Telecom Decision CRTC 2002-34-1

Ottawa, 15 July 2002

Regulatory framework for second price cap period

Reference: 8678-C12-11/01

Erratum: Telecom Decision CRTC 2002-34 – Appendix 3

1. In *Regulatory framework for second price cap period*, Telecom Decision CRTC 2002-34, 30 May 2002 (Decision 2002-34), the Commission included Appendix 3, Retail Quality of Service Adjustment Plan Report. In this erratum, the Commission is issuing a corrected Appendix 3, which comprises nine pages, to replace the six pages that were originally issued with Decision 2002-34. The following provides a brief description of the revisions:

    –   new pages 1 and 2 provide details relating to the Rebate Plan for Retail Quality of Service and identify, among other things, the specific quality of service indicators, and the steps to follow in order to calculate the Total Maximum Adjustment value;

    –   step 4 on page 4 (formerly page 2), Step 3 on page 6 (formerly page 4), and Step 4 on page 7 (formerly page 5) provide further guidance on the method to calculate the Annual Average Performance Ratio in instances where the service standard is currently expressed as "x% or less";

    –   step 2 on page 6 (formerly page 4) provides the correct number of required Quality of Service indicators;

    –   step 5 on page 8 (formerly page 5) provides an explanation of the purpose of the conversion table and corrects the Maximum Adjustment Value (MAV) to reflect the same value shown in Step 2 on page 6; and

    –   step 5a on page 9 (formerly page 6) corrects a typographical error in the explanation.

2. The corrected Appendix 3, with revisions set in italics, is attached to this decision.

Secretary General

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Canada

Rebate Plan for Retail Quality of Service

1. *Total amounts available for rebate are based on 5% of total annual local revenues subject to the price cap, referred to as the Total Maximum Adjustment Value.*

2. *The interim plan will be based on results for the following 13 indicators:*

    *   *Indicator 1.1A/B:* *Provisioning Interval – Urban and Rural*
    *   *Indicator 1.2A/B:* *Installation Appointments Met – Urban and Rural*
    *   *Indicator 1.3A/B:* *Held Orders per 100 NAS Inward Movement – Urban and Rural*
    *   *Indicator 1.5:* *Access to Business Office*
    *   *Indicator 1.7:* *On-Time Activation of PICs for Alternate Providers of Long Distance Service*
    *   *Indicator 2.1A/B:* *Out-of-Service Trouble Reports Cleared within 24 Hours – Urban and Rural*
    *   *Indicator 2.2A/B:* *Repair Appointments Met – Urban and Rural*
    *   *Indicator 2.3A/B:* *Initial Customer Trouble Reports per 100 NAS – Urban and Rural*
    *   *Indicator 2.5:* *Access to Repair Bureau*
    *   *Indicator 3.1:* *Dial Tone Delay*
    *   *Indicator 4.1:* *Directory Accuracy*
    *   *Indicator 4.2:* *Access to Directory Assistance*
    *   *Indicator 4.3:* *Directory Assistance – Accuracy*

3. *Each of the 13 indicators are given equal weighting in calculating the rebate amount. The maximum adjustment value for each indicator is calculated by dividing the total maximum adjustment value by the number of indicators included in the rebate plan (e.g., TMAV / 13).*

4. *Annual Average Performance (AAP) is the actual performance in percentage terms of an indicator over one year. Note that the quality of service standard associated with each indicator is stated in percentage terms.*

5. *Annual Average Performance Ratio (AAPR) describes the extent to which the indicator's performance fell short of its standard (portrayed in terms of the maximum 10 point value that an indicator can achieve to escape any rate adjustment).*

6. *To reach the full 10 points for an indicator, the ILEC must achieve an annual average performance which is equal to or better than the standard established for that indicator by the Commission. When the annual average performance falls below the standard, the ILEC calculates the percentage deterioration in performance as compared to the standard, multiplying this result by the maximum 10 point value for the indicator to develop the specific AAPR for the indicator. The AAPR may range from 0 to 10 based on the quality of service results. Where standards are expressed in terms of "x% or less", both the AAP and the standard are to be expressed in terms of "x% or more" in order to*

calculate the AAPR. In order to accomplish this, the standard and the AAP values are each subtracted from 100% and the resulting values used to calculate the AAPR (See example in Step 4 of Worksheet 3).

7.   *The Quality of Service Adjustment calculation displays the relationship (for a single indicator) between AAP Ratios and the rebate amounts that would apply. Once the AAPR is calculated, the ratio is read into the Standard Adjustment Table, and the corresponding percentage value reflected in the table is applied to the maximum adjustment value for the indicator. Where urban and rural results are reported for a single indicator, the maximum adjustment value is divided by two in calculating the Quality of Service adjustment for the indicator.*

**Retail Quality of Service Adjustment Plan
Report
(to be filed with the Commission with Q of S results)**

Date: ___/____/_____
dd / mm/ yyyy

Company: _____
(Full Corporate Name)

Contact Name:_____

Contact Address: _____

Contact Phone: ____ - ____ - _____   **Contact Facsimile:** ____ - ____- _____

Certification: (insert statutory declaration language, include knowledge that Q of S results are subject to random audits by the CRTC or its agent)

Retail Quality of Service Adjustment Plan
Worksheet 1

Step 1: Calculate the Total Maximum Adjustment Value (TMAV)
TOTAL ANNUAL LOCAL REVENUES $_____ * 5% = _____(A)

Step 2: Calculate the Maximum Adjustment Value (MAV) per required Q of S indicator
TMAV (A) _____ / total number of required Quality of Service Indicators
_____ = _____(B)
Transfer to Worksheet 3 – MAV Column
(For this calculation only: Q of S Indicator reported as rural and urban, count as one required indicator when calculating MAV).

Step 3: Calculate Annual Average Performance (AAP) for each Quality of Service Indicator. (Worksheet 2)

Add Monthly results for each indicator / 12 (where required and not reported = 0%).

Step 4: Calculate the AAP Ratio (AAPR) for each indicator compared to the Q of S standard (Worksheet 2)
AAPR = (AAP / Q of S standard) * 10 *or (100-AAP) / (100-Q of S standard) * 10*
[Note: maximum AAPR = 10]

Step 5: Calculate the Quality of Service Adjustment (QSA) (Worksheet 3)
QSA = Standard Adjustment (SA) percent * MAV

The standard adjustment is determined by reading the AAPR into the AAPR to Standard Adjustment conversion table

Step 6: Calculate the Total Annual Quality of Service Adjustment (Worksheet 2)

**Retail Quality of Service Adjustment Plan
Worksheet 2**

Q o S Indicator	QoS Standard (QoSS)	QUALITY OF SERVICE RESULTS REPORTED												Sum 1-12	TOTAL / 12	AAP / QoSS *10	Work-sheet 3
		MONTHLY ACTUALS												TOTAL	AAP	AAPR	QSA
		1	2	3	4	5	6	7	8	9	10	11	12				

TOTAL ANNUAL QUALITY OF SERVICE ADJUSTMENT $_____

Retail Quality of Service Adjustment Plan
Worksheet 3
Including
Illustrative Calculations

Step 1   Calculate the Total Maximum Adjustment Value (TMAV)
TMAV = Total Annual Local Revenues * 5 %

EXAMPLE	$4,500,250,000.00	* 5.00%	**(A)** $225,012,500.00

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Step 2   Calculate the Maximum Adjustment Value (MAV) per required Q of S indicator
MAV = TMAV (A) / number of required Quality of Service Indicators

EXAMPLE	$225,012,500.00	/ *13*	**(B)** $17,308,653.85

** Where rural and urban indicators are reported, count as one service category

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Step 3   Calculate Annual Average Performance (AAP) for each Quality of Service Indicator
Add Monthly results for each indicator / 12 (where not reported = 0%)

EXAMPLE

				(C)
INDICATOR 1	1035.6	/	12	86.30
INDICATOR 2	955.4	/	12	79.62
INDICATOR 3	1114.5	/	12	92.88
INDICATOR 4	1095.2	/	12	91.27
INDICATOR 5	828.5	/	12	69.04
INDICATOR 6	922.6	/	12	76.88
INDICATOR 7	*45.6*	/	*12*	*3.8*
INDICATOR 8	*48.0*	/	*12*	*4.8*

Retail Quality of Service Adjustment Plan
Worksheet 3
Including
Illustrative Calculations (cont'd)

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Step 4   Calculate the AAP Ratio (AAPR) for each indicator compared to the Q of S standard
AAPR = (AAP / Q of S standard) * 10   [*Note:* maximum AAPR = 10]

EXAMPLE	AAP (C)		Standard	*10	AAP Ratio (D)
INDICATOR 1	86.30	/	90	*10	9.59
INDICATOR 2	79.62	/	80	*10	9.59
INDICATOR 3	92.88	/	90	*10	10
INDICATOR 4	91.27	/	90	*10	10
INDICATOR 5	69.04	/	90	*10	7.67
INDICATOR 6	76.88	/	80	*10	9.61
OR					
STANDARD >3.3	*(100-3.8) = 96.2*	/	*(100-3.3) = 96.7*	*10*	*9.95*
STANDARD >5.5	*(100-5.2) = 94.8*	/	*(100-5.5) = 94.5*	*10*	*10*

Retail Quality of Service Adjustment Plan
Worksheet 3
Including
Illustrative Calculations (cont'd)

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Step 5 Calculate the Quality of Service Adjustment (QSA) for each indicator per table below. *The Standard Adjustment value is based on the Annual Average Performance Ratio calculated for each indicator, which is read into the AAPR to SA conversion table below.*

EXAMPLE
AAPR per table = SA per table.
*SA * MAV from Step 2 = QSA*

AAPR TO SA CONVERSION TABLE AAP Ratio (D)	=	SA (E)	*	(B) MAV $17,308,653.85	QSA (F)
10	=	0%	*	*MAV*	$0.00
9.50-9.99	=	25%	*	*MAV*	$4,327,163.46
9.00-9.49	=	30%	*	*MAV*	$5,192,596.15
8.50-8.99	=	35%	*	*MAV*	$6,058,028.85
8.00-8.49	=	40%	*	*MAV*	$6,923,461.54
7.75-7.99	=	45%	*	*MAV*	$7,788,894.23
7.50-7.74	=	50%	*	*MAV*	$8,654,326.92
7.25-7.49	=	60%	*	*MAV*	$10,385,192.31
7.00-7.24	=	70%	*	*MAV*	$12,116,057.69
6.50-6.99	=	80%	*	*MAV*	$13,846,923.08
6.00-6.49	=	90%	*	*MAV*	$15,577,788.46
5.50-5.99	=	92%	*	*MAV*	$15,923,961.54
5.00-5.59	=	94%	*	*MAV*	$16,270,134.62
4.50-4.99	=	96%	*	*MAV*	$16,616,307.69
4.00-4.49	=	98%	*	*MAV*	$16,962,480.77
3.00-3.99	=	100%	*	*MAV*	$17,308,653.85
2.00-2.99	=	100%	*	*MAV*	$17,308,653.85
1.00-1.99	=	100%	*	*MAV*	$17,308,653.85
0	=	100%	*	*MAV*	$17,308,653.85

Retail Quality of Service Adjustment Plan
Worksheet 3
Including
Illustrative Calculations (cont'd)

Step 5a   *For Rural and Urban, apply 50% of Maximum Adjustment Value to each AAP*
(AAP = SA) * (MAV/2)

EXAMPLE	**(AAP = SA)**	*****	**(MAV/2)**	**(C)**
Rural	(7.75 = 45%)	*	$8,654,326.92	$3,894,447.12
Urban	(9.92 = 25%)	*	$8,654,326.92	$2,163,581.73

Step 6   Add all QSA results for all indicators for the year