

Date Mailed  
October 1, 1999

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 its  
September 1, 1999, Anniversary Date

6720-TI-159

**FINAL DECISION**

**INTRODUCTION**

This is the final decision in this proceeding establishing updated company-specific quality of service benchmarks and performance ranges, establishing company-specific infrastructure investment components together with benchmark ranges and component weights, establishing benchmarks related to contributions to the Wisconsin Advanced Telecommunications Foundation (WATF), determining prospective adjustments to the price cap index for Wisconsin Bell, Inc. d/b/a Ameritech Wisconsin (Ameritech Wisconsin), and authorizing the amount by which Ameritech Wisconsin may increase its rates or mandating the amount it shall reduce them.

Ameritech Wisconsin is ordered to file tariffs that decrease its rates by an average of .77 percent for price-regulated services. The quality of service benchmarks and performance ranges set forth in Appendix F, the infrastructure investment components, together with benchmark ranges and component weights set forth in Appendix G, and the WATF contribution amounts shown in Findings of Fact provision 22 shall be used in calculating the adjustment to the productivity offset on Ameritech Wisconsin's anniversary date in the year 2000.

## **Background**

On August 24, 1999, the Commission issued a Notice of Proceeding and Investigation and Assessment of Costs (Notice) in this docket. The Notice initiated an investigation to administer the mechanisms of price regulation pertaining to the amount that Ameritech Wisconsin may increase or must decrease its rates for price-regulated services. The price cap index is the mechanism established by the legislature in 1993 Wisconsin Act 496 (Act 496) for setting reasonable rates in lieu of rate-base rate-of-return regulation. The Commission applies Wis. Stat. § 196.196(1)(c), and Wis. Admin. Code § PSC 163.04 to determine prospective adjustments in the price cap index. Under Wis. Stat. § 196.196(1)(a), as modified by the Commission's order in docket 6720-TI-113, price-regulated services 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.

This proceeding was also initiated to set new company-specific benchmarks for service quality to administer the mechanisms of price regulation pertaining to Ameritech Wisconsin's anniversary date in the year 2000. In addition, this proceeding will set new company-specific benchmarks for infrastructure investment and contributions to the WATF, and make any other determinations, as necessary, to administer the mechanisms of price regulation pertaining to Ameritech Wisconsin's anniversary dates in the years 2000 and 2001. As previously noted, this final decision only sets future infrastructure and WATF benchmarks for Ameritech Wisconsin's anniversary date in the year 2000. A subsequent decision in this proceeding will set these benchmarks for the anniversary date in the year 2001.

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.

A draft order was mailed to all parties. Any comments received have been considered in approving this final decision. No hearing was held in this docket and none was requested.

### **FINDINGS OF FACT**

#### **THE COMMISSION FINDS:**

1. The gross domestic product price index for the second quarter of 1999 was 113.98. This represented a 1.25 percent increase over the restated index value of 112.57 for the second quarter of 1998.

2. Ameritech Wisconsin is a telecommunications utility, as defined in Wis. Stat. § 196.01, engaged in providing telecommunications service to the public through 78 exchanges in the state of Wisconsin.

3. Ameritech Wisconsin is a price-regulated telecommunications utility as defined in Wis. Stat. § 196.196.

4. The productivity offset for Ameritech Wisconsin is three percent.

5. The maximum increase in the productivity offset for quality of service is 0.80 percent. 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.

6. Based on Ameritech Wisconsin's most recent actual performance for average time out of service, according to Wis. Admin. Code § PSC 163.04(2)(c)8.a., an adjustment equal to 100 percent of 0.16 percent shall be assessed for this component, increasing the productivity offset.

7. Based on Ameritech Wisconsin's performance for average time interval for installation and percent repeat trouble reports, according to Wis. Admin. Code § PSC 163.04(2)(c)7.b., 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.

8. Based on Ameritech Wisconsin's most recent performance for initial trouble reports per 100 access lines, according to Wis. Admin. Code § PSC 163.04(2)(c)6.b., no adjustment to the productivity offset shall be assessed for this component.

9. Based on Ameritech Wisconsin's most recent performance for average employee answer time for repair calls, according to Wis. Admin. Code § PSC 163.04(2)(c)6.a., no adjustment to the productivity offset shall be assessed for this component.

10. The total maximum increase in the productivity offset for infrastructure deployment is 0.80 percent and the total maximum decrease is 1.60 percent.

11. Based on Ameritech Wisconsin's actual deployment of broadband facilities and actual deployment of physical ISDN as of December 31, 1998, an adjustment equal to 0.40 percent shall be granted for each component, decreasing the productivity offset.

12. Based on Ameritech Wisconsin's actual deployment of interoffice fiber and fiber in the loop as of December 31, 1998, an adjustment equal to 50 percent of 0.40 percent, or 0.20 percent, shall be granted for each component, decreasing the productivity offset.

13. Based on Ameritech Wisconsin's actual capital expenditures and actual deployment of digital switching as of December 31, 1998, no adjustment to the productivity offset for these components shall be granted.

14. Based on the level of actual contributions, it is reasonable to grant a WATF incentive of 0.2 percent, decreasing the productivity offset.

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

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

17. Based on Appendix E, it is reasonable that Ameritech Wisconsin be required to decrease its rates for price-regulated services an average of .77 percent as a result of the order in this docket, so that its unadjusted cumulative API, presently equal to 98.98, is no more than the authorized unadjusted cumulative PCI of 98.22.

18. 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 anniversary date in the year 2000.

19. The infrastructure investment components together with benchmark ranges and component weights as set forth in Appendix G are reasonable for use in calculating the adjustment to the productivity offset on Ameritech Wisconsin's anniversary date in the year 2000.

20. The current methodology for determining a decrease or an increase in the productivity offset related to WATF contributions should be changed.

21. It is reasonable to base a decrease in the productivity offset for WATF contributions on the WATF's calculated annual contribution plus 20 percent and an increase in the productivity offset on the WATF's calculated annual contributions less 10 percent. It is also reasonable to reduce these amounts by the amount that Ameritech Wisconsin has contributed in excess of the amount needed to receive a decrease in the productivity offset in prior years.

22. On Ameritech Wisconsin's anniversary date in the year 2000, an increase in the productivity offset will be imposed if the annual amount of contributions to the WATF in 1999 is less than \$1,448,000. A total WATF decrease in the productivity offset will apply if the annual amount of contributions in 1999 is greater than \$1,972,000.

## **CONCLUSION OF LAW**

### **THE COMMISSION CONCLUDES:**

It has jurisdiction under Wis. Stat. §§ 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 findings of fact and opinion set forth herein.

**OPINION**

Under Wis. Stat. §§ 196.196(1)(c) and (cm), 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) a statutory productivity factor offset; (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 WATF.

**Gross Domestic Product Price Index (GDPPI)**

According to Wis. Admin. Code § PSC 163.04(2)(a), the annual percentage change in GDPPI is calculated by using the most recent quarterly GDPPI index and the price index that was used in the calculation on the previous anniversary date. According to Wis. Admin. Code § PSC 163.02(4), GDPPI means the figure as reported by the U.S. Department of Commerce (USDOC) in its Survey of Current Business. As reported in the USDOC's August 1999 Survey of Current Business, the GDPPI chain-type index for the second quarter of 1999 was 113.98. This represented a 1.25 percent increase over the restated index value of 112.57 for the second quarter of 1998, which was used in order to reflect the revised GDPPI series. 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 that was used on the last anniversary date.

### **Productivity Factor Offset**

According to Wis. Stat. § 196.196(1)(c), the productivity offset is three percentage points for a telecommunications utility with more than 500,000 access lines at the time of electing to be price regulated. Since Ameritech Wisconsin had more than 500,000 access lines as of September 1, 1994, the productivity offset for Ameritech Wisconsin is three percent.

### **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 fifth-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 Commission's order in docket 6720-TI-128, dated October 1, 1997, (6720-TI-128 October Order). The performance ranges for all components represent a 10-percent range above and below the three-year averages.

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.

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Code § PSC 163.04(2)(c)8.a., 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)7.b., 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)6.b., 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)6.a., 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 fifth 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 October Order, as amended by letter dated February 24, 1998.

Based on Ameritech Wisconsin's actual deployment of broadband facilities and actual deployment of physical ISDN as of December 31, 1998, 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 interoffice fiber and fiber in the loop as of December 31, 1998, an adjustment equal to 50 percent of 0.40 percent, or 0.20 percent, shall be granted for each component, decreasing the productivity offset. Based on Ameritech Wisconsin's actual capital expenditures and actual deployment of digital switching as of December 31, 1998, no adjustment to the productivity offset for these components shall be granted.

**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, 1998, is less than \$7,610,000. The productivity offset should be decreased by 0.2 percent if the cumulative amount of WATF contributions is equal to or greater than \$8,180,000. 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 toward the determination of WATF penalties or incentives.

As of December 31, 1998, Ameritech Wisconsin had contributed \$8,303,000 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, Wis. Admin. Code § PSC 163.04(2)(f) sets forth the factors the Commission may consider to the extent they relate to the utility's infrastructure investment and quality of service.

The Commission determines that Ameritech Wisconsin should be assigned a discretionary increase to the productivity offset of 0.1 percent. The Commission's determination is based on the level of customer satisfaction regarding company responses to complaint contacts, repair requests, service installations and billing inquiries, and the extent to which the utility has reasonably complied with its annual commitment defined in its infrastructure investment plan.

Customer satisfaction is based on the level of customer dissatisfaction as reported to the FCC and complaints filed with the Commission regarding the adequacy of services provided by Ameritech Wisconsin. The percent of residential customers dissatisfied with Ameritech Wisconsin, as reported to the FCC, increased by over 30 percent from 1997 to 1998, to 9.1 percent. The percent of small business customers dissatisfied with Ameritech Wisconsin, as reported to the FCC, increased by 16 percent from 1997 to 1998, to 11.5 percent. In addition, the overall level of complaints reported to the Commission showed a sizable increase for the first eight months of 1999 compared to the same period for 1998. Overall complaints increased

during this period by just under 30 percent when excluding complaints related to modem speed. The category showing the largest increase was Quality of Service. This category includes complaints regarding (1) outages and loss and interruptions of service; (2) provision of repair services including delays in repairs, quality of repairs, and the cost of repairs; (3) employee attitude and rudeness; and (4) access to customer service including being on hold for unreasonable lengths of time. This last category showed the largest increase.

While customer satisfaction is down it is somewhat offset by the company's performance in meeting its annual infrastructure commitment. As Appendix C indicates, Ameritech has met or exceeded all infrastructure investment commitments including total capital expenditures for infrastructure. Total capital expenditures for infrastructure exceeded the total commitment in Ameritech's five-year infrastructure investment plan in only four years. 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.

Commissioner Mettner dissents and articulated his reasons for a .2 percent discretionary increase.

### **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 .77 percent

as a result of the order in this docket, so that its unadjusted cumulative API, presently equal to 98.98, is no more than the authorized unadjusted cumulative PCI of 98.22. This index, 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 Anniversary Date in the Year 2000**

**Service Quality.** Pursuant to Wis. Adm. 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 for the five service quality components specified in Wis. Adm. Code § 163.04(2)(c)2. These benchmark ranges are to be used in calculating the adjustment to the productivity offset on Ameritech Wisconsin's anniversary date in the year 2000. The benchmarks were computed using a three-year average of data from 1996-1998. 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.

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, initial trouble reports, percent repeat troubles, 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

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benchmarks for these three components, therefore, were set at 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 anniversary date in the year 2000.

Industry-wide standards to be used in calculating the adjustment to the productivity offset on Ameritech Wisconsin's anniversary date in the year 2000 will be approved by the Commission in its final decision in docket 05-TI-248. These standards are based on the methodology approved by the Commission in its order dated May 7, 1999, in docket 05-TI-157, as amended by letter dated June 22, 1999.

**Infrastructure.** Pursuant to Wis. Adm. 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.

Appendix G sets forth infrastructure investment components together with benchmark ranges and component weights to be used in calculating the productivity offset on Ameritech's anniversary date in the year 2000. Measurement timeframes for infrastructure investment components shall be December 31, 1999. Due to Ameritech Wisconsin having achieved all of its commitments as set forth in its original infrastructure investment plan pursuant to Wis. Stat. § 196.196(5), Appendix G reflects the following changes from the infrastructure components, basis for benchmark ranges, and component weightings used in 1999:

1. ISDN Availability: The benchmarks for this component will be based on Ameritech Wisconsin providing for integrated services digital network (ISDN) physical availability as defined by the FCC, in exchanges where, as of December 31, 1998, ISDN is not currently available other than by transport. For each of up to four new exchanges, where ISDN is physically available, Ameritech Wisconsin shall earn 25 percent of its full incentive value.

2. Fiber in the Loop and Interoffice Circuits: The benchmarks for these components are based on a trend of Ameritech Wisconsin's deployment. The benchmark for interoffice circuits shall exclude new interoffice fiber routes deployed in 1999.

3. Interoffice New Routes: This is a new component based on Ameritech Wisconsin's completion of new interoffice fiber routes.

The infrastructure investment components for total financial commitment and digital switching have been eliminated.

**WATF.** The current methodology for determining an incentive or a penalty for contributions to the WATF was first established in the Commission's order in docket 6720-TI-117, dated September 10, 1996. According to this methodology, a decrease in the productivity offset (incentive) is awarded when cumulative contributions equal or exceed the cumulative commitment plus 20 percent of the annual commitment. An increase in the productivity offset (penalty) is assessed when cumulative contributions are less than the cumulative commitment less 10 percent of the annual commitment.

The current methodology may allow Ameritech Wisconsin to earn a new incentive each year even if annual contributions are equal to or less than its annual commitment. This occurred on 1997 and 1999 anniversary dates because prior year contributions allowed Ameritech

Wisconsin to maintain cumulative contributions at or above the level needed to earn an incentive. This could potentially result in Ameritech Wisconsin earning almost \$25 for each \$1 contributed in excess of its annual commitment.

As a result of this problem in using the current methodology for determining incentives or penalties related to contributions to the WATF, the Commission finds that the current methodology should be changed. To correct the deficiencies in the current methodology, the Commission finds that it is reasonable to calculate an incentive for WATF contributions based on WATF's calculated annual contributions plus 20 percent and to calculate a penalty based on WATF's calculated annual contributions less 10 percent.

Contributions made by Ameritech Wisconsin to the WATF as of December 31, 1998, have exceeded the amount necessary for it to receive incentives under the current methodology. While the Commission finds it reasonable to change the methodology for determining incentives or penalties related to contributions to the WATF, it finds that it is reasonable to recognize these excess contributions and use them to offset the benchmarks for receiving an incentive or a penalty. Therefore, the Commission finds that on Ameritech Wisconsin's anniversary date in the year 2000, an increase in the productivity offset will be imposed if the annual amount of contributions to the WATF during 1999 is less than \$1,448,000. A total WATF decrease in the productivity offset will apply if the annual amount of contributions in 1999 is greater than \$1,972,000.

Chairperson Bie dissents and would have maintained the current methodology for contributions to WATF.

**ORDER**

**THE COMMISSION ORDERS:**

1. This order shall be effective on October 1, 1999.
2. Ameritech Wisconsin shall file tariffs that decrease its rates by an average of .77 percent for price-regulated services so that its unadjusted cumulative actual price index is no more than the authorized unadjusted cumulative price cap index of 98.22. 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 anniversary date in the year 2000.
4. The infrastructure investment components, together with benchmark ranges and component weights set forth in Appendix G shall be used in calculating the adjustment to the productivity offset on Ameritech Wisconsin's anniversary date in the year 2000.
5. The WATF contribution amounts shown in Findings of Fact provision 22 shall be used in calculating the adjustment to the productivity offset on Ameritech Wisconsin's anniversary date in the year 2000.

Dated at Madison, Wisconsin, \_\_\_\_\_

By the Commission:

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Lynda L. Dorr  
Secretary to the Commission

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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 Wis. Stat. § 227.53. 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 Wis. Stat. § 227.01(3), a person aggrieved by the order has the further right to file one petition for rehearing as provided in Wis. Stat. § 227.49. 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 Wis. Stat. § 227.48(2), 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 9/28/98

## 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.

Public Service Commission of Wisconsin  
*(Not a party but must be served)*  
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\*\*\*INTER-D\*\*\*

## APPENDIX B

Ameritech Wisconsin  
6720-TI-159  
Increase in Productivity Offset for Inadequate Service  
for Fifth Year of Price Regulation

Component	Actual Performance 1998	Industry- Wide Standard	Three Year Average Performance	Maximum of Performance Range	Increase in Productivity Offset
Average Time Interval for Installation (days)	2.50	2.73	1.20	1.32	0.08%
Trouble Reports per 100 Access Lines	18.13	22.09	17.05	18.76	0.00%
Average Time Out of Service (hours)	23.78	15.66	14.13	15.54	0.16%
Percent Repeat Trouble Reports	14.50%	15.95%	10.42%	11.46%	0.08%
Average Employee Answer Time for Repair Calls (seconds)	7.40	20.00	18.42	20.26	0.00%
Total Increase in Productivity Offset for Inadequate Service					0.32%

## APPENDIX C

Ameritech Wisconsin  
6720-TI-159  
Adjustment to Productivity Offset for Infrastructure  
Investment for Fifth Year of Price Regulation

Component	Actual 12/31/98	Productivity Offset Benchmarks			Infrastructure Investment Productivity Offset	
		Increase	50% Decrease	100% Decrease	Increase	Decrease
Financial Commitment	\$807,800,000	\$550,700,000			0.00%	
Physical ISDN Availability	92.4%	77.0%	82.0%	84.0%	0.00%	0.40%
Interoffice Fiber	98.1%		97.6%	98.6%		0.20%
Fiber in the Loop	14.6%		14.5%	15.5%		0.20%
Broadband Facilities	701	646	656	661	0.00%	0.40%
Digital Switching	100.0%	100.0%			0.00%	
Total Infrastructure Investment					0.00%	1.20%

## APPENDIX D

Ameritech Wisconsin  
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Calculation of Annual Price Cap Index

Annual Change in Gross Domestic Product Price Index		1.25%
Productivity Factor Offset	(3.00%)	
Adjustments to Productivity Offset:		
Quality of Service (Appendix B)	(0.32%)	
Infrastructure Investment (Appendix C)	1.20%	
WATF	0.20%	
Commission Discretion	(0.10%)	(2.02%)
Total		(0.77%)
Annual Price Cap Index		
[1+ÄGDPPPI-PROD+INC-PEN]*100		99.23

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Summary of PCI and API Values

Annual Price Cap Index (PCI)	99.23
Unadjusted Cumulative PCI	98.22
Three-Year Maximum PCI	99.23
Annual Actual Price Index (API)	100.00
Unadjusted Cumulative API	98.98
Three-Year Maximum API	100.00
Allowed Rate Increase or (Required Decrease) <sup>1</sup>	(0.77%)

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<sup>1</sup> 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.

Ameritech Wisconsin  
6720-TI-159  
Company Specific Service Quality Benchmarks  
for Anniversary Date in the Year 2000

Component	Three-year Average Performance <sup>2</sup>	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)	7.86	7.07	8.65

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<sup>2</sup> For trouble reports per 100 access lines and average employee answer time for repair calls, the three-year average represents an average of 1996 to 1998 calendar year data. For average time interval for installation, percent repeat troubles, and average time out of service, the three-year average represents the initial three-year average.

Ameritech Wisconsin  
6720-TI-159  
Infrastructure Investment Benchmarks  
for Anniversary Date in the Year 2000

Component	Maximum Productivity Offset Values		Productivity Offset Benchmarks for Year 2000 Measurement		
	Increase	Decrease	Increase	50% Decrease	100% Decrease
Physical ISDN Availability		.40%		25% of total decrease for each new exchange, up to a total of four, with ISDN availability without transport	
Interoffice Circuits	.27%	.40%	98.1%	98.9%	99.5%
Fiber in the Loop	.27%	.40%	15.0%	17.0%	18.0%
Interoffice-New Routes	.26%	.40%	<sup>3</sup>	4 new routes	5 new routes
Total Infrastructure Investment	.80%	1.60%			

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<sup>3</sup> If one of the three proposed Ameritech to Ameritech new routes is not completed.