

ATTACHMENT 1 – SERVICE QUALITY STIPULATION

STIPULATION AND AGREEMENT

This Stipulation and Agreement is made and entered into this ___ day of _____, 1997, among the Department of Public Service, by and through James Volz, Director for Public Advocacy and the undersigned Special Counsel, New England Telephone & Telegraph Company d/b/a Bell Atlantic Vermont, by and through its counsel, Northfield Telephone Company, by and through its counsel, STE/NE Acquisition Corp. d/b/a Northland Telephone Company of Vermont, Inc., by and through its counsel, Hyperion Telecommunications of Vermont, Inc., by and through its counsel, Franklin Telephone Company, by and through its counsel, AT&T Communications of New England, Inc., by and through its counsel, Ludlow Telephone Company, by and through its counsel, Perkinsville Telephone Company, by and through its counsel, Champlain Valley Telecom, Inc., by and through its counsel, Topsham Telephone Company, Inc., by and through its counsel, Waitsfield-Fayston Telephone Company, Inc., by and through its counsel, and Shoreham Telephone Company, Inc. by and through its counsel, collectively referred to herein as "the Parties."¹

RECITALS

WHEREAS, on July 31, 1996, the Vermont Public Service Board issued an order opening an investigation titled "Investigation into Service Quality Standards, Privacy Protections, and Consumer Safeguards for Retail Telecommunications Services" under 30 V.S.A. §§ 2, 203, and 209;

WHEREAS, the Department of Public Service filed with the Board Position Papers on April 4, 1997, and May 15, 1997, setting forth the Department's recommendation on service quality standards for retail telecommunications providers in Vermont;

1. Bell Atlantic, Northfield Telephone, Hyperion, Northland Telephone, Waitsfield-Fayston Telephone, Franklin Telephone, Shoreham Telephone, AT&T Communications, Topsham Telephone, Champlain Valley Telecom, Perkinsville Telephone, and Ludlow Telephone are referred to herein as "the Industry Parties."

WHEREAS, the Industry Parties filed with the Board Position Papers on May 1, 1997, setting forth their respective positions on service quality standards for retail telecommunications providers in Vermont;

WHEREAS, the Board held technical hearings on service quality standards on May 21, 22, 27, and 28, 1997, June 30, 1997, and July 1, 1997;

WHEREAS, the Industry Parties filed with the Board a fully executed stipulation entitled Service Quality Commitment for Telecommunications Carriers on July 14, 1997;

WHEREAS, the Board held a technical hearing on the Service Quality Commitment for Telecommunications Carriers on August 11, 1997; and

WHEREAS, the Parties desire to settle the service quality performance area measures and their respective baseline standard and action level reporting and action requirements to which jurisdictional telecommunication carriers operating in Vermont will be subject, the Parties hereby stipulate and agree as follows:

1. The Parties agree that the service quality performance areas as defined on Exhibit 1, which is incorporated herein by reference, are the performance areas which the Board should measure to ensure an acceptable base level of service quality to Vermont retail telecommunications consumers.

2. The Parties developed the performance areas, Baseline Standards and Action Level reporting and action requirements set forth in Exhibit 1 to benefit retail end users of regulated telecommunication services regardless of the method by which these services are provided. The service definitions and Baseline and Action Level standards must be consistently and flexibly applied across all regulated industry service providers including facilities-based providers, resellers, and those providers utilizing unbundled elements of the telecommunications network. These performance areas and standards define the level of service and the relationship between the retail end-user customer and his or her provider.

3. The Parties agree that the Baseline and quarterly Action Level standards as defined on Exhibit 1 provide an acceptable base level of service quality to retail telecommunications consumers.

4. The Industry Parties agree to track the following performance area measures in Exhibit 1 on a monthly basis and report the results of those measurements to the Department of Public Service and the Public Service Board on a quarterly basis: (a) Network Trouble Report Rate; (b) Percentage of Troubles Cleared Within 24 Hours Residence and Business — Out of Service; (c) Call Answer Time — Residence; (d) Installation Appointments Met — Residence; and (e) Installation Appointments Met — Business. The quarterly results will not be based on monthly averages, but instead will consist of the sum of the raw data for each performance area measure for the previous three months. In the event a company becomes subject to the Average Delay Days for Missed Appointments — Company Reasons — Residence or Average Delay Days for Missed Appointments — Company Reasons — Business as defined in Exhibit 1, that company shall report performance on those measures (whichever is applicable) in accordance with this paragraph.

5. The Industry Parties agree to track and report Network Reliability and Special Services as defined in Exhibit 1 in accordance with the tracking and reporting mechanisms set forth for these performance areas in Exhibit 1.

6. The Parties agree that the Board should adopt the requirements established by Exhibit 1, including the Baseline Standards and Action Level Report triggers, and require all regulated telecommunications providers in Vermont to adhere to them.

7. The Parties agree companies subject to the standards set forth in Exhibit 1 shall be measured against the Baseline Standards on an annual basis. The Parties further agree that if a provider triggers the Action Level Report in any quarter or in any 5 or more months in a calendar year, the provider must provide the Board with a full explanation for the failure in addition to a plan and timetable for correcting the problem giving rise to the failure. A carrier

required to make an Action Level Report will not be subject to the provisions of 30 V.S.A. § 30 for the circumstances giving rise to the Action Level Report if it is able to bring its calendar-year performance up to the Baseline Standard for the year.

8. The Parties agree that any penalties assessed for failure to meet the Baseline Standards as described in Exhibit 1 will be assessed in accordance with 30 V.S.A. § 30. The Parties further agree that companies with customer service guarantee tariffs must diligently offer those guarantees to customers who suffer out-of-service troubles and missed service installations if applicable under the tariffed guarantee. Companies may alter, amend, or remove such customer guarantees in accordance with 30 V.S.A. § 225. **Nothing herein shall constitute a waiver of the Department's right to address the issue of direct customer credits in future proceedings.**

9. The Parties agree that providers who fail to meet the Baseline Standard for any performance area measure may seek a waiver where exceptional circumstances exist (e.g., force majeure). A provider seeking such a waiver shall have the burden to establish the exceptional circumstances and must demonstrate that its level of preparedness and response was reasonable in light of the cause of the failure. Waivers granted pursuant to this paragraph shall exempt the event giving rise to the waiver from being counted toward the Baseline Standard. Providers seeking a waiver must file a written request within 30 calendar days after the event for which a waiver is sought.

10. The Parties agree that the service quality plan in Exhibit 1 may require review by the Board in the future with respect to the performance area measures and their respective Baseline Standard and Action Level Report trigger, reporting and action requirements.

11. The Parties agree that, in order to track the service quality performance area measures and comply with the Baseline Standards and Action Level Report requirements, providers who offer services by way of resale or unbundled network elements must rely on the adequacy of service provided to them by the underlying carrier. The Parties therefore agree that the Board must adopt in Docket No. 5713, and may consider when reviewing

interconnection agreements, carrier-to-carrier service quality standards, which will support and be consistent with the service quality standards set forth in Exhibit 1 before the standards in Exhibit 1 shall be applicable. The Parties agree that the Board should consider the following issues in the course of carrier-to-carrier service quality proceedings:

- a. For a reseller and other providers offering service through unbundled network elements to meet the commitment of percentage of troubles cleared within 24 hours as set forth in Exhibit 1, the underlying carrier must provide service to its wholesale

customers in a timely manner. The definition of timeliness for providing repair service and the accuracy of information reporting to resellers and providers using unbundled network elements by the underlying carrier must be addressed as a component of the carrier-to-carrier standards adopted in Docket No. 5713. Resellers and other providers offering service through unbundled network elements must report trouble information in a timely and accurate manner. The definition of timeliness and accuracy of the trouble reports must be a component of the carrier-to-carrier standards adopted in Docket No. 5713.

b. For a reseller or provider offering service through unbundled network elements to be able to meet the residence and business installation performance area measures defined in Exhibit 1, the underlying carrier must be required to meet a carrier-to-carrier service quality measure related to installations. The carrier-to-carrier service quality measure must also require timely and accurate service order requests to the underlying carrier from the reseller or provider. The definition of timeliness and accuracy of the service orders must be a component of the carrier-to-carrier standards adopted in Docket No. 5713.

c. A major failure in the network, such as a fiber cable break, could result in a Network Reliability failure affecting a reseller's or provider using unbundled network elements' end users and the underlying carrier's end user customers. In such a case, the reseller or provider and the underlying carrier would report the failure to the Department and the Board. When the cause of the failure is determined, the responsible carrier will be required to record this as a Network Reliability failure.

The preceding examples are illustrative only and should not be construed as the only circumstances under which carrier-to-carrier service quality standards are necessary to enable some providers to meet the retail end-user standards set forth in Exhibit 1.

The Parties agree that tracking and reporting the data subject to this Stipulation as set forth herein and in Exhibit 1 shall commence immediately following the Board's final order setting forth carrier-to-carrier service quality standards in Docket No. 5713. In the event the Board's order in Docket No. 5713 relating to carrier-to-carrier service quality standards requires changes to the reporting and tracking methodology necessary to comply with the standards subject to this Stipulation and Exhibit 1, and the changes prevent a company from commencing the data tracking and reporting required by this Stipulation and Exhibit 1 without undue hardship, companies may request an extension of time to commence that data tracking and reporting. The Parties further agree that no provider shall be required to commence tracking and reporting the data required by this

Stipulation prior to the Board's order setting forth carrier-to-carrier service quality standards in Docket No. 5713. If the Board's order setting forth carrier-to-carrier standards in Docket No. 5713 does not support or is not consistent with the service quality standards set forth in Exhibit 1, no provider shall be required to commence tracking and reporting the data required by this Stipulation.

12. The Parties agree that number portability, changes in technology, and changes in the marketplace significantly reduce the value of reporting the Network Trouble Report Rate and Network Reliability (defined in Exhibit 1) data by geographic area or exchange (NXX).

13. The Parties agree that a service provider's Network Trouble Report Rate (defined in Exhibit 1) may be dependent in part or in full on the underlying carrier's Network Trouble Report Rate data.

14. This Stipulation shall be executed by the Parties and then submitted to the Board for its approval. The Parties agree to recommend to the Board that it enter a final order adopting this Stipulation in its entirety, without modification, as the full and final resolution of what service quality performance area measures, Baseline Standards, and Action Level Report triggers and actions are appropriate for retail telecommunications services in Vermont.

15. If the Board does not approve this Stipulation in its entirety, without material modification, this Stipulation shall be null and void, and of no further force and effect, and all

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negotiations and proceedings connected therewith shall be without prejudice to the rights of all Parties.

16. The Parties deem this Stipulation to be fair and reasonable as a compromise and have arrived at it in arms-length negotiations taking into account all relevant factors present or potential. The Parties agree that this Stipulation shall not be construed by any party or tribunal as having precedential impact on any future proceedings involving the Parties, except as necessary to implement this Stipulation or to enforce an order of the Board resulting from this Stipulation.

17. All terms and conditions and provisions of this Stipulation shall be binding upon, inure to the benefit of, and be enforceable by the respective Parties hereto, including their predecessors and successors and all their officers, directors, agents, employees and attorneys of the Parties hereto.

EXHIBIT 1

Service Quality Performance Area Measures and Baseline Standards

The following Performance Area Measures, Baseline Standards, and Action Level tracking and reporting requirements apply to the retail provision of telecommunications services regardless of the method by which service is provided, and defines the standards between the retail end-user customer and his or her service provider. Carrier-to-carrier service quality standards, which will be addressed in Docket No. 5713, are necessary to enable non-facilities based providers to meet each of these retail standards except Call Answer Time — Residence.

Network Trouble Report Rate (NTRR): This standard measures customer reported troubles of regulated services to their provider of service. It includes service-affecting troubles caused by telephone plant conditions and central office conditions. The NTRR does not include reports relating to customer premise equipment, special services, interexchange carrier access services, unregulated services and subsequent reports on an existing trouble. Each company calculates the NTRR by dividing the total number of troubles by the total number of the company's Vermont access lines, then multiplying the result by 100. The Network Trouble Report Rate data is compiled monthly by company with results reported quarterly to the Public Service Board and the Department.

BASELINE STANDARD: The NTRR for each company shall not exceed an average of 4 troubles per 100 access lines per month.

ACTION LEVEL REPORT: The NTRR shall not exceed 6 troubles per 100 access lines.

% Troubles Cleared Within 24 hours Residence and Business - Out of Service: This standard measures the percentage of Vermont business and residence exchange out-of-service troubles

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which are repaired within 24 hours from time of receipt of the initial trouble report from the company's retail end user customer. Companies will be required to report (but will not be measured on) residential and business out-of-service troubles by each separate business class. The 24-hour

period includes weekends and holidays. The percentage does not include reports relating to customer premise equipment, special services,² interexchange carrier access services and unregulated services. The data is compiled monthly by company and shall be reported quarterly to the Public Service Board and the Department.

BASELINE STANDARD: During year one of this service quality plan, companies shall repair no less than 60% of their reported troubles within 24 hours. The standard during year two shall be 65%, and shall be 70% every subsequent year.

ACTION LEVEL REPORT: During year one of this service quality plan, companies shall repair no less than 50% of their reported troubles within 24 hours. The standard during year two shall be 55%, and shall be 60% for every subsequent year.

Call Answer Time - Residence: This standard measures the percentage of calls answered within 20 seconds to the residential customer service and repair call centers. For companies that do not utilize an automated attendant, the timing commences upon the first audible ring and ends when the customer reaches a live attendant. For company telephone numbers answered by an automated attendant, the timing begins when the customer chooses an option presented by the automated attendant system and ends when the customer enters into the first selected option. The data is compiled monthly by company and reported quarterly to the Public Service Board and the Department. Companies with fewer than 10,000 Vermont access lines and who do not utilize an automated call administration system and/or a computerized call answering record

keeping system shall be exempt from this measure. Companies utilizing a combined residence and business call center and with no answer time distinction between the service classes will provide a combined measure.

² See exception under Special Services Performance Area definition.

BASELINE STANDARD: Companies subject to this measure shall answer no less than 75% of calls to their residential customer service and repair call centers, or their combined residence and business call centers, whichever is applicable, within 20 seconds.

ACTION LEVEL REPORT: Companies subject to this measure shall answer no less than 60% of calls to their residential customer service and repair call centers, or their combined residence and business call centers, whichever is applicable, within 20 seconds.

Installation Appointments Met - Residence: This standard measures the percentage of customer initiated residence service requests for new, additional or transferred services that are completed on or before the original customer-negotiated appointment date. An appointment is considered missed if the service order work has not been fully completed by midnight of the appointment date due to company reasons. Service orders subject to this measurement include service requests for the initial connection of service as well as changes to the customer's existing service, (e.g., to add a feature such as Call Waiting). The missed appointment data is compiled on a monthly basis by company, and reported quarterly to the Public Service Board and the Department.

BASELINE STANDARD: Companies shall meet no less than 90% of their installation appointments on or before the original customer-negotiated appointment date.

ACTION LEVEL REPORT: Companies shall meet no less than 75% of their installation appointments on or before the original customer-negotiated appointment date.

Installation Appointments Met - Business: This standard measures the percentage of customer-initiated simple business (up to 6 lines) service requests for new, additional or transferred services that are completed on or before the original customer-negotiated appointment date. An appointment is considered missed if the service order work has not been fully completed by midnight of the appointment date due to company reasons. Service orders subject to this measurement include service requests for the initial connection of service as well as changes to the customer's existing

service, (e.g., to add a feature such as Call Waiting). The missed appointment data is compiled on a monthly basis by company, and reported quarterly to the Public Service Board and the Department.

BASELINE STANDARD: Companies shall meet no less than 90% of their installation appointments on or before the original customer-negotiated appointment date.

ACTION LEVEL REPORT: Companies shall meet no less than 75% of their installation appointments on or before the original customer-negotiated appointment date.

Average Delay Days for Missed Appointments - Company Reasons - Residence: Average Delay Days for Missed Appointments - Company Reasons measures the number of business days elapsed between the original appointment negotiated with residential customers and the completion date of a service order initiated by the customer when the original appointment is missed due to conditions within the control of the company (“Company Reasons”). To calculate average delay days, the number of delay days is divided by the number of missed orders caused by Company Reasons. The average delay days data is compiled monthly and reported quarterly to the Board and the Department. A line extension is included in this measurement only if all company and customer requirements for the line extension are met and the installation appointment date is negotiated and established between the company and

the customer. Requests to regrade a customer from multi-party to single-party service are excluded from this measure.

This performance area and accompanying Baseline Standard and Action Level Report will be required only if the company fails to meet the Baseline Standard for the Installation Appointments Met — Residence for any quarter, any five single months in the calendar year, or in the annual measurement. The performance area will then become effective for the company for the 12 months immediately following the month which triggered the failure. A company that continues to fail the Installation Appointments Met performance area or continues to fail the Average Delay

Days Baseline Standard will be subject to the Average Delay Days performance area until the Baselines are achieved.

BASELINE STANDARD: The average delay days for missed appointments for a company subject to this measure shall not exceed 10 days.

ACTION LEVEL REPORT: The average delay days for missed appointments for a company subject to this measure shall not exceed 15 days.

Average Delay Days for Missed Appointments - Company Reasons - Business: This standard measures the number of business days elapsed between the original appointment negotiated with business customers and the completion date of a service order initiated by the customer when the original appointment is missed due to Company Reasons. To calculate average delay days, the number of delay days is divided by the number of missed orders caused by Company Reasons. The average delay days data is compiled monthly and reported quarterly to the Board and the Department. A line extension is included in this measurement only if all company and customer requirements for the line extension are met and the installation appointment date is negotiated and established between the company and the customer.

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Requests to regrade a customer from multi-party to single-party service are excluded from this measure.

This performance area and accompanying Baseline Standard and Action Level Report will be required only if the company fails to meet the Baseline Standard for the Installation Appointments Met — Business for any quarter, any five single months in the calendar year, or in the annual measurement. The performance area will then become effective for the company for the 12 months immediately following the month which triggered the failure. A company that continues to fail the Installation Appointments Met performance area or continues to fail the Average Delay Days Baseline Standard will be subject to the Average Delay Days performance area until the Baselines are achieved.

BASELINE STANDARD: The average delay days for missed appointments for a company subject to this measure shall not exceed 10 days.

ACTION LEVEL REPORT: The average delay days for missed appointments for a company subject to this measure shall not exceed 15 days.

Network Reliability: The Network Reliability category records major service failures that impact a significant number of customers as a result of a problem in one or more of the areas below. Companies are required to report the data defined therein. There is no baseline standard attached to this measure.

(1) Service Outage: 5,000 access lines or 10% of the company's total number of Vermont access lines, whichever is less, out of service for more than 30 minutes. This failure would result in a no dial tone condition.

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(2) Interoffice Facility Failure: Interoffice call blockage impacting 30,000 access lines, 10% of a company's total Vermont access lines, whichever is less, for 30 minutes or more. Customers may have dial tone but be unable to access toll services.

(3) Signaling System Failure: Loss of interoffice calling capability from one host central office to another as a result of a Signaling System 7 (SS7) duplex failure for more than 30 minutes.

Network failures meeting one or more of the above criteria will be reported to the Department and the Board as soon as possible after the failure, but in no circumstances later than 24 hours after the failure. Failures of a less serious nature, while not considered Network Reliability failures, should be reported to the Department as soon as practical for informational purposes.

Resellers and companies providing service utilizing unbundled elements from one or more underlying carriers shall report to the Department and the Board any failure occurring within the network they utilize. The cause for the failure will be determined and the responsible carrier identified.

Special Services: Special Services represents the installation and repair of the following Intra State Services: 56 kbps or DSO circuits; 1.544 mbps or T1/DS1 circuits; and channelized DS1 facilities capable of 24/56 kbps. Special services will be tracked and reported as follows:

(1) On-Time Provisioning: This standard measures the combined number of on-time service orders compared to the total number of dated special service orders.

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(2) Mean Time to Restore: This standard measures the average time required to return a failed device, system or circuit to service. It is measured from the receipt of the initial trouble report to the completion of the repair. The measurement excludes troubles resulting from end-user premises equipment.

There is no baseline standard for special services. Companies are required to track the measurements and report them annually to the Department and the Board. The first special services report will occur with the first quarterly reports following the implementation of this plan. Thereafter, special services reports shall be made on an annual basis. For companies with fewer than 25 special services orders per month, special services provisioning results will be included in the installation appointment measurement and repair results will be included in the percentage troubles cleared within 24 hours measurement.