



Although few residential customers choose to restrict their network service records, it is their right to do so and we must honor their wishes. Business customers are more likely to be affected by this principle.

The reason behind the principle

In the normal course of providing basic telephone services, we collect a lot of information about our customers. We know how many lines and what kinds of services they have, where they're located, billing data, calling patterns and repair records.

In the competitive business of enhanced services and customer premises equipment, this information may be useful to marketing and product development personnel.

Because we still are viewed as a monopoly in the local exchange business, the FCC wants to make sure we don't use the information we collect to gain an unfair competitive advantage in other areas. So, it made certain customer information off-limits to U S WEST personnel who sell enhanced services or customer premises equipment. In addition, we are obligated to let customers know they can select who can have access to their information.

Customer-specific information

The FCC has categorized certain customer records as customer proprietary network information (CPNI). This customer-specific CPNI includes the amount of billing, repair information, traffic studies, usage data and calling patterns.

Customers can direct us to release this network service information to other enhanced services and customer premises equipment providers. They can decide to withhold the information from U S WEST enhanced services and CPE personnel and share it with a competitor, or the other way around.

*Customer Proprietary
Network Information*

To provide good service, network personnel have access to this information. However, they may not share it with enhanced services and CPE marketing and sales personnel if the customer has restricted it.

Customer name, address, phone number and credit information do not fall under the CPNI guidelines. They are available through many other sources. Therefore, U S WEST is not required to provide access to that information to external enhanced services and CPE providers. The information is available to certain U S WEST personnel.

In addition, information about U S WEST enhanced services and CPE supplied by U S WEST is available to U S WEST employees. This is proprietary information, and CPNI rules do not require U S WEST to release it to external providers.

Large business accounts automatically restricted

The current rules permit U S WEST Communications sales personnel to have access to the CPNI of customers with 20 or fewer lines during enhanced services sales contacts—unless the customer has explicitly restricted U S WEST from such access for that purpose. Written authorization to access customer-specific CPNI is a requirement for customers with 21 or more lines.

Restricted CPNI

However, the FCC's rules do not mandate that CPE personnel should be denied access to information about customers with 21 or more lines.

All other customers can choose to withhold their customer-specific CPNI from any or all enhanced services and CPE sales personnel. This withheld information is called "restricted CPNI."



In addition to limiting access to restricted CPNI, U S WEST will not allow our enhanced services sales personnel to access the "call-forwarded-to number" of customers who subscribe to Call Forwarding services. That's because customers may forward calls to competing telephone answering services.

Aggregated customer information

When we combine customer information and format it so as to eliminate any possibility of being able to identify individual customers, we create "aggregated CPNI." This information can be useful for planning, designing and marketing enhanced services and customer premises equipment. It must also be available to our competitors.

The five types of aggregated CPNI we currently make available to enhanced services and CPE providers free of charge are: (1) number of business and residential lines, (2) average minutes of use, (3) average call duration, (4) Touch-Tone penetration and (5) average number of messages.

Outside companies request aggregated CPNI from the Vendor Service Center. U S WEST enhanced services or CPE employees request it from their CPNI coordinator.

Collective Information



Q. As a general rule to employees, what information is proprietary and what can be shared?

A. Remember that enhanced services and CPE personnel may not have access to restricted CPNI. If you're in possession of restricted CPNI, you must not give it to anyone inside or outside U S WEST who isn't allowed to have it. This includes U S WEST employees who plan, market or sell enhanced services or customer premises equipment. If the information is not restricted, it can be shared. If you have any questions, contact your CPNI coordinator.

Don't Share Restricted CPNI

Q. How do business customers find out about their options on CPNI?

A. We notify all business customers every year about their customer record information rights.

Business Customer Notification

Q. If I work with enhanced services or CPE, what customer information can I access?

A. You can access any customer information that has not been restricted. You can use administrative and management reports and aggregated CPNI listed in the ICONN database and approved by the U S WEST CPNI compliance manager. You also can use customer-specific information purchased from outside sources, such as Bellcore. And don't forget that you can always ask the customer directly for information.

Available Information

Q. If I work with enhanced services or CPE, what customer information can't I access?

A. If you're involved with the sale or marketing of enhanced services or CPE, you must honor all restrictions that bar you from customer records in U S WEST systems with mechanized security (BOSS, CARS, SOLAR, SONAR, SOPAD, and CORD). You can't ask your colleagues in network services for restricted information.

Q. Can I generate or use lists that contain customers who have restricted their CPNI or have unlisted or non-published numbers to sell enhanced services or CPE?

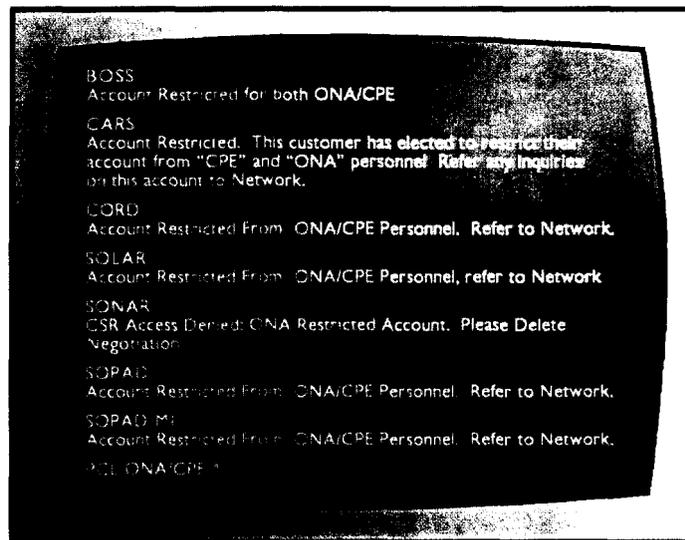
A. No. And you can't request copies of customer service records, bills, repair records or traffic study information on restricted CPNI accounts, either.





- Q. A customer calls with a service problem, but the customer's record is restricted. What can the service rep do to help the customer?
- A. Refer the customer to a service rep who does not sell enhanced services or customer premises equipment and has access to the customer's record.
- Q. A customer calls our business office to request Voice Messaging. When the service rep pulls up the customer's record, the computer screen contains a message that indicates the account is restricted. Can the rep sell Voice Messaging?
- A. Yes, if the rep is authorized to sell enhanced services. However, special steps must be taken and there will be a delay in filling the order. The computer code means the customer's network information is restricted from anyone in U S WEST who develops, markets or sells enhanced services or CPE. The rep can ask the customer if she'd like to remove the restriction. If the customer agrees, the rep mails or faxes her the appropriate forms. Once the customer's written permission is received, the rep can have access to the customer's records and complete the order.

Restricted Customer Information Messages



*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.

- Q. Can a carrier have information about the telecommunications network of the end user in addition to the information about the services used to interconnect with the carrier for interstate use?
- A. No, that would give the carrier information that could give it a competitive advantage.





Q. *An interexchange carrier calls and says her customer wants some network information released to the carrier. Can U S WEST release the information?*

A. Yes, if we have written authorization from the customer or if the carrier has filed documentation with U S WEST indicating it will ask for information only when it has written authorization. We also routinely give interexchange carriers information used for billing and other carrier functions. The most common such information is the Expanded Use Subscriber List.

Carrier Customers

Q. *An account executive has a prospect for CPE but the customer's account is restricted. He asks his friend, a service rep who sells only basic network services, if he can give him information from the customer record. What should the "network only" service rep do?*

A. Say no. Showing the account executive the customer's record is a willful violation of CPNI rules and will result in disciplinary action that could include suspension or dismissal for both employees. Service reps who sell basic network services have access to this information, but may not share this with service reps who sell enhanced services.

Q. *One U S WEST department gives a list of 1,500 people to another department to conduct an enhanced services market survey. The list only includes people who subscribe to U S WEST's Custom Calling Services. What should the staff that is given the list do?*

A. Make sure the list does not include people who have restricted their CPNI or have non-published, unlisted or call-forwarded-to numbers.

Q. *What states have additional guidelines about consumer records?*

A. Colorado, Oregon and Utah. Refer to your *Business Information Guide (BIG)* or methods manager.

State CPNI Rules

Q. *Is there a company practice that covers all CPNI rules?*

A. Yes, *Regional Policy and Procedure 1005, Customer Proprietary Network Information*. Also, check with your CPNI coordinator listed on page 30 about questions and departmental methods.

RPP 1005





PRINCIPLE FOUR

When we decide to deploy a new product that provides or relies on a new basic network interface or requires a change to an existing network interface, we must make timely disclosure to all other providers of enhanced services and customer premises equipment.



Timely Disclosure

This principle of network disclosure protects our competitors and their ability to serve their customers. It makes sure we tell all interested parties in plenty of time if we're planning any important changes to our basic network or interfaces that may affect them.

Disclosure may be required when U S WEST decides to make the investment to develop a product that will introduce or rely on a new or changed basic network interface. It might affect the ability of enhanced services and customer premises equipment providers to use our network.

The reason behind the principle

Our competitors run their businesses on our network. They want critical information about network changes in a timely fashion. This rule safeguards the provision of basic services to competing enhanced services and CPE providers. Any decision to manufacture or procure hardware or software for any service relying on the new or modified network interface would also trigger disclosure requirements.

The "make/buy" point

According to this principle, U S WEST Communications needs to alert the industry to any change we plan to make that will affect them as soon as we commit to making the change. That's called the make/buy point. It's the point at which we've made a corporate decision to spend money to buy equipment or change or add a network interface. It means we intend to introduce a new product or service that requires a change in the basic network. This decision could be made a year before the actual deployment.

We know it's a concrete decision when we have one of the following:

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



Six-month rule

At this time, we are required to disclose any plans to change our network interface at least six months before the market trial or product deployment. We must disclose the technical nature of the change, the locations of the change and any other pertinent information. We cannot introduce a service that relies on the new interface for at least six months after network disclosure has been made. This timeframe allows all CPE vendors and manufacturers and enhanced services providers to receive notification at the same time.

Minimum Disclosure

Six months is the absolute minimum time required between the time network disclosure is made and deployment of the new product. However, once the waiting period is over, marketing efforts may begin.

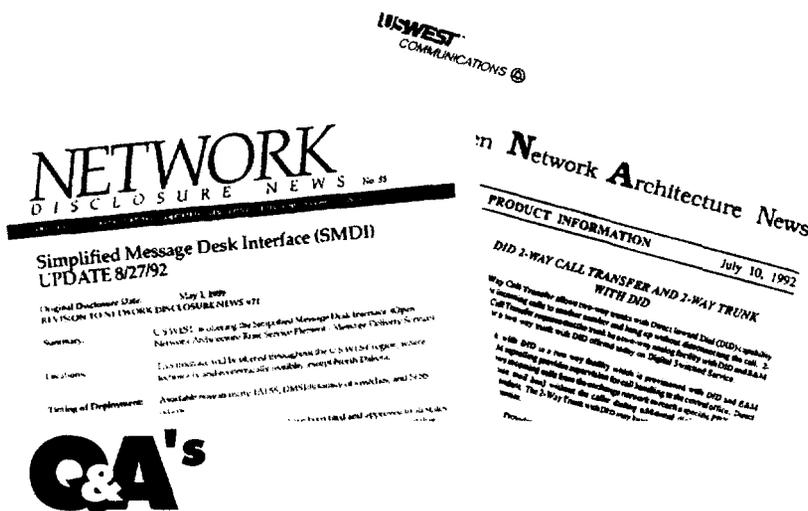
We must also disclose our network interfaces to interchange carriers and other customers.

Plan for disclosure time

When developing a new service or product, product managers, network personnel and sales personnel need to include time for network disclosure in their business plans. For example, since the interface for Caller ID affected CPE, network disclosure to the industry was necessary.

Contact Network
Planner

So, if you're involved in a new product, contact the Market Services Organization or network planner as soon as possible. Your network planner decides if network disclosure is needed and will work with the network disclosure coordinator to distribute announcements to the industry and publish them in *Bellcore Digest*.



Q&A's

- Q. *U S WEST agrees to develop a new network feature for an enhanced services provider. Is network disclosure necessary?*
- A. Yes, if the new service involves a change to an existing network interface that will affect how enhanced services and CPE providers serve their customers. The network disclosure coordinator must review all new services to determine if network disclosure is needed.
- Q. *The System Design Center receives a request for a new network feature that presents a new interface and will be used by only one customer. The service will be offered on an individual case basis. Do we have to do network disclosure?*



A. Yes. Network disclosure must be made to the industry no matter how many customers are affected. In addition, although we might offer a service that only one customer purchases, we cannot limit service to a single customer.

Q. *An enhanced service is still being developed, but a customer wants it installed within three months. The product team network planner checks and finds out that other CPE and enhanced services vendors will have to buy new plugs to interface with our network. Can the customer have the new service within three months?*

A. No. The product manager has to comply with network disclosure first. We have to wait a minimum of six months after public and industry notification to make any changes to the network. Only then can we offer the service to the customer.

Q. *A technical trial is proposed for a network service that will have an impact on customer premises equipment. Is network disclosure necessary?*

A. Not for a technical trial because it is considered a temporary configuration and no decision has been made to deploy the interface. After the technical trial, however, if we decide to conduct a market trial or roll right into deployment, network disclosure must be completed and a six-month timeframe must elapse. Ask your line attorney for guidance on this.

Technical Trials

PRINCIPLE FIVE

We will not subsidize our enhanced services and customer premises equipment businesses with revenues from basic ratepayers.



Track and Account for Time and Costs

This principle applies to all of us—from product managers to installation technicians—and requires us to track and account for all time, costs and expenses incurred as part of the planning and provisioning of enhanced services and customer premises equipment. We must ensure that expenses and investment associated with our enhanced services and CPE are assigned properly to deregulated accounts.

This principle also applies to any transactions between U S WEST Communications and its affiliates. By affiliates, we mean all U S WEST companies or subsidiaries.

Independent auditors will review our performance annually. They'll decide how well we've kept our businesses separate and protected our basic service ratepayers.





The reason behind the principle

The FCC has always been concerned about the possibility of cross-subsidies. That is, it doesn't want the regional telephone companies using revenues from our regulated basic telephone services to subsidize nonregulated services. Cross-subsidies exist when costs of our enhanced services or CPE are being paid for by telephone ratepayers through higher rates.

No Cross -Subsidy

To prevent cross-subsidies, the FCC originally instructed us to keep our enhanced services and customer premises equipment operations separated through subsidiaries. Separate subsidiaries proved to be inefficient and unproductive. To allow us to serve consumers better, the FCC developed a set of accounting rules.

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

For accounting purposes, we think of our regulated services as basic network services and ONA basic services. The FCC considers U S WEST Communications enhanced services, CPE and inside wire nonregulated.

Who deals with Part 64 and Part 32?

If you work in any way with enhanced services and customer premises equipment from planning through repair, Part 64 accounting and time-tracking rules may apply to you. They affect four areas: time reporting, overhead, business case analysis and filing new products in the Cost Allocation Manual, transactions and asset transfers.

*Enhanced Services
and CPE*

If you're a product manager or developer, start by reviewing ideas for new products with your Part 64 accounting representative right away. Your rep will help outline the accounting steps you have to take.

If you have dealings with any other member of the U S WEST family (for example, U S WEST Enhanced Services, Inc.), you need to be aware that Part 32 requires proper payment whenever a service is performed for—or an asset transferred to—such a subsidiary.

*U S WEST Family
Transactions and Part 32*

Time reporting

Many employees have to keep track and report any time and expenses spent on enhanced services and customer premises equipment. This includes everything from the first planning meeting through deployment. Daily time reports by technicians, for example, are critical to Part 64 compliance. Many allocations are based on daily time reporting. So, the accuracy of a daily time report affects more than the technician.

Daily Time Reporting

Some organizations have an allocation process for calculating the collective time their employees spend on enhanced services or CPE. In those cases, not all employees have to track their daily activities. If you're not certain how this applies to you, check with your supervisor.

Business case analysis

People in charge of business plans and financial analysis need to remember that it can take time to file the necessary Cost Allocation Manual changes with the FCC before the introduction of a new service. Product managers also need to keep fully distributed costs in mind as they analyze profitability.



Transactions and asset transfers

Affiliate Transactions

Part 32 accounting applies to all transactions that take place between U S WEST Communications and its subsidiaries, such as U S WEST Enhanced Services, Inc. It also applies to transactions with other affiliates, such as BRI or Marketing Resources Group. Similar rules also apply to asset transfers. Contact your accounting representative or refer to *Regional Policy and Procedures 1130, Section 3, FCC Rules and Part 64 Regulations*, for more information.



Product Team Reporting

Q. *When does a product team need to begin tracking its time and expenses?*

A. Accounting rules apply once planning for the unregulated activity—enhanced service or customer premise equipment—begins and continues through deployment.

Asset Transfer

Q. *How is corporate overhead covered under the accounting rules?*

A. We have to make sure our nonregulated products pay their share of U S WEST's overhead costs. We use a process based on what we call “fully distributed costs.”

Q. *Do the accounting rules apply to transactions or asset transfers between any U S WEST affiliate, such as Marketing Resources Group and U S WEST Communications?*

A. Yes. Part 32 requires U S WEST Communications to bill other U S WEST subsidiaries for services provided at tariffed rate, market price or fully distributed costs. Services include telephone lines, building rent, common management and billing.

Q. *An enhanced services product development team has been working together for a few weeks. Some of the newer members of the team aren't tracking their time. Could this be a compliance problem under the Part 64 rules?*

A. Yes. The product developer needs to cover Part 64 responsibilities with the team. If time tracking is required, the team must retroactively account for its time. A Part 64 representative can help.

Trials

Q. *During a trial, a technician installs an enhanced service. Does the technician need to report the time spent on completing the installation?*

A. Yes. Part 64 rules apply to trials as much as they apply to routine work.

Q. *What are the Part 64 obligations of product managers and product developers when deploying an enhanced (nonregulated) service?*

Enhanced Services Rules

A. Advise your team members about Part 64 tracking obligations. Apply the accounting rules when you develop the business case or financial analysis for each product. Contact the Part 64 accounting group to determine whether a Cost Allocation Manual filing must be made with the FCC. This could take some time, up to 60 days or more.



WHEN YOU HAVE A QUESTION

CONTACTS AND RESOURCES

ONA/CPE/Enhanced Services Specialists

| | | |
|--|-------------------|--------------|
| AUTHORIZED AGENT PROGRAM | Steve Egan | 303 896-7606 |
| MARKET SERVICES ORGANIZATION | | |
| Enhanced Services and CPE Compliance | Terry Shannon | 206 345-2051 |
| CPNI/Nondiscriminatory Provisioning | Ivy Stevens | 206 345-3547 |
| ONA Compliance | Leo Baca | 505 245-8878 |
| ONA Industry Liaison | Don Radovich | 503 242-4629 |
| ONA Market Management | Laurie Ihle | 402 422-5905 |
| ONA Product Implementation Managers | Bill Frommelt | 515 286-7266 |
| | Lorene Watson | 402 422-2810 |
| ONA Basic Service Product Development | Sara Van Horne | 303 965-8086 |
| ONA Witness | Dick Selinger | 402 422-7560 |
| Other | Sandra Sanchez | 303 965-8054 |
| Product Service Authorization | Leo Baca | 505 245-8878 |
| Vendor Service Center | Zane Allen | 602 235-8970 |
| Central Region Consultant | Gary Chambers | 602 235-8974 |
| Eastern Region Consultant | Rosemarie Wignall | 612 344-5838 |
| Western Region Consultant | Bill Woodworth | 206 346-8989 |
| NETWORK DISCLOSURE | Cindy Guy | 303 896-6856 |
| NONDISCRIMINATORY PROVISIONING | | |
| Customer Interface Issues | Ivy Stevens | 206 345-3547 |
| Enhanced Services Maintenance and Provisioning | Ken Foy | 206 345-4160 |
| Network Maintenance and Provisioning | Anne Richardson | 612 663-5015 |
| PART 64/32 ACCOUNTING | | |
| Business Case Support | Bob Passmore | 402 422-3010 |
| Compliance Issues | Tim Wichita | 402 422-4668 |

Departmental ONA/CPE/Enhanced Services Compliance Managers

| | | |
|-----------------------------------|----------------------|--------------|
| U S WEST COMMUNICATIONS | | |
| Advanced Communications Services | Liz Jensen | 612 663-3167 |
| Agent and Consultant Marketing | Tim Green | 303 896-8368 |
| Business and Government Services | Darlene Maurer | 503 464-1785 |
| | Paul Millen | 402 422-7599 |
| | Brenda Perkins | 303 896-4132 |
| Community Link Minitel | Maggie Barrington | 303 896-1057 |
| Exchange Carrier Services | Steva Cherry | 402 422-5093 |
| Federal Services | Lee Johnson | 303 784-7913 |
| Finance | Kris Drake | 402 422-4244 |
| Home and Personal Services | Sue Lanker | 602 351-5247 |
| Human Resources | Judy Binder | 303 763-1590 |
| Information Technologies | Thelma Sevilla | 206 451-5185 |
| Interexchange Carrier Services | Beth Johns | 503 242-7698 |
| Legal/Risk Management/ | Bob McKenna | 303 896-0350 |
| Contract Development and Services | | |
| Market Services Organization | Terry Shannon | 206 345-2051 |
| Network and Technology Services | | |
| FCC Compliance | Anne Richardson | 612 663-5015 |
| Central Region | Debrah Schnackenberg | 303 965-1806 |

SECTION





(Network and Technology Services, continued)

| | | |
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| Eastern Region | Lori Simpson | 612 663-3425 |
| Western Region | Molly Martin | 206 345-6942 |
| NTS Product Support | Ken Foy | 206 345-4160 |
| NTS Staff | Roger Tolan | 303 896-0331 |
| Operator and Information Services | Sue Dobson | 503 242-4188 |
| Public Policy | Pete Garza | 303 896-0683 |
| Public Services | Melanie Brush | 303 896-2851 |
| Small Business Services | | |
| Sales Channels | Debi Adams | 503 242-4617 |
| Other SBS | Linda Brice | 515 286-7896 |
| Total Quality Systems | Karen Shreeve | 503 776-8079 |
| Vendor Service Center | Zane Allen | 602 235-8970 |
| U S WEST AFFILIATES | | |
| Advanced Technologies | Don Archer | 303 541-6107 |
| Business Resources, Inc. | Tangie Daniels | 303 397-8377 |
| | Deborah Simpson | 303 397-8168 |
| Enhanced Services, Inc. (CI-II subsidiary) | Tom Creighton | 303 294-4548 |
| Marketing Resources Group | Diane Hammond | 303 784-2987 |
| Northwestern Bell Phones | Sharon Howells | 402 390-8635 |
| U S WEST, Inc. | Sue Mason | 303 740-6408 |

CPNI Coordinators

| | | |
|-----------------------------------|-----------------|--------------|
| Advanced Communications Services | Liz Jensen | 612 663-3167 |
| Agent and Consultant Marketing | Tim Green | 303 896-8368 |
| Business and Government | Darlene Maurer | 503 464-1785 |
| | Paul Millen | 402 422-7599 |
| | Brenda Perkins | 303 896-4132 |
| Carrier Services | Mary Cooley | 303 624-7171 |
| Enhanced Services, Inc. | Jim Cass | 303 294-4516 |
| Federal Services | Ed Guffey | 303 290-7795 |
| | Jane Moylan | 303 784-7771 |
| Finance | Dave Gutierrez | 303 896-1099 |
| Home and Personal Services | John Boughner | 303 896-4672 |
| Information Technology Services | Jerry Mayer | 303 896-4755 |
| Network and Technology Services | Anne Richardson | 612 663-5015 |
| Operator and Information Services | Sue Dobson | 503 242-4188 |
| Public Services | Melanie Brush | 303 896-2851 |
| Small Business Services | Annette Bargas | 602 351-6096 |
| Vendor Service Center | Zane Allen | 602 235-8970 |



APPENDIX

HISTORICAL PERSPECTIVE

It's been said the development of Open Network Architecture has been evolutionary rather than revolutionary.

The process started long ago, but it came to a head in the mid-'60s. That's when computers began to "talk" to one another over the telecommunications network. Until then, the only applicable legislation on the books was the Communications Act of 1934. That Act created the Federal Communications Commission, or FCC, and gave it the specific authority to regulate communications services.

With the convergence of computers and communications came the question of whether or not computer capabilities were part and parcel of the communications industry. And if they were, were computers also subject to FCC oversight?

Computer Inquiry I

To differentiate communications from data processing, the FCC began a formal proceeding called Computer Inquiry I (CI-I). In 1971, the FCC issued its CI-I order, which defined the host computer portion of data communications as "data processing."

But the functions of the "dumb" terminals and the transmission facilities they used were defined as "communications" and fell under the FCC's regulatory oversight. This decision married computers and other customer premises equipment issues to issues about data communications activities.

Case closed . . . for a short while.

Computer Inquiry II

Technology continued to lead to new capabilities, changing the look of the data and communications industries again. The steady development and deployment of distributed data-processing capabilities brought about more questions and the need for a new approach to defining and regulating the two industries.

In 1976, the FCC opened Computer Inquiry II (CI-II). By 1980, the commission had issued an order stipulating that "basic" transmission services would remain under the commission's regulatory oversight. But "enhanced" services were deregulated at

the federal level. CI-II preemptively deregulated all enhanced services and customer premises equipment (CPE) on a federal level, which set a precedent.

CI-II allowed the regional telephone companies to compete in the unregulated enhanced services and CPE markets only through the creation of fully separate subsidiaries. This "structural separation," the FCC concluded, was the only way to ensure that the regional telephone companies would not use their control of the network to discriminate against competitors to favor their own enhanced services or CPE operations.

The FCC mandated structural separation to prevent the flow of cross-subsidies between the regional telephone companies' basic regulated services and their customer premises equipment operations. That is, enhanced services and CPE operations had to be totally separate—complete with separate staffs, separate operating procedures and systems, and, if possible, separate locations.

In other proceedings, the FCC also said that the revenues the Bell companies received from regulated long-distance and local telephone service should not be used to pay for enhanced services or CPE operations.

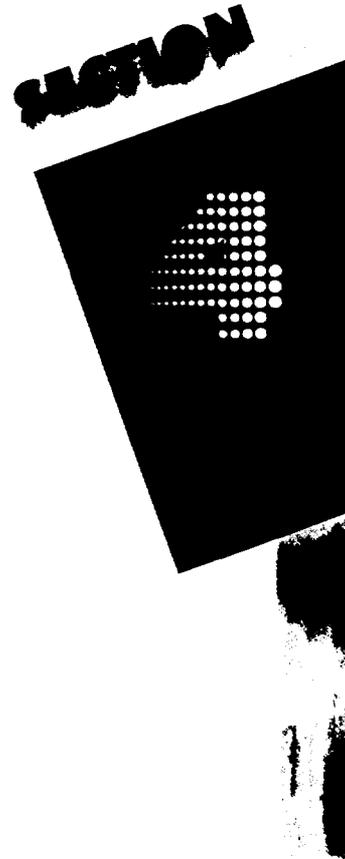
Basic vs. enhanced services

The FCC's CI-II order defined "basic" services as those involving simple transmission of a customer's electronic information. "Enhanced" services, the commission said, were those involving the computerized storage of or processing functions for a customer's electronic information, as well as the necessary protocol conversions needed for data transmissions within a regulated carrier's network.

Case closed . . . finally. Right?

Divestiture

In 1982, AT&T and U.S. Department of Justice negotiated an agreement that finally ended the government's antitrust case against the Bell system. Under the agreement, AT&T was divested of its operating communications companies, which were subsequently reorganized into seven regional holding companies.





The seven regional Bell operating companies (RBOCs) were forbidden to provide interLATA telecommunications services and information services and were not allowed to manufacture or sell telecommunications products.

Computer Inquiry III

Major changes in the telecommunications industry stimulated the public's appetite for advanced technology-based services.

So, the FCC went back to the drawing board in 1986 to grapple with Computer Inquiry III (CI-III). This time, the focus was firmly locked on the enhanced services market. CPE issues were handled separately.

In its 1987 CI-III order, the FCC wanted to encourage the regional telephone companies to become more active in the enhanced services industry. It determined that structural separation was economically inefficient. So, the FCC eliminated the need to offer enhanced services through separate subsidiaries.

However, holding firm to its belief that some type of protection still would be needed, the FCC proposed that the regional telephone companies continue to follow strict safeguards to prevent cross-subsidies and discriminatory behavior. They were called "nonstructural safeguards."

The CI-III order issued in 1987 formed the foundation for today's ONA policy. The CI-III order required the regional telephone companies to submit detailed plans to the FCC by February 1988 for implementing Open Network Architecture.

While waiting for ONA plan approval and implementation, the FCC approved interim U S WEST Communications plans for voice messaging and computer protocol conversion.

FCC Docket 86-79/ Customer Premises Equipment

In 1987, the FCC also approved the Bell operating companies' customer premises equipment compliance plans. This allowed U S WEST to participate in CPE markets. The rules are similar to the nonstructural safeguards that govern enhanced services.

CI-III Romand

In June 1990, the U.S. Court of Appeals threw out (the legal term is "vacated") the CI-III rules because of what it considered "flawed reasoning." The court also vacated the FCC's preemption of state regulatory authority of intrastate enhanced services and much of ONA.

As a result, it was back to CI-II, for a time.

Information services stay

In 1991, U. S. District Judge Harold Greene lifted the restriction against regional telephone companies entering the information services market. However, Judge Greene imposed a "stay" on the order to delay our entry until the appeals process was exhausted.

Then on October 7, 1991, the U. S. Court of Appeals vacated the stay imposed by Judge Greene and opened the door for the regional telephone companies to offer information services under the FCC rules for enhanced services.

ONA Plan

The FCC reaffirmed U S WEST's ONA Plan on June 9, 1992. We now have a green light to offer enhanced services on an integrated basis, that is, through our market units. But to do so, we must abide by the FCC Computer Inquiry III rules. These rules are often referred to as the ONA rule and the four nonstructural safeguards. We've been offering CPE on an integrated basis and under similar rules since 1987.

The FCC has not required total network "unbundling," the offering of all network services in their simplest functioning units at standard prices. However, total network unbundling is being addressed in Advanced Intelligence Networks and Expanded Interconnection dockets. This is sometimes referred to as "Big ONA."





GLOSSARY

Aggregated CPNI

Customer record information about many customers that has been collected and combined in such a way that the individual customer cannot be identified. This information is available to any enhanced services and CPE provider through the Vendor Service Center. Currently, the five types of aggregated CPNI available free of charge are: (1) Number of business and residential lines, (2) Average minutes of use, (3) Average call duration, (4) Touch-Tone penetration, and (5) Average number of messages. This information is summarized by central office.

Authorized Agent

The Federal Communications Commission (FCC) requires the regional Bell operating companies (RBOCs) to provide independent customer premises equipment (CPE) vendors with an effective way to market their equipment with U S WEST Centrex Plus and other network services. U S WEST satisfies this requirement through its Authorized Agency Program. Agents receive compensation for the U S WEST products and services they sell. In return, U S WEST bills the customers and receives payment for the sale. Consumers benefit from having a wide selection of CPE and network services packages.

Basic Service Elements (BSE)

One of the three categories of ONA services. A BSE is an individual tariffed network feature or function offered by a local exchange provider and used by enhanced services providers in conjunction with BSAs to provide enhanced services. BSEs are purchased by the provider and require a BSA for underlying transport. Examples of BSEs are Automatic Number Identification, Bridging and Three-Way Calling.

Basic Services

"Pure transmission" services that are presumed to be regulated in the Computer Inquiry II and III and ONA regulatory structure.

Basic Serving Arrangement (BSA)

One of the three categories of ONA services. BSAs are fundamental tariffed switching and transport services. They are the physical network connections between the enhanced services provider and the central office. Examples of BSAs include Analog Private Lines, PBX trunks and DID service.

Bell Operating Companies (BOCs)

The seven regional telephone companies.

Civil Enforcement Consent Order (CECO)

An agreement between U S WEST and the Department of Justice. The agreement requires U S WEST to review all existing and proposed business activities to determine its compliance with that part of the MFJ that prohibits U S WEST from engaging in certain lines of business.

Comparably Efficient Interconnection (CEI)

Product-specific plans for enhanced services offerings. These interim plans, which mirror the FCC's ONA plan in most respects, allowed the RBOCs to offer specified services on an interim basis until the ONA plans were approved by the FCC. U S WEST's ONA Plan received FCC approval in June 1992. That ONA Plan supersedes CEI plans. CEI is also one of the basic principles of ONA.

Complementary Network Service (CNS)

One of the three categories of ONA services. CNSs are individual tariffed network features or functions needed to work with an enhanced service that the end user or enhanced services provider may obtain from a local exchange company. A CNS feature would be provisioned on the end user's line rather than on the BSA. Although CNSs are usually purchased by the end user, an enhanced services provider may purchase and be billed for the CNSs on behalf of the end user. Examples of CNSs are Call Forwarding-Don't Answer Expanded, Call Waiting, and Speed Dialing.

Computer Inquiry I (CI-I)

An FCC action that examined the convergence of telecommunications and computers. It divided the industry into three categories: communications, data processing and "hybrid services."

Computer Inquiry II (CI-II)

An FCC action that studied the impact of computers on telecommunications. It resulted in deregulating equipment attached to the telecommunications network and differentiating between regulated "basic" services and unregulated "enhanced" services. It required that enhanced services and deregulated equipment could be sold only by the BOCs through separate subsidiaries.

Computer Inquiry III (CI-III)

An FCC action that eliminated the requirement for the BOCs to offer enhanced services only through separate subsidiaries. It allowed the BOCs to offer enhanced services on a fully integrated basis, as long as we comply with the ONA rules and the nonstructural safeguards.

Cost Allocation Manual (CAM)

An accounting document that describes how U S WEST complies with Part 64 time and cost allocation rules, affiliate transactions and cost allocations between regulated and nonregulated products and services. The CAM also lists U S WEST's nonregulated products and other incidental activities. The CAM is kept on file with the FCC.

Cross-Subsidize

To use revenues from regulated products and services to support the development and sale of enhanced services, CPE or other unregulated products and services by including some of the costs of the deregulated services in the price paid for regulated services.

//////

Customer Account Retrieval System (CARS)

A U S WEST Communications database of customer record and billing information. Applies to western region only.

Customer Order Retrieval and Display (CORD)

The U S WEST Communications western region order entry database.

Customer Premises Equipment (CPE)

Customer telecommunications equipment, such as telephone sets, PBXs, modems, and answering machines. The FCC regulations about CPE do not cover inside wire, coin-operated pay phones, multiplexers, or voltage protection equipment.

Customer Proprietary Network Information (CPNI)

Customer record information that identifies a customer's basic network services. This includes: service address, telephone numbers called, number of calls, duration of calls, type/class of service, service order information, repair information, traffic studies, station message detail recording, monthly charges, long-distance billing record, bill summary, access usage charges, current charges, number of access lines and billing records. This is the information that a customer can elect to release or withhold from U S WEST enhanced services and CPE personnel or request U S WEST to release to their outside providers of enhanced services and CPE. CPNI does not include the customer's name, address, phone number, and information about U S WEST enhanced services and CPE.

Customer Service Record (CSR)

U S WEST Communications record of customer network services, traffic, call usage and billing data.

Deregulated

Although there are differences, often used as another term for unregulated and nonregulated. The FCC distinguishes between regulated (basic) services and nonregulated (enhanced services or CPE) services.

Enforcement Order (EO)

An agreement with the U.S. Department of Justice that formalized the Modification of Final Judgment Review Process of all U S WEST business practices for compliance with the nondiscrimination provisions of the MFJ.

Enhanced Service Operation (ESO)

A U S WEST-specific term used to describe that part of the company's business that plans, markets, sells, installs, and maintains enhanced services.

Enhanced Service Provider (ESP)

A business outside U S WEST that provides enhanced services by using the ONA services made available by regulated telecommunications providers; also refers to interexchange carriers and resellers that act as ESPs.

Enhanced Services

As defined by the FCC, enhanced services are any services offered over common carrier transmission facilities that employ computer processing applications that act on the format, content, code, protocol or similar aspects of the subscriber's transmitted information; that provide the subscriber with additional, different or restructured information; or involve customer interaction with stored information. Examples of enhanced services include videotex, voice storage and retrieval, on-line business information, on-line travel information, electronic mail and protocol conversion in connection with packet switching service.

Federal Communications Commission (FCC)

Created by the Communications Act of 1934 to regulate communications services.

Information Services

According to the Modification of Final Judgment (MFJ), information services means the offering of capabilities for generating, acquiring, storing, transforming, processing, retrieving, utilizing or making available information that may be conveyed via telecommunications, except that such services do not include use of any such capability for the management, control or operation of a telecommunications system or the management of a telecommunications service.

Integrated Basis

The ability to sell enhanced services and customer premises equipment through U S WEST Communications instead of only through separate subsidiaries. Joint marketing is one aspect of integration.

Integrated Sales

Sales to customers that include regulated and nonregulated products and services.

InterCONNECTIONS Database (ICONN)

Provides network service availability, forecast and non-proprietary aggregate CPNI for both U S WEST Communications and the public.

Modification of Final Judgment (MFJ)

An agreement negotiated between AT&T and the U.S. Department of Justice that ended the U.S. government's antitrust case against the Bell system. The agreement divested AT&T of the BOCs and divided them into seven regional holding companies. It further restricted the BOCs from interLATA telecommunications services, information services, manufacturing of telecommunications equipment or CPE and providing telecommunication products.

Network

For ONA purposes, the network includes transmission, switching and signal-processing capabilities and functions.





Network Disclosure

Informing the enhanced services and CPE industries about changes U S WEST plans to make to the basic network and interfaces that have the potential of affecting a vendor's use of the basic network and ability to provide services to its customers.

Nonstructural Safeguards

The rules and guidelines that must be followed to allow for the integrated sale of regulated and nonregulated products and services. They replace the requirement for fully separated subsidiaries.

Nonstructural Separation

A means of integrating the sale of regulated and nonregulated products by following guidelines, safeguards and rules instead of by forming fully separated subsidiaries.

ONA Services

These are traditional network features, functions and access arrangements (basic network services) provided by telephone companies that are needed by enhanced services providers to create and deliver their enhanced services across our network to their end users. Since these basic network services are critical to provide enhanced services, special rules apply to ensure they are offered on equal terms and conditions.

Open Network Architecture (ONA)

A business concept and regulatory framework developed by the FCC. It enables the RBOCs to offer enhanced services under specific rules structured to ensure competitive fairness and equal access to basic network services by all providers of enhanced services.

Operational Support Systems (OSS)

An FCC term that identifies the telephone company's internal data-processing systems used to support network operations. These include (1) service order entry and status, (2) trouble reporting and status, (3) diagnostics, monitoring, testing and network reconfiguration and (4) traffic data collection. These four functions must be made available to competing ESPs on the same terms and conditions as they are used by U S WEST enhanced services and CPE operations. When deployed, the service vehicle "Mediacc" will provide "mediated access" to these systems by competitors and U S WEST. Until FCC action is taken, we can continue to access service-order databases directly. Use of OSS must be tracked.

Regional Bell Operating Companies (RBOCs)

See BOCs.

Regulated

The term for our basic network services. This does not include enhanced services or CPE.

Request for Proposal (RFP)

A request for a bid or service proposal format used primarily by large business and government customers. In this case, the RFP would be for telecommunications or enhanced services.

Service Order Logistic and Referral (SOLAR)

U S WEST Communications eastern region order-entry database.

Service Order Negotiating and Referral (SONAR)

U S WEST Communications order-entry database.

Service Order Processing and Distribution (SOPAD)

U S WEST Communications central region order-entry database.

System Design Center (SDC)

Provides technical support to all U S WEST market units and sales organizations by developing technical solutions to customer problems.

Unbundled

An underlying premise of Open Network Architecture is that basic services will be "unbundled." This means that a customer may purchase a specific feature without purchasing other features that may not be necessary to delivery of the feature (or telephone service itself).

Vendor Service Center (VSC)

An alternative point of entry for nonaffiliated providers, such as enhanced services providers, shared tenant service providers, CPE providers, alternate transport service providers, voice/data vendors, and customers who seek nondiscriminatory access to U S WEST network products and services. The VSC ensures parity treatment for nonaffiliated providers equal to those services provided to the affiliated interests within the Corporation. The VSC also retains data pertaining to CPNI, the U S WEST Cost Allocation Manual and other information required for the implementation of ONA and enhanced services guidelines and safeguards.



ONA SERVICES

ONA services are basic network services used to provide enhanced services. Product managers, product developers and pricing employees need to be familiar with the service regulations that apply to ONA basic network services.

There are three categories of ONA basic network services:

Basic Serving Arrangements (BSAs)

The actual network access connections between the enhanced services provider and the U S WEST central office. They are purchased by the provider and used for basic transport.

Basic Service Elements (BSEs)

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)

The basic network features or functions needed to work with an enhanced service. A CNS feature is provided on the end user's line rather than on the BSA. 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.

CURRENT ONA SERVICES

The following ONA services are available or pending as of July 1992. The list will continue to change as new ONA services are requested and approved. Not all of the services are available in every state. Updates on ONA services are published in the

Bimonthly Regulatory Activity Report. To be added to the distribution list, contact Sarah Pearson, (206) 345-2277. The Vendor Service Center offers a catalog of ONA services on diskette.

Basic Serving Arrangements (BSAs)

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
DS1 Service
DS3 Service
Packet Switching (x.25)
Packet Switching (x.75)
Voice Grade-Line-Circuit Switched
 Digital Switched Service-Basic
 Feature Group A Service
 Flat Rate Line

Foreign Central Office Service
Foreign Exchange Service
ISDN Basic Rate Access (2B+D)
Measured Rate Lines
Message Rate Lines
PBX Trunks
Voice Grade-Trunk-Circuit Switched
 800 Service
 DID Service
 DID Switched Access Service
 Digital Switched Service-Advanced
 Feature Group B Service
 Feature Group D Service
 ISDN Primary Rate Access (23B+D)




Basic Service Elements (BSEs)

ANI Forwarding
ANI Order Entry
Access Service Billing Information
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
COMMUNITY 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
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
Selected Number Reverse Billing
Simultaneous Voice and Data
Three-Way Calling
Traffic Data Report Service
Uniform Call Distribution

Complementary Network Services (CNSs)

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 (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
Deluxe Call Waiting
Dual Telephone Coverage
Expanded Answer
Hot Line
Last Call Return
Message Waiting Indication-Audible
Message Waiting Indication-Visual
Priority Call
SCAN-ALERT
Selective Call Acceptance
Selective Call Forwarding
Speed Calling (8 Number)
Speed Calling (30 Number)
Warm Line



ONA PRODUCT RULES

Targeted training is available for product managers. Please contact Sara Van Horne, (303) 965-8086.

1. All ONA services are available to all enhanced services providers under a tariff, price lists or catalog. U S WEST enhanced service operations using ONA services will be charged (or imputed) the tariffed rate for those services.
2. Any ONA service used for a U S WEST Communications enhanced service must be made available to all other enhanced services providers on equal terms and conditions. For example, ONA services used for a U S WEST Communications enhanced service must be available to all other providers on the same date they are used by U S WEST. Also, methods and procedures will demonstrate no preferential treatment to any subscriber to the service. (*Equal terms and conditions apply to price, installation intervals, maintenance intervals, availability and functions of the service. Advance notice requirements apply.*)
3. We may not alter deployment schedules for BSEs to give U S WEST a competitive advantage in deploying a U S WEST enhanced service.
4. U S WEST enhanced services operations can use only ONA services that are available to all other enhanced services providers, i.e., they are listed as ONA services and filed with the FCC.
5. A U S WEST enhanced services operation cannot use packaged basic network features as part of its enhanced service offering.
6. BSEs and CNSs must be “unbundled.” That is, they are not packaged, but are offered as individual network components at specific rates. Unbundling does not apply to BSAs. (U S WEST Communications has been required to “unbundle” its interstate feature groups however.)
7. If an outside provider requests a basic network service that will be used for an enhanced service, U S WEST Communications must provide it as an ONA service if it 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 ESP are proprietary and must not be shared with U S WEST enhanced services operations.
8. There is no user or usage restriction for ONA services. This means the service cannot be restricted by class of customer.
9. 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.
10. We inform the industry through the *ONA News* (or by mail, if necessary) 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. Our product announcement includes description, price, technical references, interface requirements and deployment information.
11. 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 Communications or an enhanced services offering. The timeframe 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 can be found in the MFJ/CECO guidelines.
12. If the new service requires a change to the network that may affect other providers of enhanced services (or CPE), we must inform the enhanced services (and CPE) industry as soon as a decision is made to change the network. This notification must occur at least six months before deploying the service.
13. Basic network switching features (BSEs and CNSs) must be available for resale by enhanced services providers to their customers. (See BSE and CNS descriptions.) This does not apply to BSAs (although interstate BSAs are available for resale).
14. If a basic service developed by U S WEST for an enhanced service is not included in the ONA Plan on file with the FCC, U S WEST must file an amendment. This process takes at least *90 days*.
15. U S WEST informs the industry about new basic services through tariffs filed with the FCC and the states, the *ONA News*, FCC ONA Plan amendments, the ICONN database and network disclosure outlets.



TIMELINE: For new ONA and enhanced services

| WHEN | WHAT | WHO |
|--------------------------------------|--|--|
| Day 1 for new ONA service | Submit request for new basic service from enhanced services provider to ONA product development. | Customer contact (Service rep, Vendor Service Center, account manager, product manager) |
| By Day 10 for new ONA service | Tell enhanced services provider if request will go through 120-day ONA service review process. | ONA product developer |
| Ongoing for new ONA service | Provide interim status reports to enhanced services provider. | ONA product developer |
| By Day 120 for new ONA service | Tell enhanced services provider whether requested service will become an ONA service. If so, explain when it will be developed, pricing and any technical limitations. | ONA product developer |
| When planning for new service begins | <p>Contact attorney to determine if new service is basic or enhanced.</p> <p>If enhanced, submit Functional Description to enhanced services compliance manager.</p> <p>If enhanced, contact the Part 64 accounting group to determine whether a <i>Cost Allocation Manual</i> 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.</p> | <p>Product manager, product developer</p> <p>Product developer, Part 64 accounting group, ONA compliance manager</p> |
| Make/buy point | <p>If basic, contact ONA product development.</p> <p>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 ONA and enhanced services.</p> | <p>Product manager, product developer</p> <p>ONA compliance manager, network disclosure coordinator, product manager</p> |
| 90 days before use by U S WEST | <p>Notify enhanced services industry about new ONA service.</p> <p>File ONA Plan amendment with the FCC to identify new ONA service.</p> | <p>ONA product implementation manager</p> <p>FCC docket manager</p> |
| 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, ONA compliance manager, state public policy manager |
| Varies by state | File state tariffs, receive approval. | Product manager, Market Services Organization product regulatory specialists, public policy manager |

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ONA/CPE DISCIPLINE PLAN

Open Network Architecture (ONA) offers a significant growth opportunity for U S WEST. It has been identified as a "big hitter" for generating new revenues. However, with the rewards comes responsibility. We must comply with the Federal Communications Commission's (FCC) orders that allow U S WEST to offer enhanced services within U S WEST Communications. These same requirements also apply to our offering customer premises equipment (CPE).

The consequences of failure to comply with the FCC's ONA and CPE orders, as a company or as an employee, are serious. U S WEST could be fined or denied the opportunity to compete in new revenue-generating enhanced services. We could also be denied the opportunity to offer our existing enhanced services, such as Voice Messaging Service. Employees can be dismissed from their jobs. Employees must report any activity that appears to be an ONA or CPE compliance violation, so that it can be investigated and a determination made as to whether a violation has occurred.

Discipline Plan

In order to formalize U S WEST's commitment to complying with the FCC's ONA and CPE rules, an employee disciplinary plan is required. Each business unit has the responsibility to deal with a violation on an individual case basis. Each violation, and the action taken with regard to it, must be documented and promptly reported to the Corporate ONA/CPE Compliance Discipline Manager.

ONA/CPE rule violations are categorized into three major areas:

1. Failure for management employees to complete training on ONA/CPE and certify to such training on an annual basis. Also, the failure of supervisors to annually train directly reporting occupational employees who are involved in the planning, sale, marketing, provisioning, or maintenance of U S WEST products and services.
2. Failure of any employee to comply with the principles of ONA/CPE compliance with regard to Equal Network Access, No Preferential Treatment, Information Control, Advance Disclosure and No Subsidization.
3. Attempts by any employee to use restricted customer specific information if that employee is involved in the sales, marketing, or planning of enhanced services or CPE. Also, the failure of any employee to safeguard the use of or access to such restricted customer-specific information as defined by the FCC (and state's ONA rules).

Disciplinary Action

Disciplinary action for any ONA/CPE rule violation may include, but is not limited to, such things as a written reprimand, loss of pay, demotion or dismissal. After investigation of the alleged violation, discipline will be administered, if appropriate, based on all the facts and circumstances. Disciplinary action may also be applied to more than one individual if circumstances so warrant. *See the attached guidelines for handling violations.*

ONA/CPE COMPLIANCE DISCIPLINE GUIDELINES

All ONA/CPE compliance alleged violations must be reported for investigation and assessment of whether discipline is required. This process is not new, it is the same one supervisors should follow for any alleged violation (e.g., code of conduct). These guidelines identify when the supervisors should contact the business unit Compliance Manager when they suspect there is an ONA or CPE violation. Individual responsibilities are similar to those followed for Code of Conduct. Following are the steps the supervisor and business unit Compliance Manager must take to address violations:

| Action | Party Responsible |
|---|--|
| 1. Bring alleged violation to the attention of the business unit compliance manager. | • Supervising manager or party identifying alleged violation |
| 2. In a collaborative manner, investigate and document the alleged violation. In a memo, include information regarding who, what, how, where, when, why. | • Supervising manager • Business Unit Compliance Manager |
| 3. Contact Corporate ONA/CPE Compliance Discipline Manager to assess if incident is an ONA/CPE violation. Send copy of documentation. | • Business Unit Compliance Manager |
| 4. • If it is a violation, Go to 5 • If it is not a violation, inform Supervising Manager, and close documentation. | • Business Unit Compliance Manager |
| 5. • If a violation has occurred, notify Human Resources Organization (HRO) Consultant, to establish case management meeting. Send copy of documentation to HRO. • Identify and take appropriate action to prevent reoccurrence. | • Business Unit Compliance Manager • Corporate ONA/CPE Compliance Manager • Business Unit Compliance Manager • Supervising Manager |
| 6. Case management process will be conducted to assess situation and appropriate discipline. • Discipline decision will be added to violation documentation (by business unit Compliance Manager) | • Human Resources Organization (HRO) <u>Case Management Team</u> will be comprised of: - HRO, - HR attorney, - Labor Relations (if incident involves bargained-for employee), - Supervising Manager, - Business unit Compliance Manager - Corporate ONA/CPE Compliance Discipline Manager (optional) |
| 7. Implement discipline decision; ensure appropriate documentation occurs. Advise business unit Compliance Manager after discipline administered. | • Supervising Manager |
| 8. Track situation and document outcome - maintain file of incident and disciplinary action applied - provide status report to Corporate ONA/CPE Discipline Manager | • Business unit Compliance Manager |
| 9. Maintain database of ONA/CPE violations and disciplinary action applied | • Corporate ONA/CPE Compliance Discipline Manager |
| 10. Periodic assessment of disciplinary treatment across USWC - semi-annual review with HRO, HR attorney, Labor Relations (as applicable) to assess application of common discipline plan across USWC. | • Corporate ONA/CPE Compliance Discipline Manager - Ivy Stevens 206 345-3547 |

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**U S WEST Communications, Inc.
Regional Policy and Procedures**

Transmittal Letter

October 1, 1994

RPP 1005, Customer Proprietary Network Information, Issue No. 94-01*

U S WEST's ability to access and use our customer record information is one of the more contentious issues surrounding our entry into the enhanced/information services industry. We can minimize regulatory intrusion into our enhanced services operations by following established internal procedures and controls that fulfill the existing federal and state regulatory requirements. The policy and procedures presented here are a result of FCC dockets 88-2, 85-229, 90-623 and 86-79. State Commission ONA orders' variations to the FCC rules are noted within the content of this document.

This document presents the FCC requirements and U S WEST's commitments to satisfy those requirements. It also serves as the foundation for market unit methods and procedures. Details about the application of these guidelines can be found in market unit methods and procedures.

Direct questions about the contents of this document to:

Ivy Stevens, Strategy Development-ONA/CPE Compliance, 206/345-3547

Direct questions on the maintenance of this document to:

Stephanie Guzman, Manager, Writing Services, 303/298-8742

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If you wish to be placed on or deleted from the RPP mailing list, complete and process Form RG13-0051 included at the end of this package.

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Recipients should share this document with employees in their area with a need to know.

- * This Transmittal Letter indicates an issue number and should be retained to verify that all revisions of the document are received throughout the year.

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