

**STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION**

**Public Service Commission
Qwest Performance Assurance Plan
Investigation**

Case No. PU-06-58

**QWEST COMMENTS TO THE NOTICE OF OPPORTUNITY FOR COMMENT AND
NOTICE OF OPPORTUNITY FOR HEARING CONCERNING FINDINGS OF LIBERTY
AUDIT**

Qwest Corporation ("Qwest") through undersigned counsel submits this filing to respond to the Notice of Opportunity for Comment and Notice of Opportunity for Hearing dated July 26, 2006. Specifically, the Commission requested that parties provide comments concerning the findings of the Final Report on the Audit of Qwest's Performance Assurance Plans completed by Liberty Consulting (Liberty) on October 28, 2006.¹ Qwest responds as follows:

COMMENTS

On July 27, 2005, the Commission opened a proceeding to join in a multi-state audit of Qwest's Performance Assurance Plan (QPAP), Case No. PU-05-399. The multi-state audit was organized by the Qwest Regional Oversight Committee (ROC). The Liberty Consulting Group was chosen to audit Qwest's wholesale performance. Liberty was directed to verify the accuracy of i) the 2004 Qwest Performance Assurance Plan (QPAP) payments to competitive local exchange carriers (CLECs) and the thirteen states participating in the audit and ii) the performance results for selected measures. Liberty completed the 2004 Audit Report on October 28, 2005 with the filing of its Final Report.

¹ The Commission's July 26, 2006 Notice identified five issues for comments. Qwest's filing of May 10, 2006 addressed those issues. These comments focus on the Liberty Audit.

As an initial matter, Qwest commends the thoroughness of the 2004 Audit Report as well as the professionalism of the Liberty team. Qwest also concurs with Liberty's conclusion:

"Overall, Liberty found that Qwest produced accurate performance results and penalty payments in the states covered by this audit during 2004. During the audit, Liberty identified 26 findings. Most of the findings are relatively minor. For those that are likely to cause changes in reports or payments, the size and scope of the changes are likely to be relatively small."²

Summary of the Status of Audit Findings and Other Recommendations

For the majority of findings, Qwest agrees with Liberty and completed action to address the finding. Exhibit A modifies slightly the Appendix A contained in Liberty's Final Report; the Exhibit provides a summary analysis of the Finding, the measurement impacted, and whether Qwest concurs and has taken action, Qwest proposes no action is required, or whether Qwest proposes the recommendation be considered in another forum. Qwest incorporates Exhibit A as part of these comments. More specifically, Qwest advocates adoption of Liberty's findings with eight exceptions as noted in Exhibit A; Qwest also recommends further discussions of Liberty's Other Recommendations and those findings requiring clarification or language modifications to the QPAP or the performance measurements, commonly known as PIDs (performance indicator definitions), follow one of the processes specified in Section 16 of the QPAP.

² 2004 Audit Report, page 9. The final report includes a total of 26 findings. Of these, 21 are applicable to North Dakota's PAP and PIDs.

The 2004 Audit Report includes 26 findings. Of those, five (14, 15, 16, 17 and 25) do not impact the North Dakota QPAP. Of the remaining 21 findings, Qwest acted on fourteen of the findings. Of the other seven, none are classified as clear errors or problems with implementation. For a detailed list of the Findings, the measurements impacted, Qwest's actions to implement recommendations, and Qwest's proposal for handling open items, refer to Exhibit A where Qwest's additional comments and recommendation appear in columns K and L.

The remaining items discussed in the 2004 Audit Report involve the "Other Recommendations" made by Liberty. These four recommendations are not findings of error or wrongdoing nor do they appear in Appendix A of the report (hence, they also do not appear in Exhibit A). They are "mainly associated with process or documentation improvement" and Liberty felt they were not significant enough to warrant findings.³ The auditors recommended instead that Qwest consider making changes.

Qwest has carefully reviewed these additional suggestions from Liberty. Other Recommendations 1 (exclusion codes) and 2 (commercial agreement products) specifically relate to language in the QPAP or PID documents rather than how the measurement and payment systems work and should be discussed when QPAP and PID modifications are considered. Other Recommendation 4 (QPAP payment information and BANs) was implemented in May 2006. For Other Recommendation 3, Qwest agreed to add and has added detail to its permutation test documentation. If there are further questions about how to apply the permutation test when the test statistic cannot be calculated, those items should be included in the context of QPAP and PID modifications discussion.

³ 2004 Audit Report, page 117.

Conclusion

Qwest substantially agrees with the Findings of the 2004 Audit Report completed by Liberty and requests that the Commission accept the audit and the Qwest implementation recommendations appearing in the attached and incorporated Exhibit A.

Dated this 31st day of August, 2006.

QWEST CORPORATION



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