 3 below lists the Category 3 DMOQs for each of the pre-ordering, ordering and provisioning, maintenance, and billing classifications. For each Category 3 DMOQ classification, column 1 indicates the number of the DMOQ within the classification. Column 2 indicates which Party may have the obligation to meet the DMOQ performance measurement, with a "G" indicating a potential GTE obligation, an "A" indicating a potential AT&T obligation and "T" indicating the party is to be determined. Column 3 indicates whether the relevant DMOQ performance measurement data might be compiled on a national level ("N"), by state ("S"), or by each occurrence of the DMOQ ("P"). Column 4 contains a description of each DMOQ within each classification.

3.2 The Parties agree to form an Implementation Team pursuant to Section 3.2 of Attachment 12, to consider and determine whether each Category 3 DMOQ shall be reclassified as a Category 1 or Category 2 DMOQ or should be removed as a Category 3 DMOQ without reclassification. If the Implementation Team agrees to reclassify a Category 3 DMOQ as either a Category 1 or Category 2 DMOQ, the Implementation Team will also establish a performance threshold and performance remedies for that DMOQ. The Implementation Team will set a schedule for considering and determining any such reclassifications under this Paragraph no later than six months after the Effective Date of this Agreement.

TABLE 3
CATEGORY 3 DMOQs

			DESCRIPTION
			Pre-Ordering/Ordering/Provisioning
1	A	N	Service Order Discrepancy: LSRs issued without material errors. The Implementation Team will evaluate and produce a plan to migrate from the 90% performance threshold to the 95% target performance threshold.
2	G	N	Real Time Solution: Tracks the time required to receive one or more telephone numbers via a system interface. The interval starts with the request message leaving AT&T's system and ends with the response message arriving at AT&T's system. The DMOQ tracks the percentage of intervals that are less than 5 seconds.

			DESCRIPTION
3	T	N	Real Time Solution: Tracks the time required to receive address confirmation information via a system interface.
4	T	N	Real Time Solution: Service Availability Inquiry Time.
5	T	N	Real Time Solution: Feature Availability Inquiry Time
6	T	N	Real Time Solution: Appointment Schedule Inquiry Time.
7	T	N	Real Time Solution: Customer Service Record (CSR) Inquiry Time.
8	T	N	Disconnect Order Completion Interval. Measures how long it takes to complete disconnect. Residence: within twenty-four (24) hours after acceptance of a service order. Business: Within four (4) hours after acceptance of a service order if a software change is required. Business: Within twenty-four (24) hours after acceptance of a service order if a central office change is required. Business: Within ninety-six (96) hours after acceptance of a service order if a customer premises visit is required.
9	T	N	Installation line energizing commitments (request for establishment or changes i non-key, non-PBX and party line services that normally involve plant activity.
10	G	N	PIC Migration: Measures the percent of migration notifications sent to AT&T within forty-eight (48) hours of receipt of the migration order. As a measurement of performance standards, this metric will comply with the specific performance level shown below. Measurements will be calculated by Business (single and multi-line, Centrex, PBX trunks), Residence, LINK and ISDN.
11	G	N	Directory Assistance: Tracks the levels of Directory Assistance performance levels for resold services and unbundled network elements.
12	G	N	GTE shall provide LIDB performance standards. AT&T will specify expectations of performance such as 1) at least 99.9% reply rate to all query attempts; 2) Data in LIDB replies shall have at no more than 2% unexpected data value, for all inquiries.
13	A	S	Forecasting. Implementation Teams will work together to define sub-state forecasting levels. The Parties agree that no penalties shall apply to any sub-state levels that may be defined by the Implementation Team.
			Maintenance

			DESCRIPTION
1	G	S	Quoted restoral commitments met.
2	G	S	Status Call to AT&T: when restoral commitments are missed, on trouble progress, or on restoration.
3	T	S	Network event with blocked calls or lost features within one hour.
4	G	S	Time to Restore <ul style="list-style-type: none"> - Out of Service & Visit Required at 4, 8, or 16 hours after initial outage. - Out of Service & No Visit required at 2, 3, or 4 hours after initial outage. - All Other Troubles at twenty-four (24) hours after initial outage.
			Billing
1	G	N	Timeliness: GTE will mechanically transmit, via Connect: Direct, all usage records to AT&T's Message Processing Center three times per day at expected performance threshold of 99.94% of all messages delivered on the day the call was recorded.
2	G	N	Accuracy: GTE will provide Recorded Usage Data in the format and with the content as defined in the current Bellcore EMR document of expected performance threshold of 99.99% of all recorded records delivered.
3	G	N	DATA PACKS: GTE will transmit to AT&T all data packs error free in the format agreed at an expected performance threshold of 6 months of transmitted data packs without a rejected data pack.
4	G	N	Accuracy: Recorded Usage Data: GTE will ensure that the Recorded Usage Data is transmitted to AT&T error free, the level of detail includes but is not limited to: detail required to rate the call, Duration, and Correct Originating/Terminating information. The error is reported to GTE as a Modification Request (MR). Performance is to be measured at 2 levels defined below. AT&T will identify the priority of the MR at the time of handoff as Severity 1 or Severity 2 at expected performance threshold of less than or equal to 99% c the MR fixed in less than or equal to twenty-four (24) hours and 100% of the MR fixed in less than or equal to 5 days.

			DESCRIPTION
5	G	N	Usage Inquiry Responsiveness: GTE will respond to all usage inquiries within twenty-four (24) hours of AT&T's request for information. It is AT&T's expectation to receive continuous status reports until the request for information is satisfied.
6	G	N	Business and Residence Mechanized wholesale bills adhere to specifications in the (Local Services Billing System e.g. CABS, BOS, SAIR, CRIS, etc.) specifications/requirements document. Accurate bills are those mechanized access bills which pass AT&T's validation edit process the first time at expected performance threshold of less than or equal to 99.5%.
7	T	N	Business and Residence: Billing Period Closure agreements are signed within the agreed timeframe (typically 60 to 90 days) at expected performance threshold of 100% per agreed timeframe.

**Appendix 3
to
Attachment 12**

AT&T Supplier Performance Quality Management System

AT&T's approach to quality and reliability focuses on the attainment of excellence for products and services ordered from its suppliers and used by AT&T. This excellence is the result of a systematic effort that is sustained over time.

1. Quality Manual

By the end of Contract Month 4, GTE will develop a Quality Manual that addresses the requirements described herein for the following :

- Management Responsibility and Support
- Quality System
- Document Control
- Process Control
- Product Development Control
- Alignment of Process Output with Agreed-to Requirements
- Identification of Non-conforming Product or Service
- Analysis of the Identified Non-conformance
- Corrective Action Plans
- Quality Records
- Audits and Reviews
- Training

The Quality Manual will be updated by GTE from time to time as additional process are identified. The Quality Manual and its revisions are subject to review and approval by AT&T.

2. Process Ownership

For each process identified in the Quality Manual, GTE will identify those individuals and organizations who have management responsibilities for each process which affects services to be provided to AT&T by GTE.

The initial individuals and organizations will be identified by GTE by the end of Contract Month 1. GTE shall provide prompt updates to AT&T of changes in personnel, organization or linkages.

3. Process Definition

For each process included in the Quality Manual, the following items will be addressed:

- a) input requirements;
- b) value-added process functionality; and
- c) output requirements which meet customer satisfaction

4. Measurement System

The Quality Manual will define the Measurement System to be used to obtain the data necessary to verify that DMOQs have been met, and to provide data needed to perform source cause and root cause analyses.

Changes to the agreed upon Measurement System must be reviewed with and concurred by AT&T prior to their implementation. GTE will review metrics on a monthly basis with AT&T and will be available for review and analysis, as mutually agreed to be necessary, for all services. Measures shall be AT&T specific and support AT&T service performance requirements.

5. Improvement Plan Implementation

GTE will establish monthly service performance and improvement reviews with AT&T.

Documentation will include Gap Closure Plans which result in compliance with agreed to performance standards and include:

- a) evaluation of the opportunity for continuous improvement, systems enhancements and re-engineering;
- b) forecasted improvement to the desired Direct Measure of Quality (DMOQ) for each issue or initiative;
- c) current and improved upon processes;
- d) control processes which GTE management will use for the transitional period;
- e) evaluation of pertinent changes in periodic (monthly, weekly) results;
- f) opportunities for source and root cause analyses; and
- g) a date for compliance with Gap Closure Plans implementation.

These Gap Closure plans will be reviewed monthly or, more frequently as updated data and analyses are available.

6. AT&T Leadership Reviews

GTE Senior Leadership shall meet with AT&T on at least a quarterly basis. GTE shall assure that resources are provided within GTE to support implementation of the Supplier Quality Performance Management Program.

7. Integration of AT&T Requirements

GTE will integrate the techniques of the Supplier Quality Performance Management Program described in this Appendix 3 in all aspects of the work that it performs on AT&T's behalf.

**Appendix 4
 to
 Attachment 12**

Deployment Plan

1. Deployment Plan Activities:

The Parties agree to complete the activities applicable to them no later than the times indicated for said completion on the following Table:

CONTRACT MONTH*	ACTIVITY
Effective Date	Final agreement on DMOQs and Service Guarantees.
Month 1	<ol style="list-style-type: none"> 1. Identification of individuals and organizations with management responsibilities (the Implementation Team) as described in Appendix 3 to Attachment 12. 2. Agreement on Supplier Performance Quality Management System (SPQMS), Deployment Plan, activities, Milestones, and Implementation Schedule. 3. Capacity planning for Contract Year 1 completed as described in Section 7 to Attachment 12. 4. Agreement on escalation and expedite procedures as described in Section 30.2.2 of the Agreement. 5. GTE furnishes a list of all emergency telephone numbers as described in Section 28.8 of the Agreement. 6. Appointment of a standing arbitrator as described in Attachment 1.
Month 2	<ol style="list-style-type: none"> 1. Identification of single points of contact as described in and within Section 30 of the Agreement, Section 13 of Attachment 2, Sections 3 and 4 of Attachment 3, Section 2 of Attachment 4, Section 9 of Attachment 5, Section 2 of Attachment 6C, Section 5 of Attachment 7. and other Agreement or Attachment sections in this Agreement providing for such single points of contact. 2. GTE proposes the process for handling requests for new services, features

* Unless indicated to be a specific date.

Month 3	and/or capabilities as described in Section 4.2 of Attachment 12.
	1. Agreement on the procedures to handle law enforcement agency requests as described in Section 28.11 of this Agreement.
Month 4	1. Quarterly SLT Review of SPQMS with GTE. 2. Development of Quality Manual as described in Appendix 3 to Attachment 12.
Month 5	1. GTE will finalize the process for handling requests for new services, features and/or capabilities as described in Section 4.2 of Attachment 12. 2. Finalize Operations Plan as provided in Section 3.3 of Attachment 12.
Month 7	1. Quarterly SLT Review of SPQMS with GTE.
Month 10	1. Quarterly SLT Review of SPQMS with GTE.
Month 11	1. Annual Review of Performance Results Gap Closure plans per SPQMS. 2. Annual Capacity Planning for Contract Year 2 is completed as described in Section 7 to Attachment 12.

2. The Parties agree to negotiate by the end of Contract Month 4, additional requirements and milestones which relate to those obligations of GTE in this Agreement that are not addressed in the Deployment Plan, including, but not limited to, the implementation of the following:

- Electronic Interfaces as described in Section 29.1 of the Agreement and Section 5.1 of Attachment 4.
- Alternative Routing Capabilities as described in Section 28 of the Agreement.
- Service and Operational Readiness Testing as described in Attachment 29.8 of the Agreement.
- Alternative Interim Agreement for Local Service bills as described in Section 3 of Attachment 6A.
- Procedures for notifying AT&T of changes in retail services as described in Section 25.6 of the Agreement.
- Procedures for referring misdirected requests for AT&T products and services as described in Section 29.3 of the Agreement.
- Customer contact training as described in Section 29.6.6 of the Agreement.
- Procedures for referrals of misdirected calls for repair as described in Section 8 of Attachment 5.

- Replication of Access Billing Supplier Quality Certification Operating Agreement as described in Section 2.1.2 of Attachment 6.
- Interim arrangements for clearinghouse procedures as described in Section 9 of Attachment 7.
- Disaster recovery plans as described in Section 7 of Attachment 5.
- Route Indexing (RI) as described in Section 2.3 of Attachment 8.

- Processes for service ordering and provisioning of Local Services, and Network Elements **and Combinations**.
- Processes for maintenance of Local Services, and Network Elements **and Combinations**.

[Combinations]