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Public Service Commission

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RECORDS AND REPORTING

DATE: NOVEMBER 18, 1999

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYÓ)

FROM: DIVISION OF LEGAL SERVICES (CLEMONS) *DK*
DIVISION OF COMMUNICATIONS (BIEGALSKI) *KB* *AD*

RE: DOCKET NO. 991376-TL - INITIATION OF SHOW CAUSE PROCEEDINGS AGAINST GTE FLORIDA INCORPORATED FOR VIOLATION OF SERVICE STANDARDS.

AGENDA: 11/30/99 - REGULAR AGENDA - PROPOSED AGENCY ACTION - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\CMU\WP\991376.RCM

CASE BACKGROUND

- GTE Florida Incorporated (GTE) is required to file periodic reports with the Commission regarding quality of service.
- September 10, 1999 - Based on continued self reported failures of the Commission rules, staff opened this docket to require GTE to show cause.
- September 17, 1999 - Office of Public Counsel (OPC) filed a notice of intervention.
- October 13, 1999 - Staff met with GTE, and OPC to discuss its concerns regarding GTE's quality of service reports and OPC's pending discovery.
- October 29, 1999 - GTE filed its offer of settlement. (Attachment A, Pages 5-6)

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission accept the settlement offer proposed by GTE Florida Incorporated in lieu of a show cause proceeding for apparent violation of the service standards?

RECOMMENDATION: Yes. (Biegalski)

STAFF ANALYSIS: GTE submits quarterly reports to the Commission. The quarterly reports demonstrate GTE's measure of its quality of service. During January 1998 through September 1999, GTE's quarterly reports indicate that it has consistently not met the 95% performance standard for restoration of interrupted service within 24 hours of report. Rule 25-4.070(3)(a), Florida Administrative Code, states:

Service Interruption: Restoration of interrupted service shall be scheduled to insure at least 95 percent shall be cleared within 24 hours of report in each exchange as measured on a monthly basis. For any exchange failing to meet this objective, the company shall provide an explanation with its periodic report to the Commission.

GTE's quarterly reports demonstrate that since January 1998, GTE has not complied with this rule for eighteen out of twenty-one months. For example, in September 1999, GTE reported a range of exchanges that did not meet the service standard from 76.1% in Englewood to 94.9% in Lake Wales. In addition, staff's evaluation of four GTE exchanges during October 1998 through December 1998 shows that GTE has not complied with the rule, although staff notes that GTE missed by a very narrow margin. Staff concluded during that evaluation that GTE performed at a level of 94.9% versus the standard of 95%.

Based on information in GTE's quarterly reports and the results of staff's evaluation of four GTE exchanges, staff is concerned that GTE's inability to meet the service standard may be due to understaffing of the installation and repair portions of its business.

Additionally, GTE has not met the established standard for installation of primary service within 3 working days. Rule 25-4.066, Florida Administrative Code, Availability of Service, states in pertinent part:

(2) Where central office and outside plant facilities are readily available, at least 90 percent of all requests for primary service in any calendar month shall normally be satisfied in each exchange or service center within an interval of three working days after receipt of application when all tariff requirements relating thereto have been complied with, except those instances where a later installation date is requested by the applicant or where special equipment or services are involved.

GTE's reports indicate that since January 1998, it has not complied with this rule for nine out of twenty-one months. Staff notes that for four of those nine months that GTE did not comply with the rule, 100% of the exchanges failed. GTE states that it did not meet this service standard due to an unusual amount of rainfall in the area. GTE did however meet the service standard in the October 1998 through December 1998 staff evaluation.

Because a large number of GTE exchanges failed to meet the standards set forth in the Commission's rules, staff opened this docket to initiate show cause proceedings for apparent service standard violations. Prior to filing the recommendation, GTE came forth to discuss staff's concerns and on October 29, 1999, submitted its offer of settlement. In its settlement offer, GTE agrees to the following:

- GTE has hired 100 employees this year and will hire an additional 200 employees by next year, with additional plans to augment during peak periods.
- GTE will review its dispatch strategy, force distribution, and appointment clock intervals to address installation intervals and performance in small exchanges.
- GTE will make a settlement payment to the General Revenue Fund in the amount of \$50,000.

Staff believes that GTE's settlement demonstrates GTE's commitment to resolve staff's concerns of understaffing and its commitment to provide quality service in Florida. In addition, staff believes that \$50,000 represents an equitable settlement for missing the service standards and for cooperation in moving forward to ensure quality service to its customers.

On September 17, 1999, the OPC filed a notice to intervene in this proceeding. Since that time, OPC, independent of Commission staff, has initiated its own investigation and conducted meetings

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with GTE representatives. OPC has not indicated agreement with the settlement offer as proposed by GTE, nor has OPC indicated agreement with staff's recommendation that the Commission accept GTE's settlement offer outlined in this recommendation.

Additionally, staff opened Docket No. 991473-TP, on September 29, 1999, to initiate review and revision of the quality of service standards. Working together, staff and the industry will develop new or recommend amending existing rules to ensure that all companies consistently measure and report service quality data and the data accurately reflects the companies' performance.

ISSUE 2: Should this docket be closed?

RECOMMENDATION: No. If no person whose substantial interests are affected by the Commission's decision files a protest within 21 days of the issuance of the proposed agency action order, this docket should remain open upon issuance of a Consummating Order, pending the remittance of the \$50,000 voluntary contribution. Upon remittance of the settlement payment, this docket should be closed. If the company fails to pay in accordance with the terms of the Commission Order, the company's certificate should be canceled administratively, and this docket should be closed. **(Clemons)**

STAFF ANALYSIS: If no person whose substantial interests are affected by the Commission's decision files a protest within 21 days of the issuance of the proposed agency action order, this docket should remain open upon issuance of a Consummating Order, pending the remittance of the \$50,000 voluntary contribution. Upon remittance of the settlement payment, this docket should be closed. If the company fails to pay in accordance with the terms of the Commission Order, the company's certificate should be canceled administratively, and this docket should be closed.



Beverly Y. Menard
Regulatory & Governmental Affairs
Assistant Vice President (Florida/Georgia)

GTE Service Corporation

One Tampa City Center
Post Office Box 110, FLTC0616
Tampa, Florida 33601-0110
813-483-2526
813-223-4888 (Facsimile)

October 29, 1999

Mr. Walter D'Haeseleer, Director
Division of Communications
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

CMU

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Dear Mr. D'Haeseleer:

Subject: Docket No. 991376-TP

This letter follows up on the October 13 meeting between GTE, the Office of Public Counsel, and Commission Staff, during which Staff offered its rationale for initiation of the above-cited docket. As we stated then, GTE Florida is fully committed to providing quality service to its customers. Although GTE believes many of the Commission's service standards are outdated, GTE has shown good results even under this existing system. GTE's overall scores surpassed the Commission baseline in the last two annual service evaluations. In fact, in the most recent evaluation, in 1998, GTE received the highest overall score among the ILECs, with 84.8 points (against the minimum objective of 75 points). The principal problem identified during that evaluation—the rating of 0+ credit card billed calls—has been resolved. GTE has determined the appropriate credits for all customers who were overbilled in 1998 and 1999. The customer refunds will appear on our October 7 through November 4, 1999 customer bills. The total credit of \$682.95 will be divided among the 2,822 affected customers.

GTE believes that the Commission's service evaluations, as well as GTE's internal and external measurements of service quality and the steady decline in justified FPSC complaints, indicate that the Company provides quality service. To help ensure meaningful Commission assessments of service quality on a prospective basis, we fully support the Commission's initiation of Docket 991473, which is intended to evaluate and potentially revise Commission service standards in consideration of market and regulatory changes. For the time being, however, we understand that Staff has identified certain areas for action on a company-specific basis. As such, we offer the following observations and approach to resolving Docket No. 991376:

As GTE noted in its first quarter 1999 reports, due to report system problems, GTE does not believe the reported results for Schedule 2 accurately reflected the results for that time period. This was validated by our April 1999 results. Nevertheless, GTE has been experiencing an attrition problem in our installation force which has affected our service results. As a result, GTE has hired 100 employees and plans to hire 200 employees, with additional plans to augment during peak periods. In addition, GTE is conducting a review of its dispatch strategy, force distribution, and appointment clock intervals to address installation intervals and performance in small exchanges.

While we maintain that we provide superior service to our customers, we sincerely wish to satisfactorily address the Commission's concerns and to participate in the planned rulemaking to better identify service priorities and measurements for the future. In order to resolve service performance issues and proceed with the rulemaking, GTE offers to make a settlement payment of \$50,000.

Please contact me if you have any questions or wish to further discuss resolution of this docket.

Sincerely,

Beverly Y. Menard

Beverly Y. Menard
Assistant Vice President

BYM:wjh