

Date Mailed October 2, 1998

BEFORE THE
PUBLIC SERVICE COMMISSION OF WISCONSIN

Administration of the Mechanics of Price Regulation
Pertaining to Wisconsin Bell, Inc., (d/b/a Ameritech Wisconsin)
on the Fourth Anniversary Date, September 1, 1998

6720-TI-153

**FINDINGS OF FACT, CONCLUSIONS OF LAW,
AND FINAL ORDER**

Proceedings

Wisconsin Bell, Inc. (Ameritech Wisconsin), elected price regulation under Wis. Stat. § 196.196(1), effective September 1, 1994. On September 1, 1998, pursuant to Wis. Admin. Code § PSC 163.04(1), Ameritech Wisconsin filed certain information with the Commission for use in determining the amount that the utility may increase or shall decrease its rates.

Pursuant to Wis. Admin. Code § PSC 163.04(8)(a), the Commission shall issue an order no later than 30 days after the utility's anniversary date authorizing the amount the utility may increase its rates or mandating the amount it shall reduce them. If a hearing is held, the time within which the Commission shall issue an order may be extended by 30 days. Under Wis. Stat. § 196.196(1)(a), as modified by the Commission's order in docket 6720-TI-113, the services for which prices may be increased include basic local exchange service as defined in Wis. Stat. § 196.01(1g), and standard business access lines and usage by small businesses with no more than three access lines (price-regulated services). The Commission's order in docket 6720-TI-113, dated December 5, 1996, suspended application of Wis. Stat. § 196.196(1), as it pertains to basic message telecommunications service (MTS).

In orders dated October 1, 1997, and February 24, 1998, in docket 6720-TI-128 (6720-TI-128 Orders), the Commission established infrastructure investment components and benchmarks to be used in calculating the adjustment to the productivity offset on Ameritech Wisconsin's fourth and fifth anniversary dates. In the October 1, 1997, order in docket 6720-TI-128 (6720-TI-128 October Order), the Commission established company-specific service quality benchmarks to be used in calculating the adjustment to the productivity offset on Ameritech Wisconsin's fourth anniversary date. In an order issued April 30, 1998, in docket 05-TI-157, the Commission established industry-wide standards for service quality to be used in calculating the price-regulation mechanism adjustment for inadequate service pursuant to Wis. Stat. § 196.196(1)(c), for 1998 anniversary dates of each price-regulated telecommunications utility.

Docket 6720-TI-153 was initiated to administer the mechanics of price regulation pertaining to the amount that Ameritech Wisconsin may increase or must decrease its rates for price-regulated services between the fourth and fifth anniversary dates. The price cap index is the mechanism established by the legislature in 1993 Wisconsin Act 496, generally effective September 1, 1994, for setting reasonable rates in lieu of rate base rate of return regulation. The Commission applies Wis. Stat. § 196.196, and Wis. Admin. Code ch. PSC 163, to determine prospective adjustments in the price cap index. A draft order and cover letter soliciting comments were prepared. Any comments received have been considered in approving this final order. No hearing was held in this docket and none was requested.

FINDINGS OF FACT

THE COMMISSION FINDS:

Ameritech Wisconsin is a telecommunications utility, as defined in Wis. Stat. § 196.01, engaged in providing telecommunications service to the public through 192 exchanges in the state of Wisconsin. Ameritech Wisconsin is a price-regulated telecommunications utility as defined in Wis. Stat. § 196.196.

In determining the amount the utility may increase its rates or mandating the amount it shall reduce them, the Commission shall consider: (1) the annual percentage change in the Gross Domestic Product Price Index (GDPPI); (2) the productivity factor offset specified in Wis. Stat. § 196.196(1)(c) (3), an increase in the productivity offset for inadequate service or insufficient investment; and (4) a decrease in the productivity offset to encourage infrastructure investment. In determining the increase or decrease to the productivity offset, the Commission shall consider the extent to which Ameritech Wisconsin has contributed to the Wisconsin Advanced Telecommunications Foundation (WATF).

Gross Domestic Product Price Index (GDPPI)

As reported in the U.S. Department of Commerce's (USDOC) August 1998 Survey of Current Business, the GDPPI for the second quarter of 1998 was 112.57. This represented a 1.00 percent increase over the restated index value of 111.45 for the second quarter of 1997, which was used in order to reflect the revised GDPPI. The revision of the chain-type GDPPI represents a change in the USDOC's methodology and data sources, but does not constitute an elimination of the prior index. It is therefore reasonable to compare the most recent GDPPI to the revised value for the same index which was used on the last anniversary date.

Productivity Factor Offset

According to Wis. Stat. § 196.196(1)(c), the productivity offset for Ameritech Wisconsin shall be three percentage points.

Increase in Productivity Offset for Inadequate Service

The quality of service mechanism set forth in Wis. Admin. Code § PSC 163.04(2)(c), is based on comparing actual results to industry-wide standards and company-specific benchmarks. For Ameritech Wisconsin, the maximum increase to the productivity offset for inadequate service specified in Wis. Admin. Code § PSC 163.04(2)(g), is 0.8 percent. The Commission finds that it is reasonable to give equal weight to each of the five quality of service components specified in Wis. Admin. Code § PSC 163.04(2)(c)2, so that the maximum value for each component is 0.16 percent.

The calculation of the fourth-year increase to the productivity offset for inadequate service is shown in Appendix B. Actual performance is compared against industry-wide standards, as well as against Ameritech Wisconsin's most recent three-year average performance and performance ranges as approved in the 6720-TI-128 October Order.

Ameritech Wisconsin's performance for average time out of service fails to meet the industry-wide standard, fails to meet the company-specific three-year average performance, and fails to meet the company-specific performance range. Therefore, according to Wis. Admin. Code § PSC 163.04(2)(c)8a, an adjustment equal to 100 percent of 0.16 percent shall be assessed for this component increasing the productivity offset.

For average time interval for installation and percent repeat trouble reports, Ameritech Wisconsin's most recent performance meets the industry-wide standard, fails to meet the company-specific three-year average performance, and fails to meet the performance range. Therefore, according to Wis. Admin. Code § PSC 163.04(2)(c)7b, an adjustment equal to 50-percent of 0.16 percent, or 0.08 percent, shall be assessed for each of these two components increasing the productivity offset.

For initial trouble reports per 100 access lines, Ameritech Wisconsin's most recent performance meets the industry-wide standard, fails to meet the company-specific three-year average performance, but is within the performance range. Therefore, according to Wis. Admin. Code § PSC 163.04(2)(c)6b, no adjustment to the productivity offset shall be assessed for this component.

For average employee answer time for repair calls, Ameritech Wisconsin's most recent performance meets the industry-wide standard and betters the company-specific three-year average performance. According to Wis. Admin. Code § PSC 163.04(2)(c)6a, no adjustment to the productivity offset shall be assessed for this component.

Adjustment to Productivity Offset for Infrastructure Investment

The calculation of the adjustment to the productivity offset for infrastructure investment applicable to Ameritech Wisconsin's third year of price regulation is set forth in Appendix C.

The calculation is based on comparing actual performance against thresholds approved in the 6720-TI-128 Orders.

Based on Ameritech Wisconsin's actual deployment of broadband facilities and actual deployment of physical ISDN as of December 31, 1997, an adjustment equal to 0.40 percent shall be granted for each component decreasing the productivity offset. Based on Ameritech Wisconsin's actual deployment of fiber in the loop as of December 31, 1997, an adjustment equal to 50 percent of 0.40 percent, or 0.20 percent, shall be granted for this component decreasing the productivity offset. Based on Ameritech Wisconsin's actual capital expenditures and actual deployment of interoffice fiber as of December 31, 1997, no adjustment to the productivity offset for these components shall be granted.

On August 20, 1998, Ameritech Wisconsin filed a request for a waiver of any penalties under Wis. Admin. Code § PSC 163.04, due to the timing of the final conversion of the Fairway Drive central office to a digital switch. According to Ameritech Wisconsin, due to vendor delays beyond its control, the final cutover of the Fairway Drive central office digital switch was accomplished 11 weeks behind schedule. The original due date was December 13, 1997. Ameritech Wisconsin asserts that it chose to fulfill its commitment to high quality customer service by delaying the final cutover until a successful conversion could be assured.

As shown in Appendix C, the infrastructure benchmark for digital switching for Ameritech Wisconsin's fourth anniversary date is 90 percent. As a result of the delay in the conversion of the Fairway Drive switch, only 88.6 percent of Ameritech Wisconsin's access lines were served by digital switching as of December 31, 1997. Without a waiver, therefore, Ameritech Wisconsin would be assessed an adjustment for this component increasing the productivity offset.

Wis. Admin. Code § PSC 163.04(2)(d)6, provides that the Commission may waive all or a portion of any infrastructure investment penalty in the event of extraordinary circumstances which make it impossible for a company to achieve its benchmarks.

For the above reasons, the Commission grants the request for a waiver of any penalties under Wis. Admin. Code § PSC 163.04.

Wisconsin Advanced Telecommunications Foundation (WATF)

According to the 6720-TI-128 October Order, the productivity offset should be increased by 0.2 percent if the cumulative amount of contributions to the WATF as of December 31, 1997, is less than \$5,710,000. The productivity offset should be decreased by 0.2 percent if the cumulative amount of WATF contributions is equal to or greater than \$6,280,000. As part of the settlement of the joint audit of Ameritech Services, Inc. (ASI), Ameritech Wisconsin paid \$100,000 to the WATF. This amount should not be counted towards the determination of WATF penalties or incentives.

As of December 31, 1997, Ameritech Wisconsin had contributed \$6,503,000 to the WATF, excluding the \$100,000 resulting from the ASI audit. Therefore, the Commission determines that Ameritech Wisconsin's productivity offset should be decreased by 0.2 percent.

Discretionary Adjustment to the Productivity Offset

According to Wis. Admin. Code § PSC 163.04(2)(f), in addition to the adjustments to the productivity offset for infrastructure investment, quality of service, and WATF as discussed previously, the Commission may also, at its discretion, increase or decrease the productivity offset by up to 0.2 percent for utilities with more than 500,000 access lines. To determine this discretionary adjustment, the factors the Commission may consider to the extent they relate to the utility's infrastructure investment and quality of service include but are not limited to:

1. Factors pursuant to Wis. Stat. § 196.03 (6).
2. Customer surveys measuring general customer satisfaction such as customer satisfaction regarding company responses to complaint contacts, repair requests, service installations and billing inquiries.
3. Responsiveness to rural development and technology concerns and to demand for new services.
4. The extent to which the utility has reasonably complied with its annual commitment defined in its infrastructure investment plan.
5. The extent to which schools, libraries, hospitals and similar institutions are utilizing the utility's infrastructure investments.
6. The extent to which the utility has established customer assistance programs and the effectiveness of those programs.
7. Compliance with other measures or standards for telecommunications service included in rules or orders, but not included in the service quality components set forth previously.

The Commission determined that Ameritech Wisconsin be assigned a discretionary decrease to the productivity offset of 0.1 percent. The Commission's determination is based on compliance with other measures or standards of telecommunications service and the extent to which the utility has reasonably complied with its annual commitment defined in its infrastructure investment plan.

Compliance with other measures or standards of telecommunications service is evidenced by Ameritech Wisconsin's performance in going beyond strict legal requirements when its competitor, Intra Community Communications (ICC) entered bankruptcy and ceased doing business. Ameritech Wisconsin continued to provide interim service to ICC's customers, even though it had no obligation to do so.

As Appendix C indicates, Ameritech Wisconsin has met or exceeded all infrastructure investment commitments except for digital switching. While Ameritech Wisconsin has not met its commitment for digital switching due to vendor delays, according to Ameritech Wisconsin, this is due to Ameritech Wisconsin choosing to fulfill its commitment to high quality customer service by delaying the final cutover until a successful conversion could be assured. Total capital expenditures for infrastructure have exceeded the commitment in Ameritech Wisconsin's infrastructure investment plan by over 40 percent. While the components in Appendix C have already been factored into the price regulation mechanism, it shows the overall extent to which the utility has reasonably complied with its annual commitment defined in its infrastructure investment plan.

Calculation of Price Cap Index

The calculation of the annual price cap index (PCI) based on the above determinations and Wis. Admin. Code § PSC 163.04, is shown in Appendix D. A summary of PCI and actual price index (API) values is shown in Appendix E.

It is reasonable based on the calculations shown in Appendices D and E, that Ameritech Wisconsin be required to decrease its rates for price-regulated services an average of 1.02 percent as a result of the order in this docket, so that its 3-year maximum API, presently equal to 100, is no more than the authorized 3-year maximum PCI of 98.98. This index, which includes inflationary adjustments, a productivity offset, and adjustments to the productivity offset, when applied to current rates, determines the level of rates that is reasonable on a prospective basis, pursuant to Wis. Stat. § 196.196(1)(c), and Wis. Admin. Code § PSC 163.04.

Benchmarks for Fifth Year

Pursuant to Wis. Admin. Code § PSC 163.04(2)(c)10, on each anniversary date, the Commission, following an opportunity for hearing, shall compute new industry-wide standards and company-specific benchmarks for service quality. These updated benchmarks shall be used in calculating the adjustment to the productivity offset for service quality on the next anniversary date.

Appendix F contains company-specific quality of service benchmarks and performance ranges to be used in calculating the adjustment to the productivity offset on Ameritech Wisconsin's fifth anniversary date. According to Wis. Admin. Code § PSC 163.04(2)(c)10:

For purposes of computing the updated company-specific benchmarks and subject to a showing to the contrary, past performance for the most recent 3-year average shall meet or exceed past performance for the initial 3-year average.

The benchmarks for the five service quality components specified in Wis. Admin. Code § PSC 163.04(2)(c)2, were computed using a three-year average of data from 1995 through 1997. For average employee answer time for repair calls, the most recent three-year average exceeded the initial three-year average. For average time interval for installation, percent repeat troubles, initial trouble reports, and average time out of service, the most recent three-year average did not meet or exceed the initial three-year average. No showing was made as to why these lower levels of quality of service should be reflected in the updated benchmarks. The benchmarks for these three components, therefore, represent the initial three-year average. The performance ranges for all components represent a 10 percent range above and below the three-year averages. The Commission finds the benchmarks and performance ranges set forth on Appendix F to be reasonable for use in calculating the adjustment to the productivity offset on Ameritech Wisconsin's fifth anniversary date.

Industry-wide service quality standards to be used in calculating the adjustment to the productivity offset on Ameritech Wisconsin's fifth anniversary date will be approved by the Commission in its Second Final Order in docket 05-TI-157.

Pursuant to Wis. Admin. Code § PSC 163.04(2)(d)7, on each anniversary date, the Commission, following an opportunity for hearing, may compute new company-specific infrastructure benchmarks. Also on each anniversary date, upon a request by the utility or on the Commission's own motion, the Commission may initiate a review of the appropriateness of the infrastructure investment components.

The 6720-TI-128 Orders set forth infrastructure investment components together with benchmark ranges and component weights to be used in calculating the productivity offset on the fifth anniversary date. The benchmark ranges for Ameritech Wisconsin's fifth year of price regulation were subject to revision on this anniversary date if, based on new information, the Commission finds that the benchmark ranges approved in the prior order are no longer reasonable. The Commission is not aware of any new information that would make these benchmarks unreasonable.

In addition to adjustments to the productivity offset for quality of service and infrastructure investment, the productivity offset will also be adjusted based on the cumulative amount of contributions to the WATF. The 6720-TI-128 October Order set the WATF benchmarks for the fifth year of price regulation. The Commission finds that the productivity offset will be increased or decreased if Ameritech Wisconsin's cumulative contributions to the

WATF as of December 31, 1999, excluding the ASI audit settlement amount, are less than \$7,610,000, or more than \$8,180,000, respectively.

The benchmark ranges for Ameritech Wisconsin's sixth year of price regulation are not being set at this time, but will be addressed on Ameritech Wisconsin's next anniversary date. This is due to possible changes to the infrastructure incentive mechanism as a result of the Commission's review of price regulation in docket 05-TI-174.

ULTIMATE FINDINGS OF FACT

THE COMMISSION FINDS:

1. The gross domestic product price index for the second quarter of 1998 was 112.57. This represented a 1.00 percent increase over the restated index value of 111.45 for the second quarter of 1997.
2. The productivity offset for Ameritech Wisconsin shall be three percent.
3. It is reasonable to give equal weight to each of the five quality of service components specified in Wis. Admin. Code § PSC 163.04(2)(c)2, so that the maximum increase in the productivity offset for each component is 0.16 percent.
4. Ameritech Wisconsin's most recent actual performance for average time out of service fails to meet the industry-wide standard, fails to meet the three-year average performance, and fails to meet the company-specific performance range. Therefore, according to Wis. Admin. Code § PSC 163.04(2)(c)8a, an adjustment equal to 100 percent of 0.16 percent shall be assessed for this component increasing the productivity offset.
5. Ameritech Wisconsin's performance for average time interval for installation and percent repeat trouble reports meets the industry-wide standard, fails to meet the company-specific three-year average performance, and fails to meet the company-specific performance range. Therefore, according to Wis. Admin. Code § PSC 163.04(2)(c)7b, an adjustment equal to 50 percent of 0.16 percent, or 0.08 percent, shall be assessed for each of these two components increasing the productivity offset.
6. For initial trouble reports per 100 access lines, Ameritech Wisconsin's most recent performance meets the industry-wide standard, fails to meet the company-specific three-year average performance, but is within the performance range. Therefore, according to Wis. Admin. Code § PSC 163.04(2)(c)6b, no adjustment to the productivity offset shall be assessed for this component.

7. For average employee answer time for repair calls, Ameritech Wisconsin's most recent performance meets the industry-wide standard and betters the company-specific three-year average performance. Therefore, during the first three years of price regulation, according to Wis. Admin. Code § PSC 163.04(2)(c)6a, no adjustment to the productivity offset shall be assessed for this component.

8. It is reasonable to grant the request for a waiver of any penalties under Wis. Admin. Code § PSC 163.04, due to the timing of the final conversion of the Fairway Drive central office to a digital switch.

9. Based on Ameritech Wisconsin's actual deployment of broadband facilities and actual deployment of physical ISDN as of December 31, 1997, an adjustment equal to 0.40 percent shall be granted for each component decreasing the productivity offset.

10. Based on Ameritech Wisconsin's actual deployment of fiber in the loop as of December 31, 1997, an adjustment equal to 50 percent of 0.40 percent, or 0.20 percent, shall be granted for this component decreasing the productivity offset.

11. Based on Ameritech Wisconsin's actual capital expenditures and actual deployment of interoffice fiber as of December 31, 1997, no adjustment to the productivity offset for these components shall be granted.

12. Based on the level of actual contributions, it is reasonable to grant a WATF incentive of 0.2 percent.

13. Based on the factors set forth in Wis. Admin. Code § PSC 163.04(2)(f), Ameritech Wisconsin shall be assigned a discretionary adjustment of 0.10 percent, decreasing the productivity offset.

14. The calculations of price cap and annual price indices as shown in Appendices D and E are reasonable.

15. Based on Appendix E, it is reasonable that Ameritech Wisconsin be required to decrease its rates for price-regulated services an average of 1.02 percent as a result of the order in this docket, so that its 3-year maximum API, presently equal to 100, is no more than the authorized 3-year maximum PCI of 98.98.

16. The company-specific quality of service benchmarks and performance ranges set forth in Appendix F are reasonable for use in calculating the adjustment to the productivity offset on Ameritech Wisconsin's fifth anniversary date.

17. The infrastructure investment components together with benchmark ranges and component weights approved in the 6720-TI-128 Orders are reasonable for use in calculating the adjustment to the productivity offset on Ameritech Wisconsin's fifth anniversary date.

18. On the fifth anniversary date, an increase in the productivity offset will be imposed if the cumulative amount of contributions to the WATF is less than \$7,610,000. A total WATF decrease in the productivity offset will apply if the cumulative amount of contributions in year five is greater than \$8,180,000. That for the WATF adjustments to the productivity offset, the measurement timeframe shall be December 31, 1998, for the fifth year.

CONCLUSION OF LAW

THE COMMISSION CONCLUDES:

It has jurisdiction under Wis. Stats. §§ 196.01, 196.02(3), 196.03(6), 196.196(1)(c) and (e)1, 196.204, and 227.11 and Wis. Admin. Code ch. PSC 163 to issue an order establishing updated company-specific quality of service benchmarks and performance ranges, establishing infrastructure investment components together with benchmark ranges and component weights, determining prospective adjustments to the price cap index for Ameritech Wisconsin, and authorizing the amount by which Ameritech Wisconsin may increase its rates or mandating the amount it shall reduce them, pursuant to the discussion and findings of fact set forth herein.

ORDER

THE COMMISSION ORDERS:

1. This order shall be effective on October 1, 1998.
2. Ameritech Wisconsin shall file tariffs that decrease its rates by an average of 1.02 percent for price-regulated services so that its actual price index is no more than the authorized price cap index of 98.98. Such decrease shall be effective no later than 45 days after the effective date of this order.
3. The quality of service benchmarks and performance ranges set forth in Appendix F shall be used in calculating the adjustment to the productivity offset on Ameritech Wisconsin's fifth anniversary date.
4. The infrastructure investment components, together with benchmark ranges and component weights approved in the 6720-TI-128 Orders shall be used in calculating the adjustment to the productivity offset on Ameritech Wisconsin's fifth anniversary date.

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5. That the WATF contribution amounts shown in Findings of Ultimate Fact provision 19 shall be used in calculating the adjustment to the productivity offset on Ameritech Wisconsin's fifth anniversary date.

Dated at Madison, Wisconsin, _____

By the Commission:

Lynda L. Dorr
Secretary to the Commission

LLD:TJF:CWL:jah:g:\digest orders\pending\6720-TI-153

See Attached Notice of Appeal Rights.

Notice of Appeal Rights

Notice is hereby given that a person aggrieved by the foregoing decision has the right to file a petition for judicial review as provided in s. 227.53, Stats. The petition must be filed within 30 days after the date of mailing of this decision. That date is shown on the first page. If there is no date on the first page, the date of mailing is shown immediately above the signature line. The Public Service Commission of Wisconsin must be named as respondent in the petition for judicial review.

Notice is further given that, if the foregoing decision is an order following a proceeding which is a contested case as defined in s. 227.01(3), Stats., a person aggrieved by the order has the further right to file one petition for rehearing as provided in s. 227.49, Stats. The petition must be filed within 20 days of the date of mailing of this decision.

If this decision is an order after rehearing, a person aggrieved who wishes to appeal must seek judicial review rather than rehearing. A second petition for rehearing is not an option.

This general notice is for the purpose of ensuring compliance with s. 227.48(2), Stats., and does not constitute a conclusion or admission that any particular party or person is necessarily aggrieved or that any particular decision or order is final or judicially reviewable.

Revised 4/22/91

APPENDIX A

This proceeding is not a contested case under Chapter 227, Stats., therefore there are no parties to be listed or certified under s. 227.47, Stats. However, an investigation was conducted, and the persons listed below participated.

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(Not a party but must be served)
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APPENDIX B

Wisconsin Bell, Inc.
6720-TI-153
Increase in Productivity Offset for Inadequate Service
for Fourth Year of Price Regulation

Component	WBI Performance 1997	Industry- Wide Standard	Three Year Average Performance	Maximum of Performance Range	Increase in Productivity Offset
Average Time Interval for Installation (days)	2.20	2.78	1.20	1.32	0.08%
Trouble Reports per 100 Access Lines	16.98	22.61	16.58	18.24	0.00%
Average Time Out of Service (hours)	22.70	15.64	14.13	15.54	0.16%
Percent Repeat Trouble Reports	13.60%	15.59%	10.42%	11.46%	0.08%
Average Employee Answer Time for Repair Calls (seconds)	7.51	20.00	32.89	36.18	0.00%
Total Increase in Productivity Offset for Inadequate Service					0.32%

APPENDIX C

Wisconsin Bell, Inc.
6720-TI-153
Adjustment to Productivity Offset for Infrastructure
Investment for Fourth Year of Price Regulation

Component	Actual 12/31/97	Productivity Offset Benchmarks			Infrastructure Investment Productivity Offset	
		Increase	50% Decrease	100% Decrease	Increase	Decrease
Financial Commitment	\$562,400,000	\$401,700,000			0.00%	
Physical ISDN Availability	79.2%	74.0%	77.0%	79.0%	0.00%	0.40%
Interoffice Fiber	95.9%		97.6%	98.6%		0.00%
Fiber in the Loop	12.26%		12.0%	13.0%		0.20%
Broadband Facilities	519	456	466	471	0.00%	0.40%
Digital Switching	88.6%	90.0%			0.00%	
Total Infrastructure Investment					0.00%	1.00%

APPENDIX D

Wisconsin Bell, Inc.
6720-TI-153
Calculation of Annual Price Cap Index

Annual Change in Gross Domestic Product Price Index		1.00%
Productivity Factor Offset	(3.00%)	
Adjustments to Productivity Offset:		
Quality of Service (Appendix B)	(0.32%)	
Infrastructure Investment (Appendix C)	1.00%	
WATF	0.20%	
Commission Discretion	0.10%	(2.02%)
Total		(1.02%)
Annual Price Cap Index		
$+ [1 + \Delta \text{GDPPI} - \text{PROD} + \text{INC} - \text{PEN}] * 100$		98.98

Wisconsin Bell, Inc.
6720-TI-153
Summary of PCI and API Values

Annual Price Cap Index (PCI)	98.98
Unadjusted Cumulative PCI	98.98
Three-Year Maximum PCI	98.98
Annual Actual Price Index (API)	100.00
Unadjusted Cumulative API	100.00
Three-Year Maximum API	100.00
Allowed Rate Increase or (Required Decrease) ¹	(1.02)%

¹ Since the three-year maximum PCI is less than the three-year maximum API, and the unadjusted cumulative PCI is less than the unadjusted cumulative API, Ameritech Wisconsin shall decrease its rates for price-regulated services so that the unadjusted cumulative API does not exceed the unadjusted cumulative PCI.

Wisconsin Bell, Inc.
6720-TI-153
Company Specific Service Quality Benchmarks
for Fifth Year of Price Regulation

Component	Three-year Average Performance ²	Performance Range	
		Minimum	Maximum
Average Time Interval for Installation (days)	1.20	1.08	1.32
Trouble Reports per 100 Access Lines	17.05	15.35	18.76
Average Time Out of Service (hours)	14.13	12.72	15.54
Percent Repeat Trouble Reports	10.42%	9.38%	11.46%
Average Employee Answer Time for Repair Calls (seconds)	18.42	16.58	20.26

² For average employee answer time for repair calls, the three-year average represents an average of 1995 to 1997 calendar year data. For average time interval for installation, percent repeat troubles, trouble reports per 100 access lines, and average time out of service, the three-year average represents the initial three-year average.