

product requirements. See page 33 for a current list of such services.

ONA basic network services are priced separately and must be made available on the same terms and conditions to any provider of enhanced services—or any other customer—wishing to purchase them. Plus, in order to meet certain compliance requirements, employees involved in marketing—such as product managers and developers—must know if their basic service product is being used as part of an enhanced service.

If an enhanced services provider wants to build a service using network services—and those services aren't yet available as an ONA service—there's a formal evaluation process for creating that new ONA service. And if a U S WEST enhanced services operation requests a new network service, it must be made available to all other enhanced services providers at the same time. (Plus, prior to U S WEST use, during FCC proceedings, the CEI plan must be filed or amended and approved by the FCC.)

Case study of Equal Network Interconnection

Before ONA, an enhanced service provider sought to order several business lines to connect to his enhanced service and contacted U S WEST to order lines and a hunting arrangement to receive maximum efficiency from the network services. U S WEST sells the business lines, but the hunting is available only in a pre-packaged arrangement, which includes speed dialing and three-way calling. Prior to ONA, the enhanced service provider would have bought unwanted features in order to obtain what the provider needed (unless U S WEST determined on its own to change the tariff

and offer the derived configuration). Such a situation added costs to the enhanced service provider's application because the provider had to purchase the extra features. If a U S WEST enhanced service could have purchased and paid for only the individual feature it needed for the service, U S WEST would have an unfair advantage over the external enhanced service provider. With ONA, providers can order the services a la carte, or "unbundled," and the provider has the same, or equal, interconnection to the network as do U S WEST enhanced services. This "equality" encourages innovation and growth in the telecommunications industry.

Checklist for Principle 1 Equal Network Interconnection

- Service representatives, installers, schedulers and sales personnel are examples of employees who need to pay particular attention to this principle.
- Know differences in terms "enhanced services," "customer premises equipment," "ONA Services," and what rules apply.
- Provide equal treatment, including prices, terms, conditions.
- No preferential treatment to U S WEST.
- A la carte or "unbundled" services must be made available where technologically feasible, cost feasible and sufficient demand exists.
- Refer to checklist of ONA services on page 33.
- To determine if a new service is "basic," "enhanced" or "CPE," ask your line attorney.
- If you have questions, contact a U S WEST ONA resource (see Section IV, pages 36–37).

Notes for reference and discussion



1 Define the basic elements of Principle 1.

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2 What is meant by "enhanced services?"

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3 List three examples of "enhanced services."

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4 What does "unbundled" mean?

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5 What is meant by "basic services?"

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Principle 2 No Preferential Treatment.

U S WEST will provide the same quality and timeliness of basic network services, repair and installation to our competitors as we do to our internal enhanced services and customer premises equipment operations.

No favoritism

Principle 2 is called the "nondiscriminatory provisioning and maintenance" principle. It stands for service equality and requires U S WEST and its employees to provide the same quality of network services, installation, repair and maintenance to all customers, regardless of their provider of enhanced services or their vendor who supplies customer premises equipment.

Principle 2, No Preferential Treatment, ensures that U S WEST does not favor customers of its own enhanced services and customer premises equipment providers over the customers of outside providers. It applies to all aspects of provisioning basic network services.

The reasons behind Principle 2*

Critics and competitors are concerned that because U S WEST controls the telephone network, we might misuse that control in order to favor our enhanced services and customer premises equipment operations. The fact is, our computers automatically set installation and repair intervals. Where employees handle assigning intervals/dispatch, they must do so in a non-discriminatory manner.

In order to comply with Principle 2, U S WEST and its employees must treat every request for service from enhanced services or customer premises equipment providers or their customers the same. That means that U S WEST must apply standard intervals and due dates to service orders and repair requests for basic network services used by enhanced services providers. No special considerations on provisioning and maintenance may be given to salespersons from either U S WEST or other customers. Even our "just say

when" means that scheduling installation and service must be based on the customer request balanced with the workforce load, not on who the customer is or that the customer buys enhanced services or customer premises equipment from U S WEST. Of course, a customer may go through the normal processes of ordering expedited installations; but, the rule prohibits us from accelerating installation because of a promised sale. In all instances, compliance takes precedence.

Safe Harbor

In the spirit of non-discriminatory installation and maintenance, we offer providers of enhanced services and customer premises equipment the opportunity to conduct business with U S WEST in a "safe harbor" environment. The Vendor Services Center is U S WEST's safe harbor for sales/service for competitive enhanced service providers.

The safe harbor concept provides competitors the assurance that their order activity and network planning (and any relevant information shared with U S WEST) is not shared with or used by our enhanced services or customer premises equipment groups in a competitive manner.

Standardization is key

Principle 2 requires U S WEST to use standardized hardware and software when connecting to the network. And the same technical characteristics must be available to both internal and external enhanced services and customer premises providers so they can interconnect.

*Note to U S WEST employee: Failure to comply with Principle 2, No Preferential Treatment, can result in dismissal and potentially grave injury to U S WEST's business operations.

AFFIDAVIT

Jerry L. Johnson, being first duly sworn, deposes and states that:

1. I am Vice President - Network and Technology Services, for U S WEST Communications, Inc. In 1993, I was the officer responsible for the maintenance operations of U S WEST Communications network services.
2. In early 1993, U S WEST Communications discovered that certain available facilities were, in

FCC receives our compliance reports

U S WEST files quarterly and annual reports to the FCC attesting to compliance with these requirements and affirming that it has conducted business in a nondiscriminatory manner. On a quarterly basis, U S WEST tracks and reports installation due date performances on orders for internal and external providers. Also, a U S WEST Communications officer signs annual affidavits filed with the FCC attesting that no discrimination has occurred in the provision, installation or quality of service.

Case studies of No Preferential Treatment

Cindy, who sells U S WEST voice messaging, places an order for additional business lines. Cindy's order is received and entered into the computer system, which is programmed to set intervals for services. Cindy phones an employee/friend who is responsible for scheduling the installation and asks that her order be "bumped" to the top of the list, ahead of other orders. Cindy's request is inappropriate and denied by the scheduler, who knows that no preferential treatment should be provided U S WEST's own brand of enhanced services (and customer premises equipment). U S WEST installer Joseph is installing an additional line for a second FAX machine for a customer who

thinks that U S WEST Never Busy FAX service might reduce complaints about his FAX always being busy. The customer tells installer Joseph that if he can see about adding the call forwarding required for the Never Busy FAX service—even though that is not on the installer's order—the customer will call U S WEST to order the rest. Currently, there is no order to install call forwarding on the customer's line. By his asking to have it installed now, the time period is shorter than the normal installation interval. For a moment, the U S WEST installer thinks about calling a friend inside U S WEST who has access and can provision the call forwarding right now. But he remembers ONA Principle 2 concerning No Preferential Treatment. He politely tells the customer that he cannot obtain the call forwarding for the customer on an accelerated basis and that the customer must go through the usual channels.

Checklist for Principle 2: Nondiscriminatory Provisioning and Maintenance

- Service representatives, installers, schedulers and sales personnel are examples of employees who need to pay particular attention to this principle.
- Service equality on provisioning, installation, repair.
- Standardized hardware, software interfaces made available that are identical to those used by U S WEST's enhanced services.
- Quarterly, annual reports to the FCC.
- Use standard intervals and due dates.
- If you have questions, contact a U S WEST ONA resource (see Section IV, pages 36–37).

Notes for reference and discussion

Quiz for Principle 2**No Preferential Treatment**

1 What does "no preferential treatment" mean?

2 What do you think is the overriding mandate from Principle 2?

3 Why does the FCC require U S WEST (and other RBOCs) to comply with Principle 2? What's the meaning behind the rule?

4 What is the purpose of the Vendor Services Center?

5 How does the FCC know that U S WEST and its employees are complying with Principle 2?

6 In terms of hardware and software, how can U S WEST ensure that it complies with Principle 2?

Principle 3 Information Control.

According to FCC rules, customers have the right to control access to information about the telephone network services they use.

Customers can decide whether or not they want U S WEST employees who sell enhanced services and customer premises equipment or external providers to have access to their local telephone service records.

Information control

The Customer Proprietary Network Information (CPNI) principle grew from the RBOCs' having had access to customer records. Competitors were concerned that they were denied access to this information.

In the normal course of providing basic telephone services, U S WEST collects information about its customers, such as how many lines and what types of services these customers have, where the customers are located, billing data, calling patterns and repair records.

This rule allows the customer to choose which service providers can access U S WEST record information about them.

Customers can elect to release or withhold CPNI from U S WEST enhanced services or CPE personnel, or request U S WEST to release it to outside providers of enhanced services or CPE.

The FCC resolved this access issue with a compromise that automatically restricts the records of business customers with more than 20 lines. The records of business customers with 20 or fewer lines and those of residential customers are not automatically restricted. These customers still have the right to restrict record information about them if they so choose.

Reasons behind Principle 3*

Because U S WEST still is viewed as controlling the local exchange business, the FCC requires that U S WEST not use the information it collects in the normal course of providing utility service to gain an unfair

competitive advantage in other areas. The FCC made certain customer information "off limits" to U S WEST personnel who sell enhanced services or customer premises equipment. This rule also serves as a model to ensure reasonable customer privacy. U S WEST is obligated to notify business customers on an annual basis about their customer record information rights.

Following is a partial list of customer information which is classified as customer-specific CPNI:

- Type of network services
- Quantity of network services
- Location of network service
- Billing information
- Repair information
- Traffic studies
- Usage data
- Customer calling data

The following, however, does NOT fall within the CPNI definition:

- Customer name
- Customer address
- Phone number
- Credit information

Of course, in order to provide good service, U S WEST network personnel have access to repair and other information, but they may not share CPNI with enhanced services and customer premises equipment marketing and sales personnel if the customer has restricted it.

*Note to U S WEST employee: Failure to comply with Principle 3, Information Control, can result in dismissal and potentially grave injury to U S WEST's business operations.

Restricted Customer Information Messages

BOSS
Account Restricted for both ONA/CPE

CARS
Account Restricted. This customer has elected to restrict their account from "CPE" and "ONA" personnel. Refer any inquiries on this account to Network

CORD
Account Restricted from ONA/CPE personnel. Refer to Network

SOLAR
Account Restricted from ONA/CPE personnel. Refer to Network

SONAR
CSR Access Denied. ONA Restricted Account. Please Delete Negotiation

SOPAD
Account Restricted from ONA/CPE personnel. Refer to Network

SOPAD MI
Account Restricted from ONA/CPE personnel. Refer to Network

PCL ONA/CPE*

*This PCL code may be seen by NETWORK-ONLY personnel
PCL stands for Proprietary Classification and is a field identifier (FID) on the customer's record.

Restrictions governing business accounts

Unless a business customer with 20 or fewer lines has restricted U S WEST from access for such a purpose, U S WEST Communications personnel may have access to the Customer Proprietary Network Information during enhanced services sales contacts. If a business customer has 21 or more lines, however, there must be written authorization for access to such customer-specific CPNI.

The rule is different for customer premises equipment personnel: The FCC does not mandate that CPE personnel be denied access to information about customers with 21 or more lines, even though there is no written consent. Rather, access to CPNI is permitted with respect to all customers, regardless of numbers of lines, unless the customer requests the records be restricted.

All customers may choose to withhold their customer-specific Customer Proprietary Network Information (CPNI) from any or all enhanced services and customer premises equipment personnel. Such withheld information is called "restricted CPNI."

In addition to limiting access to customer-specific CPNI, U S WEST does not allow enhanced services sales personnel to access the "call-forwarded to num-

ber" of its customers who subscribe to call forwarding services. The reason for withholding this access is because customers may forward calls to competing telephone answering services.

Collective information, or Aggregated CPNI

"Aggregated CPNI" is customer record information which U S WEST has collated and combined in such a way that individual customers cannot be identified. This information is available to enhanced services and CPE competitors free of charge for planning their service.

The five types of information that U S WEST makes available to competitors free of charge, are:

- 1 Number of business and residential lines.
- 2 Average minutes of use.
- 3 Average call duration.
- 4 Touch-Tone penetration.
- 5 Average number of messages.

U S WEST's enhanced services or CPE employees can request "aggregated CPNI" through U S WEST CPNI coordinators. (For a list of these coordinators, see Section IV, page 36.) Outside companies request this information through U S WEST's Vendor Services Center.

Enhanced Services and CPE personnel

U S WEST personnel who market enhanced services and customer premises equipment may not access restricted Customer Proprietary Network Information (CPNI). And, if you're a U S WEST employee with access to that restricted CPNI information, you cannot share it with those employees within U S WEST not entitled to it.

U S WEST personnel who market enhanced services and customer premises equipment can access any customer information not restricted. This can include administrative and management reports and aggregated

CPNI listed in the Interconnections Database (ICONN) and approved by the U S WEST CPNI compliance manager.

U S WEST personnel in enhanced services and customer premises equipment also can use customer-specific information purchased from outside sources, such as Bellcore, or a marketing consulting firm. You merely cannot access information generated by U S WEST operations described by the FCC as CPNI. And, of course, you always can ask the customer directly for information.

U S WEST personnel in enhanced services and customer premises equipment who are involved with the sale or marketing of these services must honor all restrictions barring employees from customer records in U S WEST systems with mechanized security (for example, BOSS, CARS, SOLAR, SONAR, SOPAD, and CORD). And, you must not ask colleagues for restricted information. Guidelines for access to CPNI are found in Regional Policy and Procedure 1005.

More rules to remember about Information Control

You may not generate or use marketing lists containing customers who have restricted their CPNI or have unlisted or non-published numbers in order to sell enhanced services or customer premises equipment (e.g., a list of all customers who subscribe to a network service which make them good prospects for an enhanced service).

Enhanced services and CPE personnel must not request copies of customer service records, bills, repair records or traffic study information on restricted CPNI accounts.

If a customer with a restricted CPNI calls with a service problem, refer that customer to a service representative who does not sell enhanced services or customer premises equipment and has authorized access to the customer's record.

Computer system security has been established as a safeguard. You must not circumvent system security.

Case studies of Information Control

Jane is a U S WEST network employee on loan from her normal "network services only" responsibilities to a group that sells enhanced services, but the group is restricted from access to certain customer information. Because Jane is working in an area of restricted customer information, her system password and user ID must be changed so she does not have access to that restricted information. When she returns to her "network only" responsibilities, she again will have her unrestricted system password and user ID.

Susan is a "network only" representative for U S WEST and takes a customer repair call. Although she's "network only," she thinks it might be a good idea to talk about U S WEST's enhanced services on the repair call, even though her "network only" designation states she is not involved in marketing enhanced services. She checks with her supervisor and is told that she is prohibited from talking about enhanced services to a repair customer because of Information Control requirements. As a "network only" person, Susan may not sell or market enhanced services to anyone, whether or not their CPNI has been restricted.

Miles is a representative authorized to sell U S WEST enhanced services and receives a call from a customer seeking Voice Messaging. When Miles calls up the customer's record, the computer screen contains a message that indicates the account is restricted, meaning that the record information about the customer is restricted to anyone in U S WEST who develops, markets or sells enhanced services or customer premises equipment. When he sees the message, Miles, who is familiar with Information Control, takes the necessary steps. First, he asks the customer if she'd like to remove the restriction. She agrees. Then, Miles mails or faxes the appropriate forms to the customer. Once he receives the customer's written permission, Miles is authorized to have access to the customer's records and completes the order.

Customer Proprietary Network Information (CPNI)

1 What is the underlying concept of Principle 3?

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2 What is the purpose behind the FCC's enactment of Principle 3?

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3 What kinds of information fall within Customer Proprietary Network Information (CPNI)?

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4 Why are enhanced services sales personnel restricted from accessing the "call-forwarded to number" of customers?

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5 What is "aggregated CPNI?"

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6 List three of the five types of "aggregated CPNI."

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Principle 4 Advance Disclosure.



When U S WEST decides to deploy a new product which relies on a new basic network interface or requires a change to an existing network interface, we must make timely disclosure to the public and all other providers of enhanced services and customer premises equipment.

Timely disclosure

Principle 4, Advance Disclosure, requires that U S WEST inform, in a timely manner, all interested parties if we decide to make any changes to the network that may affect customers and that we do so at a specific, critical point in the decision-making process. There are critical steps and time frames for Advance Disclosure, discussed below.

Reasons for Advance Disclosure*

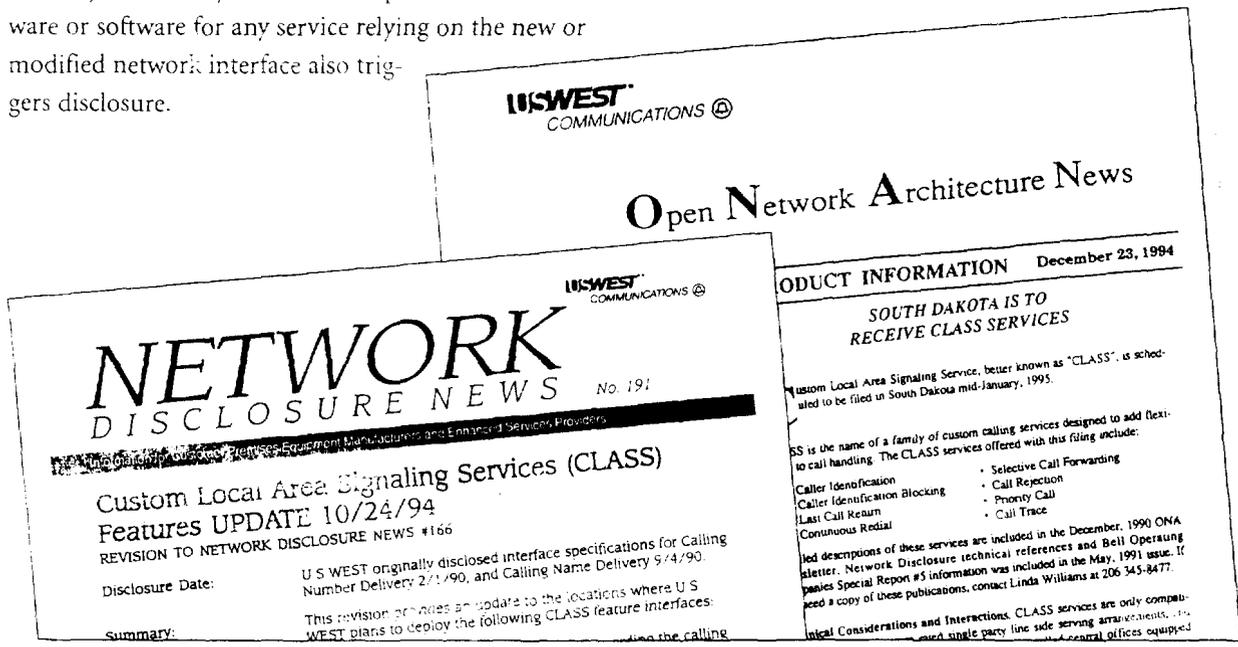
Because our competitors rely on U S WEST's network to run their businesses, disclosure of network changes protects our competitors and enables them to serve their customers. This rule safeguards the provision of basic services to competing enhanced services and customer premises equipment providers.

Any decision by U S WEST to procure either hardware or software for any service relying on the new or modified network interface also triggers disclosure.

When Disclosure Must Take Place

When U S WEST commits to making a change that will affect competitors using our network, disclosure must occur. The FCC calls this the "make/buy" point. It occurs when we make a corporate decision to spend money to purchase equipment, or change or add a network interface. And it means we intend to introduce a new product or service that requires a change in the basic network. We're at the "make/buy" point (although the MFJ prohibits manufacturing) when there is:

- Documentation of funding
- Signed business plan
- Signed planning document
- Customer contract
- Signed commitment by a department head



*Note to U S WEST employee: Failure to comply with Principle 4, Advance Disclosure, can result in dismissal and potentially grave injury to U S WEST's business operations.

The six-month rule

At a minimum of at least SIX MONTHS before market trial or product deployment, U S WEST is required to disclose a number of relevant facts concerning changes to the network interface:

- Technical nature of the change
- Locations of the change
- Any other pertinent information

U S WEST must not introduce a service that relies on the new interface for at least six months after network disclosure is made. Also, these changes to the network interfaces must be disclosed to interexchange carriers and other customers.

Case study of Timely Disclosure

Product manager Martha is excited about a new service being developed, and consults with both the U S WEST network planner and network disclosure coordinator about the innovation. The conclusion is that in order for the service to work as envisioned, a change to an existing network interface will be required. The change under consideration applies to a network interface used by many customers and manufacturers who make equipment that works with the interface. Although enthusiastic, Martha incorporates the six-month disclosure in her project's timeline. If U S WEST were to develop and deploy a new or changed interface without informing the industry and adhering to required timelines, it's possible no one out-

side U S WEST would be able to properly connect and use the service. Manufacturers need a certain amount of time to make changes and test their interface boards, etc., to ensure that they work properly. The six-month time period was chosen to give the industry and equipment manufacturers time to make necessary adjustments to be able to continue to support interfaces to the network.

Checklist for Principle 4 Timely Disclosure

- Product Managers, Product Developers and Network Planners are examples of employees who need to pay particular attention to this principle.
- New products or services affecting the basic network must be disclosed.
- Disclosure must be made in a timely fashion.
- A concrete decision about a new product or service starts the Timely Disclosure clock ticking.
- A minimum of six months before market trial or product deployment is required.
- Business and marketing plans must incorporate sufficient disclosure time.
- Disclosure is to all customers affected, competitors, and the industry.
- If there are questions, contact a U S WEST ONA resource (see Section IV, pages 36-37).

Notes for reference and discussion

Quiz for Principle 4 **Advance Disclosure**

1 What is the underlying concept of Principle 4?

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2 How does the basic network come into play concerning U S WEST's compliance with Principle 4?

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3 How are new products and services affected by Principle 4?

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4 What is the reason for Principle 4?

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5 Define "make/buy" point.

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6 What is the "six-month rule?"

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Principle 5 No Subsidization.

U S WEST will not subsidize our enhanced services and customer premises equipment businesses with revenues from basic service ratepayers.

Application of Principle 5

No Subsidization applies to transactions between "Communications" and affiliates. All U S WEST employees—from product managers to installation technicians—must track and account for all costs and expenses incurred as part of the planning and provisioning of enhanced services and customer premises equipment (including time reporting for those employees in time-reporting positions).

In order to comply with this principle, we must ensure that all expenses and investment associated with our enhanced services and customer premises equipment are properly assigned to deregulated accounts.

Principle 5 also applies to any transactions between U S WEST Communications and its affiliates—meaning all U S WEST companies and subsidiaries.

Our tracking and accounting for time and costs are reviewed annually by independent auditors, who decide how well U S WEST and its employees have kept our businesses separate and protected our basic services, thereby complying with the requirement of No Subsidization of enhanced services and customer premises equipment businesses with revenues from our basic service ratepayers.

Reasons for No Subsidization*

Concerned with the possibility of cross-subsidies, the FCC does not want regional telephone companies to use revenues from their regulated basic telephone services to subsidize nonregulated services, such as enhanced services and customer premises equipment. Cross-subsidy occurs when costs for those services are paid for by ratepayers through higher rates than would have been the case if the deregulated product or service were not offered.

Originally, the FCC instructed U S WEST to maintain enhanced services and customer premises equipment operations through subsidiaries. These proved inefficient and unproductive, and the FCC permitted us to serve our customers better by developing a set of accounting rules for us.

Briefly, these accounting rules, called Part 64 and Part 32, often are referred to as "Part X." Part 64 deals with deregulated operations within U S WEST Communications. Part 32 concerns transactions between U S WEST Communications and other U S WEST affiliates. These accounting rules keep U S WEST's regulated and unregulated businesses separated by allocating revenues, expenses and investments between regulated and nonregulated services.

For accounting purposes only, we think of our regulated services as basic network services and ONA basic services. The FCC considers our enhanced services, customer premises equipment and inside wire to be non-regulated.

*Note to U S WEST employee: Failure to comply with Principle 5, No Subsidization, can result in dismissal and potentially grave injury to U S WEST's business operations.

Persons covered by Accounting Rules Part 64 and Part 32

US WEST employees who work in any manner with enhanced services and customer premises equipment—from planning to repair—probably fall within the rules governing accounting and time-tracking of Part 64. These rules affect the following areas:

- Time reporting—begins when planning starts
- Overhead—nonregulated products must pay their share of our costs
- Business case analysis and filing new products in the Cost Allocation Manual
- Transactions and asset transfers

Product managers or developers should immediately review ideas for new products with their Part 64 accounting representative, who will help outline the requisite accounting steps. Please note that these accounting rules apply once a product team begins planning and continues through deployment of the product.

Finally, if you have dealings with any other member of the U S WEST family (for example, MRG) you must be aware that Part 32 requires proper payment whenever a service is performed for, or an asset transferred to, such a subsidiary.

Daily time reporting

Under the No Subsidization principle, many employees are required to track and report any time and expenses spent on enhanced services and customer premises equipment, beginning with the initial planning and continuing through deployment. For example, daily time reports maintained by technicians are critical to compliance with Part 64. However, some organizations in U S WEST have a process for calculating collective time spent by employees on these services and the employees are not required to track daily activities. In any event, if you're not certain how this requirement applies to you, check with your supervisor.

Business case analysis

US WEST employees in charge of business plans and financial analysis should allow time to file the necessary Cost Allocation Manual changes with the FCC before introduction of a service. Also, product managers should use Fully Distributed Costs as they analyze enhanced services for profitability. Be certain to work with your Part 64 representative to ensure the proper profitability analysis is performed.

Transactions and asset transfers

Part 32 accounting applies to all transactions occurring between U S WEST Communications and its subsidiaries. Part 32 also applies to transactions with other affiliates, such as BRI or Marketing Resources Group. Similar rules also apply to the transfer of intellectual property and other assets. For more information, contact your accounting representative or refer to Regional Policy and Procedures 1130, Section 3, FCC Rules and Part 64 Regulations.

Case study of No Subsidization

Max, a U S WEST employee on a regulated payroll, is assigned a project involving an enhanced service. Max knows that he must keep track of his time and report how much of it is spent on the project. He realizes that if he does not consistently code his time to the project, all expenses associated with development and deployment of the new service will be inaccurate. Also, the cost to develop the service will be artificially low and provide U S WEST with an unfair advantage. Because Max is on a regulated payroll, which is supported by basic ratepayers, if Max failed to keep careful track the ratepayers would have subsidized the enhanced service project.

Checklist for Principle 5 No Subsidization

- Product Managers, Product Developers, installers are examples of employees who need to pay particular attention to this principle.
- No subsidization of enhanced services and customer premises equipment businesses with revenues from basic ratepayers.
- FCC accounting rules for tracking costs must be followed.
- Check to see how the rules apply to you individually.
- The rules apply to time, overhead, business case analysis, transactions, asset transfers.

Notes for reference and discussion

Quiz for Principle 5

No Substitution

1 What is the basic premise of Principle 5?

2 Why did the FCC impose Principle 5?

3 In order to comply with Principle 5, what must U S WEST and its employees monitor?

4 With what revenues is Principle 5 most concerned?

5 What areas does Accounting Rules Part 64 cover? Name two.

6 What area is Part 32 accounting concerned with?

ONA Product Rules for Product Managers and Developers

If the basic network product you develop or manage is used as a “building block” to provide an enhanced service, your product is subject to ONA rules. Also, if a product requires a new or modified interface with U S WEST’s network, you may need to allow time for formal network disclosure. And, if your product is considered an ONA service, you must follow the industry notification guidelines (see “Timeline” on page 30). Plus, if you are developing a new basic service that will be subject to ONA, the product rules discussed below may be helpful.

If you are involved in marketing enhanced services or customer premises equipment, you must be aware that several applications of the ONA rules apply. Your responsibilities may include Part 64 Time Reporting, providing details about how you will use the basic network to provide your enhanced product, restrictions on customer record information, network disclosure and updating U S WEST’s Cost Allocation Manual.

Critics also are afraid that U S WEST will use its marketing position to influence customers to purchase enhanced services and equipment from U S WEST. We cannot require customers to buy certain products/services in order to obtain others (a process known as “bundling”), e.g., buy U S WEST voice messaging service in order to be able to have local exchange service.

It is important you understand the application of ONA’s principles in terms of your responsibilities.

Following is a summary governing rules for ONA products, along with a schedule of the “Timeline” for new basic and enhanced services. For targeted training, please contact your Compliance Manager.

Equal Terms and Conditions

- Any ONA service used for a U S WEST enhanced service must be made available to all other enhanced services providers on equal terms and conditions. Equal terms and conditions apply to price, installation and maintenance intervals, availability and functions of the service. Advance notice requirements also apply.
- All ONA services must be available to all enhanced services providers under a tariff, price list or catalog. U S WEST enhanced services operations using ONA services will be charged or imputed the tariffed rate for those services.
- U S WEST may not alter deployment schedules for Basic Service Elements to provide U S WEST with a competitive advantage in deploying a U S WEST enhanced service.
- U S WEST enhanced services operations may use only those ONA services that are available to all other enhanced services providers (i.e., they are listed as ONA services and outlined in CEI plans filed with and approved by the FCC).
- U S WEST must apply price parity to distance-sensitive transmission services used by enhanced service providers. If a U S WEST enhanced service collocates its equipment in the central office, our enhanced service must be charged as if the equipment is located two miles from the central office. This “Two Mile Rule” applies only to U S WEST enhanced services collocated in the central office and using distance-sensitive transmission services.
- Basic network features (Basic Service Elements and Complementary Network Service) must be available for resale by enhanced services providers to their customers. However, the ability to resell a Basic Service Element does not guarantee the right to resell the underlying transport service (BSA).

“Unbundling”

- ◆ A U S WEST enhanced service operation must not use packaged basic network features as part of its enhanced services offering (where the package includes a discount).
- ◆ Basic Service Elements and Complementary Network Service must be “unbundled.” That means they are not packaged but rather offered as individual network components at specific rates. (The unbundling requirement does not apply to Basic Serving Arrangements. However, U S WEST has been required to “unbundle” its interstate feature groups.)
- ◆ If an outside provider requests a basic network service that will be used for an enhanced service, U S WEST must provide it as an ONA service if the service meets the specific FCC criteria of utility, market demand, cost feasibility and technical feasibility. The ONA service request evaluation process must be completed within 120 days. Requests and information provided by an enhanced service provider are proprietary, and must not be shared with U S WEST enhanced services operations.

Trials

- ◆ Schedule time to train and prepare all channels for technical trials. Outside enhanced services providers may conduct technical trials of new ONA services at the same time.
- ◆ An ONA service must be available for compatibility testing (technical trials) by all outside providers of enhanced services in advance of its use by U S WEST in an enhanced services offering. The time frame for allowing a compatibility test begins when U S WEST files the tariff sheet for the new service. The compatibility test allows an external provider to “trial” the new service, even while U S WEST waits for state tariff approval. U S WEST cannot use that service in its offering until approval is granted. (Additional requirements for trials are in the Modification of Final Judgment/Civil Enforcement Consent Order.)

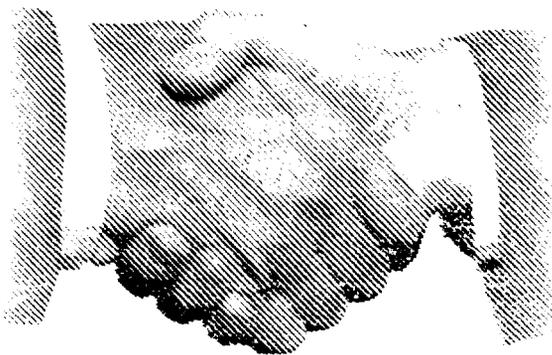
Disclosure

- ◆ If the new service requires a change to the network that may affect other providers of enhanced services or customer premises equipment, U S WEST must inform the enhanced services and customer premises equipment industry as soon as a decision is made to change the network. This notification must occur at least six months before deploying the service.
- ◆ U S WEST informs the industry through the *ONA News* (or by mail) about any new basic service that is to be used with an enhanced service at least three weeks before filing any state tariffs, price list or catalog. This product announcement includes description, price, technical references, interface requirements and deployment information.
- ◆ U S WEST informs the industry about new basic services through tariffs filed with the FCC and the various states, the *ONA News*, FCC CEI Plan amendments, the Interconnections Database and network disclosure outlets.
- ◆ Product Managers and Product Developers should be aware that any ONA service planned for use with a U S WEST enhanced service must be outlined in a CEI Plan or CEI Plan amendment, filed and approved by the FCC. Approval takes at least 90 days.

Timeline for New ONA and Enhanced Services

When	What	Who
When planning for new service begins	Contact attorney to determine if new service is basic or enhanced.	Product manager, product developer
	If enhanced, submit Enhanced Services Compliance Report to compliance manager.	Product manager, product developer
	<i>If enhanced, contact the Part 64 accounting group to determine if a Cost Allocation Manual filing must be made with the FCC. This takes at least 60 days or more. Also, determine proper Part 64 accounting time and expenses. Contact ONA compliance manager for general compliance direction.</i>	Product developer, Part 64 accounting group, compliance manager
Make/buy point	Notice to the public must be made at the time a decision is made to implement a new network interface or new service that relies on the interface. The disclosure should be made to the public when the decision is made (make/buy point) or 12 months before service introduction. However, if the decision to implement the network change doesn't offer that much lead time, the industry and public must be notified at least six months in advance of deployment. This applies to all network services deployed by U S WEST, regardless of ONA status.	Compliance manager, network disclosure coordinator, product manager
90 days before use by U S WEST	Notify enhanced services industry about new ONA service.	Product developer
	File CEI Plan with the FCC to identify new ONA service.*	FCC docket manager, product developer
60 days before use by U S WEST	Present enhanced services compliance plan to include Methods and Procedures to nondiscriminatory provisioning for review.	Product manager, Methods and Procedures team rep
3 weeks before filing state tariffs	If new ONA service is to be used for U S WEST enhanced service, announce testing of the new ONA service to industry through the <i>ONA News</i> .	Product manager, compliance manager, editor of <i>ONA News</i>
Varies by state	File state tariffs, receive approval.	Product manager, Regulatory Consultants, public policy manager

**During CI-III Remand proceedings, CEI plans must be filed with and approved by the FCC and will be used to identify all ONA Services used with a U S WEST enhanced service. Key ONA checkpoints are being incorporated into the PhaseGate process. When this is complete, you should refer to the updated PhaseGate information to help you understand where ONA fits into the overall development process*



Overview of ONA's 5 Principles for Sales Employees

Sales managers and the sales employees they supervise should be particularly aware of the requirements of ONA compliance because of the potential frequency with which ONA issues can arise.

Following are specifics that especially affect sales managers and employees.

- ◆ Customers seeking customized, or NEW basic network services should be referred to the Vendor Services Center.
- ◆ Network service cannot be expedited for any enhanced service provider over another—all competitors must be treated the same.
- ◆ Established guidelines for due dates for service orders and repair requests for basic network services used by U S WEST or other enhanced service providers must be followed.
- ◆ Sales personnel who sell enhanced services or customer premises equipment are prohibited from certain restricted Customer Proprietary Network Information. (For more detailed information on this ONA Principle, Information Control, see Section II, pages 16 to 20.)

Sales managers and employees with questions about how the FCC's rules on ONA apply should contact their department's compliance manager.

ONA Services

ONA services are defined as basic network services used to provide enhanced services. Product managers, product developers and pricing employees should be familiar with service regulations that apply to ONA basic network services. There are three categories of ONA basic network services:

- Basic Serving Arrangements (BSAs), which are the actual network access connections between the enhanced services provider and the U S WEST central office. BSAs are purchased by the provider and used for basic transport.
- Basic Service Elements (BSEs), which are the basic network functions and features. These central office features are purchased by the provider and used with BSAs to make the enhanced service work.
- Complementary Network Services (CNSs), which are the basic network features or functions needed to work with an enhanced service. A CNS feature is provided on the end user's line. Although CNSs usually are purchased by the end user, an enhanced services provider may purchase and be billed for the CNSs on behalf of the end user.

How are services designated as "ONA?"

There are three situations that govern when a basic service needs to be designated as an ONA service.

- 1 When the service will be used to provide a U S WEST enhanced service, it must be designated "ONA." If the enhanced service is offered on an integrated basis during the FCC interim waiver period, U S WEST is required to file a CEI Plan or CEI Plan amendment outlining the use of the basic service. The CEI Plan or amendment must be approved by the FCC before the service can be used with a U S WEST enhanced service.

- 2 If U S WEST has a 120-day enhanced service provider request on file and the service meets this need, the service must be classified as "ONA." This process was developed to provide a channel for external enhanced service providers to request new capabilities in a "safe harbor" environment. These requests are coordinated through the Strategy Development ONA team. Each request is reviewed and analyzed in accordance with criteria defined by the FCC. These criteria are:
 - Technical feasibility.
 - Cost feasibility.
 - Utility to the enhanced service provider.
 - Sufficient market demand to warrant offering the service.

Even though this service request process was developed for external providers to request new capabilities, it also is used by U S WEST enhanced service operations. If the service meets all the FCC criteria listed above, U S WEST develops the service as an ONA service.

- 3 If the service meets one of the original 118 national service requests it must be designated as an ONA service. In the early ONA proceedings, capability requests were gathered by the RBOCs from the enhanced service industry. The resulting list is consulted when a new service becomes available to see if it meets any outstanding requests. If it meets a requested capability not yet fulfilled, the service is designated as an ONA service.

Current ONA Services

Following is a list of ONA services either available or pending as of Dec. 31, 1994. Not all services are available in every state. Updates on ONA services are published in the *ONA News*. For more information, contact your departmental compliance manager (see pages 36-37).

Current ONA Services

	Basic Service Elements (BSEs)	Complementary Network Services (CNSs)
Analog Private Line-D.C. Channel Service Analog Private Line-Low Speed Data Service Analog Private Line-Voice Grade Service Analog Private Line-Audio Service Analog Private Line-Video Service Digital Data Service-64kbps Digital Data Service-64kbps< DSI Service DS3 Service Packet Switching (x.25) Packet Switching (x.75) Voice Grade-Line-Circuit Switched <i>Digital Switched Service-Basic</i> <i>Feature Group A Service</i> <i>Flat Rate Line</i> <i>Foreign Central Office Service</i> <i>Foreign Exchange Service</i> <i>ISDN Basic Rate Access (2B+D)</i> <i>Measured Rate Lines</i> <i>Message Rate Lines</i> <i>PBX Trunks</i> <i>Two-Way Trunk with DID (Analog)</i>	Access Service Billing Information ANI Order Entry Alternate Traffic Routing Answer Supervision-Line Side Automatic Loop Transfer (Automatic Protection Switching) Automatic Number Identification (FGB) Automatic Number Identification (FGD) Backup/Redirection (Packet) Bridging CUG Incoming Access Barred (Packet) CUG Outgoing Access Barred (Packet) Call Transfer Call Transfer on DID Called Directory Number Delivery (DID) Caller Identification-Number Caller Identification-Bulk Clear Channel Capability Closed User Group (Packet) COMMAND A LINK DID Trunk Queuing and Basic Announcement Dial Call Waiting Directed Call Pickup Directed Call Pickup with Barge-In Distinctive Alert Fast Select Acceptance (Packet) Flow Control Parameters (Packet) Hunting Improved Transmission Performance Interface Group 6 Logical Channel (Packet) Logical Channel Layout (Packet) Make Busy Market Expansion Line Message Delivery Service Message Delivery Service Interoffice Multiple Network Addresses (Packet) Multiple Port Hunt Group (Packet) Multiplexing Network Access Service (960) Nonstandard Window Size (Packet) Permanent Virtual Circuit (Packet) Private Line Conditioning Reverse Charge Acceptance (Packet) Reverse Charge Option (Packet) Secondary Channel Three-way calling Traffic Data Report Service Uniform Call Distribution	Abbreviated Access/Activation (1 or 2 Digit) Auto Call (packet) Call Forwarding-Busy Line Call Forwarding-Busy Line (Expanded) Call Forwarding-Busy Line (Programmable) Call Forwarding-Busy Line /Don't Answer Call Forwarding-Busy line/Don't Answer (Expanded) Call Forwarding-Don't Answer Call Forwarding-Don't Answer (Expandable) Call Forwarding-Don't Answer (Programmable) Call Forwarding-Variable Call Forwarding-Variable without Call Completion Call Forwarding-Variable Remote Activation Call Rejection Call Trace Call Waiting Continuous Redial Custom Ringing Custom Ringing-Call Forwarding Expanded Answer FindMe™ Service Hot Line Last Call Return Message Waiting Indication-Audible Message Waiting Indication-Visual Message Waiting Indication-Audible-Visual Priority Call Remote Access Forwarding SCAN-ALERT Scheduled Forwarding Selective Call Forwarding Single Number Service Speed Calling (8 Number) Speed Calling (30 Number) Voice Dialing Warm Line
Semipublic and Shared Coin Lines Simultaneous Voice and Data Voice Grade-Trunk-Circuit Switched <i>800 Service</i> <i>DID Service</i> <i>DID Switched Access Service</i> <i>Digital Switched Service-Advanced</i> <i>Feature Group B Service</i> <i>Feature Group D Service</i> <i>ISDN Primary Rate Access (23B+D)</i>		All ONA services used by a U S WEST enhanced service must be outlined in CEI plans or amendments filed with and approved by the FCC during the interim waiver period.

Answers to Quizzes on ONA's 5 Principles

Principle 1

- 1 Define the basic elements of Principle 1.
Equal Network Interconnection. That means that U S WEST will make the same basic services, at the same prices and on the same terms and conditions, available to all providers of enhanced services and customer premises equipment.
- 2 What is meant by "enhanced services?"
Services that involve changing, storing or modifying the information on common carrier facilities.
- 3 List three examples of "enhanced services."
Voice messaging, FAX store and forward, On-line data base access.
- 4 What does "unbundled" mean?
A la carte, meaning the provider can order services or a specific feature without purchasing other unnecessary features.
- 5 What is meant by "basic services?"
These are the transport, features and functions and end user features also categorized as BSAs, BSEs and CNSs.

Principle 2

- 1 What does "no preferential treatment" mean?
That U S WEST will provide the same quality, timeliness, repair and installation of basic network services to competitors as it does internally.
- 2 What do you think is the overriding mandate from Principle 2?
Nondiscrimination in provisioning and maintenance.
- 3 Why does the FCC require U S WEST (and other RBOCs) to comply with Principle 2? What's the meaning behind the rule?
The rule ensures that U S WEST, which controls the telephone network, does not favor customers of its own services and equipment over customers of its competitors.

- 4 What is the purpose of the Vendor Services Center?
It's U S WEST's "safe harbor" and offers competitive providers of enhanced services and customer premises equipment the opportunity to conduct business through the center.
- 5 How does the FCC know that U S WEST and its employees are complying with Principle 2?
U S WEST files quarterly and annual reports attesting to its compliance.
- 6 In terms of hardware and software, how can U S WEST ensure that it complies with Principle 2?
U S WEST uses standardized hardware and software, which is made available to both internal and external enhanced services and customer premises equipment providers, so they can interconnect.

Principle 3

- 1 What is the underlying concept of Principle 3?
Customers have the right to control access to information about the telephone network services they use.
- 2 What is the purpose behind the FCC's enactment of Principle 3?
Because U S WEST still is viewed as controlling the local exchange business, the FCC requires it to not use the information it collects in the normal course of business to gain an unfair competitive advantage.
- 3 What kinds of information fall within Customer Proprietary Network Information (CPNI)?
Billing amounts, repair information, traffic studies, usage data, calling patterns.
- 4 Why are enhanced services sales personnel restricted from accessing the "call-forwarded to number" of customers?
Because customers may forward calls to competing telephone answering services.
- 5 What is "aggregated CPNI?"
Customer information U S WEST has collectively combined to eliminate any possibility of being able to identify individual customers.

- 6 List three of the five types of "aggregated CPNI."
Number of business and residential lines; average minutes of use; average call duration. Others, Touch-Tone penetration, average number of messages.

Principle 4

- 1 What is the underlying concept of Principle 4?
Advance, or timely, disclosure concerning a new basic network interface, or changes to an existing network interface.
- 2 How does the basic network come into play concerning U S WEST's compliance with Principle 4?
Because U S WEST's competitors rely on the network to run their businesses, Advance Disclosure protects these competitors and enables them to serve their customers.
- 3 How are new products and services affected by Principle 4?
U S WEST's decision to deploy a new product, or service, that relies on a new or changed interface requires timely disclosure to the public and all other providers of enhanced services and customer premises equipment.
- 4 What is the reason for Principle 4?
Advance Disclosure safeguards the provision of basic services to competing enhanced services and customer premises equipment providers.
- 5 Define "make/buy" point.
When U S WEST commits to making a change that will affect competitors using our network, disclosure must occur; the FCC calls this the "make/buy" point.
- 6 What is the "six-month rule?"
It's the time frame required, as a minimum, for disclosure of relevant facts concerning changes to the network interface, before U S WEST conducts a market trial or product deployment.

Principle 5

- 1 What is the basic premise of Principle 5?
No subsidization of enhanced services and customer premises equipment businesses with basic ratepayer revenues.
- 2 Why did the FCC impose Principle 5?
To prevent cross-subsidization by regional telephone companies of nonregulated services (enhanced services, customer premises equipment) by using revenues from regulated services.
- 3 In order to comply with Principle 5, what must U S WEST and its employees monitor?
Costs and expenses incurred as a result of planning and provisioning of enhanced services and customer premises equipment must be tracked and allocated properly.
- 4 With what revenues is Principle 5 most concerned?
Revenue from basic service ratepayers.
- 5 What areas does Accounting Rules Part 64 cover? Name two.
Time reporting; overhead. Also, business case analysis and filing of new products in the Cost Allocation Manual, plus transactions and asset transfers.
- 6 What area is Part 32 accounting concerned with?
Transactions between U S WEST Communications and its subsidiaries. Also, transactions with other affiliates.