BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 080278-TL

IN THE MATTER OF:

JOINT PETITION FOR SHOW CAUSE PROCEEDINGS AGAINST VERIZON FLORIDA LLC FOR APPARENT VIOLATION OF RULE 25-4.070, F.A.C., CUSTOMER TROUBLE REPORTS, AND IMPOSE FINES, BY THE OFFICE OF THE ATTORNEY GENERAL, CITIZENS OF THE STATE OF FLORIDA, AND AARP.
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PROCEEDINGS: AGENDA CONFERENCE
ITEM NO. 4

BEFORE: CHAIRMAN MATTHEW M. CARTER, II
COMMISSIONER LISA POLAK EDGAR
COMMISSIONER KATRINA J. McMURRIAN
COMMISSIONER NANCY ARGENZIANO
COMMISSIONER NATHAN A. SKOP

DATE: Tuesday, December 16, 2008

PLACE: Betty Easley Conference Center
Room 148
4075 Esplanade Way
Tallahassee, Florida

REPORTED BY: LINDA BOLES, RPR, CRR
Official FPSC Reporter
(850) 413-6734

PARTICIPATING:

DULANEY L. O'ROARK, III, ESQUIRE, representing Verizon Florida LLC.

CHARLES J. BECK, ESQUIRE, Office of Public Counsel, representing the Citizens of the State of Florida.

CECELIA BRADLEY, ESQUIRE, Office of the Attorney General, representing the Citizens of the State of Florida.

MICHAEL B. TWOMEY, ESQUIRE, representing AARP.

LEE ENG TAN, ESQUIRE, BETH SALAK and RICK MOSES, representing the Florida Public Service Commission Staff.

P R O C E E D I N G S

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CHAIRMAN CARTER: And with that, Commissioners and staff, we are on Item 4. And with Item 4, just kind of a heads-up on this, this proceeding, Commissioners, we've, we'll be allowing the comments by both parties -- 15 minutes per side, it will be 15 minutes per side. So as staff is getting ready and the parties are getting ready, just kind of give you a heads-up on that. We did agree to give the parties 15 minutes per side. And you can finish passing those handouts and then we'll recognize staff to introduce the item and we'll go from there.

(Pause.)

Okay. Everybody ready? Okay. Staff, you're recognized, Item 4.

MS. TAN: Good morning, Commissioners. Lee Eng Tan for Commission staff.

Item 4 is a request by OPC, the AG and AARP for the Commission to initiate a show cause proceeding against Verizon for the apparent violation of Commission Rule 25-4.070, Florida Administrative Code.

Staff's recommendation addresses these apparent violations by year and recommends that Verizon should show cause why it should not be penalized $10,000 per violation for a total of $4.56 million for the years 2007 and 2008.

Commissioners, there are a few things that staff would like to highlight in our recommendation. First, the numbers you see today are self-reported by Verizon pursuant to the rule.

Secondly, Rule 25-4.070 was updated and reviewed by the Commission in 2005. This rule focuses on service interruptions and the performance standard for restoration of interrupted service. Also in 2005 Rule 25-4.085 was created to give companies some flexibility in quality of service by creating service guarantee plans. Using a service guarantee plan, ILECs can elect different performance standards and request a limited waiver of Rule 25-4.070. However, Verizon has chosen to remain subject to the rule.

In addition, staff believes that Verizon has willfully failed to meet the service quality performance standard in 2007 and 2008 in part by redirecting technicians from copper to FiOS, which comprises 20 percent of its network. Verizon will tell you that they have objections to the rule. The vehicle to challenging a service quality rule is not first to violate the rule. Rather, regulated companies may request a rule waiver or request rulemaking.

Finally, this is a docket about assuring proper service quality delivered in a timely manner. Staff notes that on December 11th Verizon requested permission to make a presentation today. Also representatives from all parties are here today to speak with you. Staff is available for any questions.

CHAIRMAN CARTER: Okay. Staff, your recommendation on this in terms of who goes on, who's first, do you have recommendations on who speaks first? I know we're going to give 15 minutes to each side.

MS. TAN: Staff believes Verizon should go first.

CHAIRMAN CARTER: Okay. Let's make it so. Mr. O'Roark, good morning.

MR. O'ROARK: Good morning, Mr. Chairman, Commissioners. Mr. Chairman, thank you for giving us the opportunity to make this presentation this morning. We very much appreciate that courtesy.

I'll explain today that Verizon is providing excellent repair service; so good, in fact, that we receive very few customer complaints. I'll discuss the tremendous investment that we're making in our fiber-to-the-premises network, which delivers first-class voice, broadband and video service in our Florida service territory and markedly improves network reliability. I'll address competition and its effects on our business and why the petition is out of touch with what consumers really care about today. I'll respectfully submit that it does not make sense for you to pursue a case about rules that you may soon change because they're out of place in a competitive environment. And finally I'll explain that

Verizon is complying with the rule.

First, some quick background. I assume everyone has the PowerPoint and we're now at Page 2. Some quick background on how this case made its way to you today. You'll recall that in March Verizon and several other ILECs asked the Commission to eliminate or change a number of its rules including the service quality rules. The Commission docketed that case. It went to its first workshop on May 14th. OPC was at that workshop and expressed principally concern about the service quality rules. The following day, May 15th, OPC, the Attorney General and AARP filed a petition in this case. The Public Counsel told the press it had begun looking into our service quality results after the ILECs filed their rulemaking petition. The petitioners expressed no concern to Verizon before they filed the petition. It is fair to say that this case involves a rear guard attack on changes to the service quality rules.

Commission, the staff issued its recommendation in this case on December 4th. The staff is scheduled to issue its recommendation on the service quality rules, possible changes to the service quality rules a week from today.

Moving to the third page, I want to emphasize that Verizon delivers strong network performance. Verizon averaged 1.15 million residential access lines in 2007. On an average monthly basis we received about 23,400 out of service reports.

Out of service means the customer does not have dial tone. We completed about 20,600 of those repair orders within 24 hours. We received about 9,800 not out of service reports a month during 2007. Not out of service means the customer has dial tone but has some service affecting problems, static on the phone or something like that.

Now contrast those numbers with the number of complaints we receive on average per month. For complaints by folks who, whose service, whose out of service condition was not repaired within 24 hours we averaged six per month. For folks whose not out of service condition was not repaired within 72 hours we received two complaints per month. That's complaints that may have come into the Commission whether logged or not that came directly to us or came to us through some other agency.

Now one way that Verizon is delivering strong performance is by making a massive investment of more than $1 billion in its fiber-to-the-premises network. I want to emphasize that that investment is entirely at risk. There is no guarantee whatsoever of a return on that investment. In Florida, Verizon has moved its chips all in. The benefits to consumers have been tremendous. We now pass more than a million households in our service territory. We are providing voice, broadband and video service that has been rated best in the country by consumer reports. Not only that, but our network enhances our reliability and service quality. Because the new network, the fiber network uses glass instead of copper, it is immune to corrosion by moisture, which can be a big issue in the Tampa area. The FTTP network drives down the number of service troubles and it helps us fix them faster.

Commissioners, I would respectfully submit that the idea that Verizon, the company that is investing the most, that is doing the most to improve service for our customers, the idea that Verizon should be penalized for not doing enough for its customers is ridiculous.

Mr. Chairman, if I may, I would like to approach that chart to your right.

CHAIRMAN CARTER: You may proceed.

MR. O'ROARK: Thank you. Let me get you oriented to the chart, if I may. First, the bar to the far left shows a 1.1 --

(Technical difficulties with microphone.)

Okay. How is this?

COMMISSIONER EDGAR: Better.

MR. O'ROARK: I'll start again. The bar to your left shows those 1.15 million customers that I just referred to. Now note that we start -- that's an average. We took the average number of access lines each month and we averaged it. We actually started with more than 1.2 million customers in 2007 and by the end of the year we were 1.07 million customers.

That's a decrease of more than 12 percent. But it gives us some frame of reference as we move to the right and we go to the out of service and not out of service reports. Again, these are the reports that we received on an average monthly basis so that you can see that the out of service reports shown to your left are roughly 2 percent of the total number of access lines, the not out of service about 1 percent. As we then move to the misses, the out of service not within 24 days, the not out of service, not -- I'm sorry, 24 hours, the not out of service within 72 hours, it goes down another order of magnitude a little more than .2 percent on the OOS misses, a little more than .1 percent on the not out of service misses. And then we come down to the complaints which I referred to before. That's the average monthly complaints on out of service. That number equates to about one out of service complaint for every 200,000 customers we have. On the not out of service, that's about one in more than half a million.

Now let's come back and look at this in a little more detail in the context of this case. Now you'll recall that the rule that we're talking about was adopted in 1968, a time when the industry was fairly static. Perhaps you saw some gradual growth in lines. The situation today is far different than that. As I mentioned, the number of lines we had decreased by more than 12 percent during the year, but that's not the only thing that makes the environment dynamic today. Not only was that happening, but a significant number of our customers moved from our copper network to our fiber network. There's a lot going on today.

Now one of the things I mentioned was that our fiber network is helping to drive improved service. You see that or, as I explained, you can see it in the out of service reports. In 2006, the number of out of service reports was about 27,000. You can see in 2007 we show 23,000. The projection for 2008 is roughly 19,000. Our network is helping to drive down the number of complaints. There's one thing better than repairing an outage within 24 hours, it's the customer never having the outage in the first place. We're seeing similar decreases on the not out of service side.

Now the rule that we're talking about really focuses on one thing, and that's the relationship of these two sets of bars. It ignores the fact that the numbers in absolute terms are low. Moreover, it ignores that consumers are no longer in the same position that they were in in 1968. That's why we're not seeing complaints on the out of service and not out of service misses. Consumers have alternatives today. If you're out of service, you call the phone company on your wireless phone and you have that wireless phone until it's restored. I'll go back to my seat.

Commissioners, we're at Page 5 now. If you determine, as we hope you will, that the current rules no longer make sense in today's market, you have the discretion to decide not to use your time and resources to investigate whether Verizon complied with rules that have become obsolete. It would make a lot more sense to use your resources to monitor compliance with the new rules that you adopt.

As we've discussed at some length in the rulemaking case, the current rules are outdated and ill-suited to a competitive market. I won't repeat all those arguments here, but at a high level competitive markets drive service quality just as they drive price. In this market if a competitor fails to deliver the service the customer wants, the customer can and will go elsewhere. If some carriers must strive to provide a level of service that customers don't want to pay for, they're going to lose customers. Consumers lose too because they're better off if providers compete to provide the optimal level of service.

And so one of the things that you see as competition intensifies, as ILECs lose lines, is that ILECs are finding it difficult to achieve 95 percent. It is no longer a realistic goal in a competitive environment, and that's why it's not just Verizon that you're seeing not being at that 95 percent level.

Competitors do not report out of service and not out of service performance. Obviously we think that you should deny the petition, but at the least we submit you should make the policy decision about the rules and what they should be before you consider moving forward with this case.

Moving to Page 6, the context and the origin of the case ought to be taken into account. This case arises from regulatory maneuvering, not consumer complaints. The joint petition was prompted by the ILECs' rulemaking petition. Petitioners made no allegations that they received consumer complaints. In fact, when you look at the complaints and you look at customer satisfaction, Verizon is doing extremely well. Verizon's 2007 complaint rate was the lowest of any ILEC for which complaints were logged. The PSC logged about one network performance complaint in 2007 for every 10,000 Verizon access lines. That equates to roughly seven people at a sold-out Buccaneers game at Raymond James Stadium.

From 2001 to 2007 Verizon's customer satisfaction reports have been astonishingly consistent. They've been in a narrow range from 82.5 percent to 85.6 percent. In 2004, the reports were 84.1 percent of customers who were either satisfied or more than satisfied.

Moving to Page 7, the recommendation misconstrues the service quality rule that we're talking about here today. The service quality rule requires that reasonable efforts be made to minimize the extent and duration of trouble conditions. When you get to the service objectives that we're talking about today, they have the heading service objectives. That is a defined term in the rules. The rule establishes that a service objective is a quality of service which is desirable to be achieved under normal conditions. That is distinguished from another defined term, a service standard, which talks about what ILECs are expected to meet in their service territories. In other words, the service objectives are softer than standards. It is desirable certainly that they be achieved but it is not an absolute requirement. That's why ILECs provide explanations when they don't meet the 95 percent service level.

So the bottom line is that the recommendation incorrectly interprets the rule to impose nearly absolute requirements and for that reason it reaches the wrong conclusions.

The last page. Verizon strives to achieve excellent service. Verizon's average response time for out of service is less than 24 hours. Its average response time for not out of service not only is less than 72 hours, it's less than 48 hours. The petitioners -- well, Verizon provides explanations of its misses with its quarterly reports. Until recently no one has suggested that these reports have been unsatisfactory. The petitioners expressed no concern with Verizon reports or its performance before they filed their petition. They just want to attack changes we were requesting in the rulemaking. Likewise, staff expressed no concern with Verizon's 2007 performance as Verizon filed its reports.

If there is any doubt in your mind, Verizon's investment of more than a billion dollars in its FTTP network demonstrates its commitment to providing high quality, reliable service. A company making that kind of investment to improve its network isn't willfully seeking to violate the Commission's service quality rules. And a company like Verizon that is operating in the most competitive part of the state that is making major changes to its network is not operating under normal conditions, certainly not as normal conditions were conceived in 1968. We are doing things that were never dreamed of in 1968 and consumers are winning. And that should been encouraged, it shouldn't be penalized. Thank you.

CHAIRMAN CARTER: Thank you, Mr. O'Roark.

Mr. Beck.

MR. BECK: Thank you, Mr. Chairman.

CHAIRMAN CARTER: You can distribute your time however you deem necessary. I know you've got you, Ms. Bradley and Mr. -- who is the guy with AARP? 3-point how many members, Mr. Twomey?

MR. TWOMEY: I think it's 3 million or over 3 million, I hope, still.

CHAIRMAN CARTER: Good morning.

Mr. Beck, you're recognized.

MR. BECK: Thank you, Mr. Chairman. My name is Charlie Beck with the Office of Public Counsel. Ms. Bradley and Mr. Twomey will also be making comments, but they've elected that I start with the comments, so I will.

We fully support the staff recommendation with one notable exception, and that is we believe the show cause that you issue against Verizon should be for the full amount of $25,000 per violation rather than $10,000 as the staff has recommended, and I'll get into that in a few moments.

I think it's important to remember why we're here. The issue today is whether to issue a show cause order or not. Once the show cause order is issued and Verizon responds, we then go, enter into an investigatory stage where evidence is presented under oath, the Commission can hear the evidence presented by us and by Verizon and make a decision at that point.

What Verizon is trying to do this morning is to stop any investigation. In fact, much of what counsel for Verizon has said this morning is the type of evidence you would expect to hear in an evidentiary proceeding under oath subject to cross-examination. That's what the Commission has done previously on this rather than to stop even an investigation of the rule violations.

Now this case really goes back to 1999 when the PSC initiated show cause investigations and show cause proceedings against Verizon, BellSouth and Embarq. Those cases were resolved in 2001 in very different ways. AT&T and Embarq agreed to enter into service guarantee plans, and what those plans do is they set up certain agreed upon parameters between the company and the parties and the Commission, and those parameters are then used as a basis for deciding whether individual customers should receive compensation when those parameters are missed.

Verizon settled the case in a very different way, and that is they didn't enter into any such agreement and they paid $2 million into the state general revenue fund to settle the case that was brought against them by the Commission. At that point they were exceeding the rule requirements very well, and you can see that on Page 4 of the staff recommendation. There's a chart showing the total of percentages of troubles timely cleared for out of service.

If you look back in 2001, they were doing terrific. You'll see that for out of service they were at 97 percent total percentage troubles cleared within time, service affecting 99. In, beginning in 2002 when the Commission approved the settlement agreement of $2 million for Verizon they were at 96 and 99, and they did well for a number of years. But then you start to see the decline in 2005 where they started falling. By then it was 92 for out of service and 94 for service affecting. In 2006 it's similar. But then you look at 2007, which is the year that we've, we've petitioned for a show cause proceeding, you see their performance has declined precipitously. They went down to 89 for out of service and 84 for service affecting. They made a business decision at that time and their decision was that they would not do a service guarantee plan as the other companies have done, but instead they would meet the PSC service standards. They certainly did that for a number of years, but you can see how badly it has deteriorated since 2007.

Now since that time there's been very different treatment both of the companies and the customers when you compare AT&T and Embarq on the one hand to Verizon on the other. The PSC issued a report on October 10th concerning telecommunications service standards or service quality, and in those, in the Commission's report there's a review of the amount of money that the customers of AT&T and Embarq have received pursuant to the service guarantee plans when the agreed upon parameters weren't met. Customers of AT&T have received over $12 million in payments from AT&T, $1.5 million related to installation and $10.7 million related to repair. And I see Mr. Moses handing it out. We didn't plan that, by the way.

But the amounts I'm talking about, if you have it, are on Page 5 of the report. You'll see a table for AT&T, the installation service guarantee plan a little bit more than $1.5 million, repair a little bit more, well, $10.7 million. A similar number for Embarq on Page 14. The customers of Embarq have received over $8.5 million of credits, $3.8 million related to installation and $4.8 million dollars related to repair. Compare that to Verizon who has no service guarantee plan, their performance declined and their customers have not received anything pursuant to a plan. So there's a very different treatment of the customers of AT&T and Embarq compared to Verizon. Similarly, there's treatment, different treatment of the companies because these companies stepped forward and said they were going to pay customers when the agreed upon parameters weren't met and it's on an individual customer-by-customer basis.

I'd like to mention a few things now that were addressed by counsel for Verizon. First of all, the interpretation of the rule itself. This is a new interpretation by Verizon that wasn't raised in their first show cause proceeding for violation of the service standards. It's contrary to the Commission's previous interpretation of the rule of which Verizon is fully aware because the Commission's interpretation at the time of the earlier proceedings was that the requirements are mandatory.

By issuing show cause proceedings against the three companies in 1999 the meaning and interpretation of the rules was clear. Verizon did not raise its new interpretation of the rule in 2005 either when the rules were updated to provide additional leeway to the companies for complying with the rule with regard to the smaller exchanges. If it meant what Verizon states, that it's simply aspirational, it wouldn't say that the company shall ensure that the, the numbers are met in the rule. It's unambiguous about what it says and the staff has it correctly. We agree completely with staff's recommendation that's on Page 5 and 11 concerning the interpretation of the rule.

Verizon also mentions complaints, and what Verizon is trying to do is to morph the rule into one about complaints, which is not what the rule is. The rule is a performance driven rule where it's objective standards and you either meet them or you do not. The rule says that residential customers are entitled to receive a certain level of performance by the company regarding installation, repair or service. If the company had received thousands of complaints and had satisfied the rule, you wouldn't be able to find them or show cause them. So Verizon argued this is about customer complaints. I mean, we could argue all day about what a complaint is. You know, whether the people come in and they're dissatisfied with their service and they tell their customer service reps that they're dissatisfied, Verizon isn't counting any of that. That is certainly one of the things we'll get into once the Commission issues a show cause.

I think, Commissioners, there are going to be certain consequences if you don't issue a show cause order. First of all, you'll not see the company step up, as AT&T and Embarq did, and provide a benefit to their customers by working to achieve a benefit for the customers of the utility. That couldn't be done by the Commission itself. You know, the Commission doesn't have the authority to require the, the companies to pay customers' amounts when the standards aren't met. But these companies have stepped up and tried to do the right thing. If you don't issue a show cause against Verizon, who elected to be subject to the rule rather than have a service guarantee plan, you'll be sending a message that the companies can do nothing, they can violate your rule and then nothing will happen to them.

The other message will be is that the companies can violate the rule, propose to eliminate the rule and then use the proposal to eliminate the rule as a basis for excusing them for violation, which just makes no sense at all. But that's one of the arguments Verizon is doing.

We believe you should issue a show cause against Verizon for the full amount of $25,000 per violation, which is what the Commission did in 1999 in the first round of these hearings. In doing that you should consider the amounts that have already been paid by Embarq and AT&T to their customers. AT&T paid over $12 million, Embarq over $8.5 million, while Verizon did not. If you issue the show cause for the full amount, that would be approximately, be for approximately $11.4 million, which is less than AT&T has even paid their customers.

Verizon can raise the issues about mitigation later. That's what the evidentiary proceeding is for and where the Commission will hear the evidence and decide. And at that point, that would be the point where you could properly decide the amount. But the show cause to begin with before you've even investigated should be the full amount, so you keep all your options available. To do it now not based on evidence is backwards. You should hear the evidence, hear the testimony, and then you can decide whether to fine them for the full amount, but at least going into it that ought to be an option you keep available. With that I'll pass it on to the other parties.

CHAIRMAN CARTER: Thank you, Mr. Beck.

Ms. Bradley, good morning.

MS. BRADLEY: Thank you, sir. We appreciate this opportunity to speak and I'll try to be brief. We support Public Counsel in their position and would also ask that the fine be greater because the violations are extensive and continuing. As staff mentioned, it's particularly concerning that rather than increasing their customer service staff to bring them back into compliance, they've actually decreased their customer service staff for the landline phones, and that's concerning.

They keep mentioning that these rules went into place in 1968 and these things have changed and they are not needed anymore. What they failed to mention is that this Commission has repeatedly reviewed those rules and on occasion has amended those rules to meet changing circumstances. So it's not like they were done in 1968 and are static. This Commission has addressed that on several occasions.

To say that there has not been any complaints is just unrealistic. You can maneuver anything and any statistics to show what you want it to, but a quick Google search would explain and show that there are a lot of complaints about service and their customers are not happy campers.

We are pleased with their efforts with FiOS and their efforts to bring new things to customers, we support that, but it can't be at the expense of the landline customers. People shouldn't be forced to adopt FiOS. And I think anybody who's resided in Florida for any period of time is aware of the hurricanes we've had in the past, and many times the only thing left standing was the wireline telephone which served as a lifeline to a lot of people who were trapped for days or unable to reach family or emergency, and only those that had landline service were able to reach out and get help.

While new technology is great and we support that, we can't abandon what we have with the landline. It's critically important to a lot of citizens. Many people can't afford the fancy technology and the landline is their best use to get to those emergency services. A lot of people don't want the fancy technology and shouldn't be forced to have it if they don't want it. The landline still has an important service in Florida and will continue for the near future, and to say that we're not going to support it is not reasonable. It's not what our customers need.

I think Mr. Beck also mentioned that it's really not fair to the other telephone companies who have made an effort to enter into agreements with their customers, and we certainly encourage continued improvement by all, but at least they've reached out so that their customers benefit and get some payment if they're not reaching that criteria versus, you know, Verizon, who didn't enter into an agreement, they had that option but has chosen instead not to comply with the rules and that's disturbing. And their new interpretation of the rules is even more disturbing because if you're not aware of what's required of you, it's kind of difficult to comply. And we would encourage this case to go forward, discovery to be done, and maybe you can help Verizon understand what is required of them so that they can improve their compliance and make some effort in that direction, and we would certainly encourage this.

They also complain about their competitors, and that's a little distressing as well because I know Commissioner Argenziano is certainly aware of the legislation that they've been involved in over the last few years. I think the cable deregulation was actually addressed by most folks as the Verizon bill. And it's not appropriate to draft legislation and lobby legislation to have your competitors deregulated and then complain about it. You know, these are the rules, everybody has to comply with them, and Verizon needs to comply with these rules. And since they have failed to do so and chose to take this route, then they should be fined and we would encourage the Commission to go forward with this. Thank you.

CHAIRMAN CARTER: Thank you, Ms. Bradley.

Mr. Twomey, good morning.

MR. TWOMEY: Good morning, Mr. Chairman, Commissioners. Mike Twomey on behalf of AARP, which, as the Chairman noted earlier, has over 3 million members here in the lovely state of Florida, I hope.

Mr. Chairman, Commissioners, in my 29 years of practicing before this Commission I've observed that one of the greatest self-defeating sins a regulated company can practice before this body is arrogance, and I would submit to you that we've seen a fair dose of that in the presentation this morning of this New York-based telecommunications company. Your staff, they don't play ball, I would submit. Mr. Beck, Ms. Bradley have told you that AT&T, Embarq have engaged in programs whereby they have paid back to their customers millions and millions of dollars when they had problems meeting the, otherwise meeting the rule requirements. Verizon refuses to do that.

Now on this particular petition your staff hasn't suggested that the joint petitioners, Office of Public Counsel, the Attorney General's Office and AARP got the number wrong. Your staff agrees that there were 262 clear, willful violations of your rules, this Commission's rules, 262. They don't disagree with our number. They suggest to you that instead of requesting or ordering on the show cause that the penalty be $25,000 per violation, that it be ten. AARP agrees with Mr. Beck and the Attorney General's Office because, as he noted, this is just the first step in the process. You should start high after hearing the evidence, which we encourage you to do, of course. You can determine if you buy the company's mitigation and you can reduce it or not have a fine at all. But your staff has said there's 262 willful violations of this Commission's existing rules and you should take note of that.

So we're about out of time. I would say to you that it's the first step in a process. The company by all accounts, everyone but the company has violated 262, your rules 262 times. This is the first step. It would be wrong in our view to stop it at this point. You should order the show cause. The company should be required to come in and present evidence that we could challenge, your staff can address. You can weigh the evidence then and decide if the violations are as meaningful as we think they are, and we would encourage you to do that. Thank you.

CHAIRMAN CARTER: Thank you, Mr. Twomey.

Commissioners, the parties will be available along with staff if we have any questions to ask either of the parties as we proceed further.

Staff, anything further before we move forward?

MS. SALAK: I just wanted to mention -- Mr. Twomey mentioned 262 violations and that is true for 2007 and that was part of the petition. Staff carried the amounts forward into 2008. And we have a second issue that recommends it for the next year, and that would be an additional 194.

CHAIRMAN CARTER: In addition to the 262 it's an additional 194?

MS. SALAK: Yes, sir.

CHAIRMAN CARTER: Okay. Commissioners? Commissioner Edgar, you're recognized.

COMMISSIONER EDGAR: Thank you, Mr. Chairman. I have two questions for staff at this, at this time. The first is I'd like to ask our staff to address the comments that we've heard from both sides of this docket as to the differing interpretations of the rule.

MS. TAN: Thank you. The current rule would apply in 2007 and 2008. What staff believes is that actions that occur today should be defined by the current rules. What the current rule says is that it shall be, they must meet, they shall meet at least 95 percent. So what that objective is is they must meet above 95, but below 95, they have to do that for the consumers. So that is what staff believes is that it must meet that, that level of 95 percent, at least 95 percent, and that's how staff interprets that rule.

COMMISSIONER EDGAR: And, Mr. Chairman, my second question to our staff at this point anyway, could you, if the Commission today were to determine to move forward with a show cause, can you speak to the recommendation for $10,000 versus the request for $25,000, what the rationale behind that is?

MS. SALAK: Commissioners, when we opened the dockets in 1999, and staff did do that, we, we basically were set straight for hearing and we didn't have a show cause issued per se. We have guidelines that we use internally, and they're not rules but they are guidelines that say when we issue our first show cause, that we do it for $10,000. Although there was previously a docket, and it is not the model of clarity, I'll assure you, we determined that we believe this is the first time we've come to agenda asking for a show cause in this manner, so we went with the $10,000, which is based on guidelines that were discussed in an Internal Affairs many years ago and that's our common practice.

COMMISSIONER EDGAR: Thank you.

CHAIRMAN CARTER: Commissioner McMurrian.

COMMISSIONER McMURRIAN: Thank you. And I think that Ms. Tan somewhat had touched on this a minute ago. But the points that Mr. O'Roark raised about the service objective and the service standard -- and I understand what Mr. Beck was saying, that in practice we view the 95 percent as a requirement, and I think given the history and all that's true, that that threshold has been considered a requirement. But what is your take on those definitions of service objective and service standard? Because, as they've pointed out here, there is some difference in those two definitions which suggests desirable versus requirement on the service objective part, and that in the rule before you get to the two service interruption and service affecting portions it labels them both as service objectives and it even refers to it somewhere a few times in the rule as being an objective. So what, what is your take on why it's an objective in the rule versus a standard?

MS. TAN: Well, I think that the most important thing is although it says objective, which is that desired goal, the rule is very clear when it says it shall meet at least 95 percent. So it's no longer offering any question as to what the Commission or what the rule is looking for, and the rule is looking for that the reporting be in that exchange area at least 95 percent. So what they have to do is they have to -- I think -- we believe that the objective is that 5 percent. They must make over 95 percent.

COMMISSIONER McMURRIAN: And I guess one other clarification question to Mr. O'Roark. When you were talking about your number of complaints, and I'm just trying to get this straight, the six and the two that you show on your chart, did you say that that does include the PSC complaints or not?

MR. O'ROARK: It does.

COMMISSIONER McMURRIAN: But did you also say it was an average, and what is, what time period are you averaging?

MR. O'ROARK: It is a monthly average for the year 2007. So if you wanted the number for the year, you would multiply it by 12.

COMMISSIONER McMURRIAN: Okay. I think that's all for now, Mr. Chairman. Thank you.

CHAIRMAN CARTER: Commissioner Skop.

COMMISSIONER SKOP: Thank you, Mr. Chairman. Just a few quick questions for Verizon. If they could please turn to Page 7 of the staff recommendation, the first paragraph, second sentence.

MR. O'ROARK: I'm on Page 7, Commissioner Skop. Which paragraph?

COMMISSIONER SKOP: It's the first paragraph, second sentence right at the top of the page. And in the staff recommendation Verizon is said to have achieved a 34 percent reduction in out of service and service-affecting trouble reports from the fourth quarter of 2005 through 2007. And this, this claim seems to be in conflict with the staff note that Verizon's overall service quality has declined during that time frame. Can you explain that apparent discrepancy?

MR. O'ROARK: Commissioner, as I mentioned, we are seeing a decrease in the number of reports, which is helping our customers.

Let me take a step back. In the rule it talks about normal conditions, and we are facing two kinds of abnormal conditions. One is what we see in the field. To give you an example, in July 2007 there were, I believe, more than 200,000 lightning strikes in our service territory. It becomes impossible to send a technician into the field for safety reasons when you have those kind of conditions, and that can lead to misses that are, there's really nothing you can do about.

Another example is a cable cut where some third party cuts your line, several lines, and you are not able to restore the service just because of the nature of the cut within 24 hours. A major cable cut can cause you to heavy miss for an entire wire center. So you have those field level things that go on that are, can be impossible to deal with within the time stated in the objective.

But then, and this, I think, comes back to your question, you have those kinds of problems and then you've got industry level problems. The industry level problems, and Verizon faces these but so does everybody else, is the intense competition that we face competing against folks who do not have to seek to meet these service objectives. Everybody is finding it difficult to achieve 95 percent. In Verizon's case the situation is compounded. Not only do we have the most competitive service territory in Florida, but we are also rolling out a $1 billion network, and that creates some operational challenges, well worth it for consumers. But as we manage two networks, not just manage two networks but manage the construction and maintenance of one network while maintaining the copper network, that creates some challenges for us too. There are a few "pardon our progress" signs along the way, but it's well worth it for consumers.

COMMISSIONER SKOP: Okay. And as a follow-up question on Page 4 of the Verizon presentation that was given to us this morning, it shows the reports in the second column, 23,431, then it shows the misses of 2,797. And I guess if you look at the, taking 5 percent of the reports on that chart I think would be 1,171 versus the shown misses. Why should the utility not be held to account for these monthly excess outages that were not timely repaired?

MR. O'ROARK: Commissioner, again, the problem that we're seeing, and it's industrywide, is that the 95 percent service objective is no longer realistically achievable by most carriers. We, Verizon, and I think other carriers too, are doing our level best to restore service as quickly as we can, but the problem is really with the objective. It is not realistically obtainable consistently in this environment. I mean, that's, that's the real problem.

COMMISSIONER SKOP: I'm reluctant to go down this line, but I know that some of the statements that you've offered in response to my questions have, have highlighted some industry level issues to the extent that you're concurrently deploying a new fiber network, which, you know, I commend Verizon for, but at the same time that appears to be impacting the copper wireline operations side of the business. So I guess, I guess it's, it's a struggle to understand why the service quality levels are not achievable. Is it that Verizon is distracted in terms of deploying its fiber and not really concerned with, with maintaining the quality? Because I guess I'm trying to better understand that.

MR. O'ROARK: No. We're very much interested in, in providing great service to our customers and we do. But, Commissioner Skop, let me come at it this way. There's been some discussion about service guarantee plans. And what does it tell you if you've got a number of carriers that are trying to buy their way out of the rules rather than have to meet the service objectives?

COMMISSIONER SKOP: But Verizon, with all due respect, had that opportunity also and, as duly pointed out during the discussion in opening statements, opted to abide by the existing rule.

MR. O'ROARK: That is true, Commissioner, and we do abide by the rule. I mean, we've talked some about what the interpretation of the rule is. Commissioner McMurrian asked some questions about that. Nobody has, on the other side has explained the term service objective. At most I think what staff is doing is trying to read that out of the rule. The issue is us using reasonable efforts under normal conditions, and, Commissioner, I believe under that standard we comply.

COMMISSIONER SKOP: Okay. And following up on that point, if we could turn to Page 1 of the staff recommendation, under a prior settlement that was under the same rule for the amount of $2 million to settle Verizon's apparent violation of Rule 25-4.070(3)(a), which is I think the same rule in question now, why is Verizon's interpretation of this rule different now as opposed to the past?

MR. O'ROARK: Commissioner, I don't know the answer to that. As I think I mentioned, it seems as if there has been a mission creep with the rule, and then I think we've perhaps forgotten what was intended in 1968 and I think folks can sometimes roll along. We have looked at the rule now and just as it is on the books and believe that it should be interpreted as it's on the books now. But to your specific question, I don't know.

COMMISSIONER SKOP: Okay. Just some follow-up questions to staff. With respect to the show cause amount, again, I thank Commissioner Edgar for her asking that same question. On Page 13 under Issue 1 and also on Page 20 staff articulates two other options other than the $10,000 per apparent violation as recommended by staff. As to the second option in relation to the past settlement, why does staff feel that it would be appropriate to double the per violation settlement amount to $5,174 per violation as opposed to the precedential settlement value that was previously entered into in the settlement agreement?

MS. SALAK: You're asking why, why we calculated a per dollar amount as opposed to the $2 million that we had before?

COMMISSIONER SKOP: Well, in the prior settlement it was for $2 million. I guess the prior settlement amount was just over $2,500 per violation. And staff is asking to double the per violation settlement amount in this issue that's before the Commission now.

MS. SALAK: That's our practice. If it's a second time violation, try and -- that we would double it.

COMMISSIONER SKOP: Okay. And but yet --

MS. SALAK: We're not recommending that; however, we are -- that would be an option for you.

COMMISSIONER SKOP: Okay. Could, could you -- you said that that's the practice to double it, yet staff is recommending a $10,000 per violation and I guess Public Counsel and some of the other Intervenors are recommending a $25,000 pursuant to the rule. I guess, can they just, can staff flesh that out just a little bit further?

MS. SALAK: As I mentioned before, this really isn't a clear case unlike most of our cases where we've done a show cause or we've done a case and then we've settled. This is actually something our -- we have two normal practices here. One is if it's the first show cause, we do the $10 million. That's, that's -- or $10,000, excuse me. But if, on the other hand, if we have a case where it's been vetted out before and they come back and do the exact same thing, we go with the settlement. So it's contradictory practices.

COMMISSIONER SKOP: Okay. And then with respect to a comment made by Ms. Bradley I'd just like to get staff to briefly respond. Ms. Bradley stated that it was not fair to the other utility companies that have entered into service agreements as opposed to not holding Verizon accountable. If staff could speak to that issue briefly.

MS. SALAK: I think that, that each company has made their own business decision. I think that Embarq and AT&T both made business decisions to come in and, and make payments to their consumers or make payments to their consumers and give the benefit to the consumer as opposed to Verizon who has chosen to -- and then they got waivers of some of these requirements as opposed to Verizon who chose to operate directly under the rules. I don't think it's unfair, I personally don't think it's unfair because I think each one has chosen that, but I think you need to follow through and follow the rule if that's what you've chosen to do.

COMMISSIONER SKOP: Just one more brief question, Chairman. Back to Verizon under what staff has just articulated and the choice that Verizon has made, there was some discussion made as to that the rule needs to be changed and we're currently in that process now. But, you know, wouldn't it be more appropriate for Verizon to have advocated to change the rule prior to abandoning its commitment to maintain the quality of service levels?

MR. O'ROARK: Commissioner Skop, I don't agree with the premise that we've abandoned our commitment to the service quality rules.

As I've described the rule, we comply with it and there's been no abandonment. You know, I think if you -- in looking at the bigger picture, I mean, there's been some discussion about, gee, some carriers have paid $12 million and that shows their commitment. Well, my goodness, we've invested $1 billion, you know, roughly 100 times that for our consumers. To say that we're not committed I think ignores the big picture here.

COMMISSIONER SKOP: Thank you.

CHAIRMAN CARTER: Thank you.

Commissioner Argenziano.

COMMISSIONER ARGENZIANO: Well, thank you, Mr. Chairman. I don't know if I really have any questions. It's more of comments. And I try to see both sides of every issue, but I have to say that -- and I have looked at the Internet on service providers and complaints before, and I have to say I found quite a few on Verizon. But I happen to be a Verizon customer, and not in this area, and I've experienced a lot of the problems that I read on the Internet unfortunately. I have a bundled service with Verizon, it hooked up with my Direct TV, and I constantly have problems on that. And what I'd like to tell the company is -- I'm not asking for anything, just so you know right now, I'm not asking for anything special than anybody else gets, and I seem not to be getting that, so, but you do need to know that your customer service really does, it does leave a lot to be desired. And to get through the maze of automation in Verizon's network is impossible. You could start screaming into the phone "I'd like to speak to an agent," and there's a belligerent voice, and it's a, it's an automated voice but she gets belligerent. She goes from a nice voice to like, you know, if you don't shut up, I'm going to hang up on you. And I can guarantee you that she does hang up on you. So

I've experienced it and I've got to tell you you need to send a message back to Verizon, they need to clean up their customer service because it really does, it does have a lot of, lot of problems.

And I'd like to find out from anybody else of billing problems because I have a nightmare going on with my bundled service is supposed to be one price and it just keeps growing and I have no clue why. So I'd like to find out maybe from the consumer advocate side if there's a large billing problem also. Mr. Twomey?

MR. TWOMEY: Well, Commissioner Argenziano, I'm not aware of that, but I haven't tried to inquire.

COMMISSIONER ARGENZIANO: Okay.

MR. TWOMEY: It might be, that might be something that you would consider doing in the course of your, your investigation in your hearing if you do in fact go forward.

COMMISSIONER ARGENZIANO: Anybody else? Mr. Beck? Ms. Bradley?

MR. BECK: We've seen the same thing on the Internet. I've seen lots about that, but I don't have any separate information other than that on it.

COMMISSIONER ARGENZIANO: Okay. And that's just a comment on my personal experience with them. I wish it was better and I hope it does get better and I hope they're trying. But maybe hearing from one person sitting up here that the automation for customer service is really very bad and very hard to get through, and I can understand some of the complaints because I've experienced them.

CHAIRMAN CARTER: Thank you, Commissioner. I call that the Al Bundy Syndrome. You know, you call and you push one if you speak English, push two if you're shorter than 5'2", push four if you -- it's the Al Bundy Syndrome.

Commissioner McMurrian, you're recognized.

COMMISSIONER McMURRIAN: Thank you, Chairman. I realize that I intended to ask the petitioners about their take on the service objective versus service standard, and I do think they touched on it a little bit earlier. But just I asked staff and I intended to ask you all as well about how, you know, how you read those definitions there and what, I guess what you, how, how you think we should interpret those terms given those definitions that are in that other rule.

MR. BECK: Commissioner McMurrian, it is under the service objective standard. I understand the argument that Verizon's counsel is making. But to read the words under that of what's required, it says, "Restoration of interrupted service shall be scheduled to ensure that at least 95 percent shall be cleared." There's nothing ambiguous about that language. It's mandatory. It says "shall" and "ensure."

You know, you go to the top of the Rule 4.070, it says, "Each telecommunications company shall make all reasonable efforts to minimize the extent and duration of trouble conditions that disrupt or affect telephone service." Now there it talks about reasonable efforts for every single report no matter what duration, you know, whether it's 24 hours, whether it's five hours, whether it's 48. In every instance they're to make all reasonable efforts to minimize the extent and duration, but under (3) it gives you your mandatory requirements.

The Commission has previously interpreted this as a performance objective, a performance standard. When you issued the show cause order against Verizon in 1999 it's described as a performance standard. That's been the consistent interpretation until Verizon raised the issue in this proceeding.

COMMISSIONER McMURRIAN: If you want to add anything.

MR. TWOMEY: Only that we agree fully with Mr. Beck's interpretation.

COMMISSIONER McMURRIAN: Okay.

MS. BRADLEY: And we would also concur with Mr. Beck's interpretation and staff's interpretation of that.

COMMISSIONER McMURRIAN: Okay. Thank you. And I did have a couple of others, I think, if I can --

CHAIRMAN CARTER: You may proceed. While you're getting your notes together, do you mind if I interpose?

COMMISSIONER McMURRIAN: Oh, no.

CHAIRMAN CARTER: Mr. Beck, I, I was looking at the report, thank you for bringing that, for this point in time to my attention. I was looking at the report for AT&T. It goes all the way back to '02 and Embarq goes all the way back to '02. And even going back that far for both of those companies, it still is less than the -- I'm going somewhere with this -- still the $11.4 million that it would be if you went with the $25,000; correct? The -- and I'm asking you this -- maybe I should be asking Mr. O'Roark this is that -- yeah, I think I will, Mr. Beck. I think I will.

Let me ask you this, Mr. O'Roark. You said something, it may have been a throwaway line, but you said something to the effect that these companies are buying their way through. But what they're doing is that they're making refunds to the customers based upon an agreement that they signed with the Office of Public Counsel, the Attorney General and AARP. But also this, they go back all the way to 2002. This case is only dealing with a decline that started in 2005. So I don't see the, I don't see the fact that these companies are buying -- I'm kind of challenging your characterization that these companies are buying their way through this process. I think they made a prudent business -- I think Ms. Bradley said it was a business decision that the companies made, and staff should, I think staff said that as well, it was a business decision that these companies made at that point in time. They did a cost benefits analysis and they said, well, you know what, maybe we should, instead of paying into the general revenue, maybe we should enter into this and get some leeway from the rules with an opportunity that when there are violations that we'll pay a fine to the customers. So I'm -- you kind of tripped a trigger when you made that characterization, Mr. O'Roark.

MR. O'ROARK: Mr. Chairman, our view is that the solution to an obsolete rule isn't to have companies adopt payment plans to avoid the rule. The solution ought to be to fix the rule so that it is reasonably achievable by companies. And the fact that companies, as you said, have made a business decision to make payments rather than be subject to the rule tells you something about how achievable the rule is.

CHAIRMAN CARTER: The -- let's continue with that. Because what the companies did was they, not only did they make a business decision, but the negotiation and the concurrence with the Office of Public Counsel, the Attorney General's Office and AARP, they said, look, these are some of the kind of things that we can agree on if there is a problem down the road. So it's a lot more than just writing a check. I just, I'm taking issue with your characterization of their buying their way through. They went through a process of negotiation. That negotiation led itself to a, a proposed agreement. That proposed agreement was presented by the parties to the

Commission and the Commission approved it. So I take issue with your characterization that the companies are buying their way through it. That's my concern with what you're saying. I mean, you can make your argument without castigating the other companies and that's the way I see what you're saying.

MR. O'ROARK: Oh, well, Mr. Chairman, please, I hope you didn't understand me to be castigating anyone else. I'm not impugning what anybody else did. I agree with you, it was a business decision, it was their rational decision, and I'm not suggesting that they did anything wrong. I mean, please, if that's what you understood me to say, that's not what I was intending at all.

CHAIRMAN CARTER: Okay. Then I stand corrected then. Because I, like I said, it may have been a throwaway line but that's what I -- Commissioner Argenziano.

COMMISSIONER ARGENZIANO: To that point and trying to look at it as a business decision and a possibility that the company decided they couldn't meet the rule's standards, couldn't it also be, and I'm not sure I'm putting, I don't want to put words in your mouth, but it makes me think of two different scenarios that are possible, that it's cheaper for the companies to actually buy their way out than provide better service?

MR. O'ROARK: I think that's a possible interpretation of what's going on.

COMMISSIONER ARGENZIANO: So, see, that's why there's a lot more information that needs to be looked at I think, Mr. Chairman. Thank you.

CHAIRMAN CARTER: Thank you.

Commissioner McMurrian, thank you for allowing me to stick my nose in while you were asking questions. You're recognized, Commissioner McMurrian.

COMMISSIONER McMURRIAN: Thank you. And this is to clarify something that was said earlier and I think I need to ask a question of Mr. O'Roark and Mr. Beck about this. The rule, and I know that we're focusing on (3)(a) and (3)(b), but under (1)(b) under the rule it talks about in the event that there's an interruption in excess of 24 hours there's supposed to be an appropriate adjustment or refund to the subscriber automatically pursuant to the customer billing rule. And I'm assuming that that is done by Verizon, that there's some kind of, I guess for however long they're out of service there's some kind of adjustment made for that because they don't have access, they don't have the ability to use their phone for that part of the month. Is that --

MR. O'ROARK: That is correct, Commissioner. And actually they go one step further because we do have a refund plan in place, it's not a service guarantee plan as your rules define it, but we provide requested credits for customers when Verizon did not provide repairs as agreed. And in 2007 I think we paid out on the order of a couple of hundred thousand dollars under that voluntary business plan. And but to your point directly, we did, of course, comply with (2)(b).

COMMISSIONER McMURRIAN: The reason I wanted you to address that too, Mr. Beck, and I don't mean to cut in before you answer, but really the question I wanted to ask of you is when you were talking about how the other two companies had the service guarantee programs, and I think -- and you said something about the customers haven't received anything, you're talking about though they haven't received some additional payment. And, of course, I didn't, I wasn't as familiar with what Verizon was just talking about, but you're, you're saying that they're not, in the same way that Embarq and AT&T pays some kind of, paid something to the customer for their inconvenience, that Verizon is not doing that. That's what you're talking about how customers didn't receive anything; right?

MR. BECK: Right. And the amounts I believe are miniscule by Verizon compared to what the other companies are paying. I mean, under this provision if a customer is out for 48 hours, they receive two-thirtieths of one month's service. In other words, I mean, you didn't get the service for two days, so how could you possibly charge them that? But it's simply a pro rata refund of service the, the customer didn't receive. There's no payment like, for example, $25 that Embarq or AT&T might pay their customer.

COMMISSIONER McMURRIAN: Okay. I thought that's what you meant. I just wanted to be clear about it and make sure I understood and to make sure that Verizon was complying with that part under (1)(b). And I think I had one other question for staff and then I'm, then I'm done, I think.

For staff, Verizon mentioned in their presentation that no one suggested that the explanations have been unsatisfactory before now. So I guess that made we wonder are we or is the staff reviewing those explanations of misses on an ongoing basis or are they just there for things like this so that we've got some data to look at?

MR. MOSES: Rick Moses on behalf of the staff. We do look at those every quarter when they submit them in the periodic reports. Many of the explanations have been the manpower allocations, that they've moved manpower either over to FiOS or other service troubles. And it's kind of hard to question a company and say, well, do you need to hire more people or what? I mean, we've addressed that over the years. But they're essentially undermanned in my opinion in order to keep the service standards. In previous years before they started FiOS, if you'll look in that report, you'll notice that they were meeting the service standards. So it's not an impossible standard to meet because they were meeting them. It's just when they rolled out the new product, they tried doing both things with the same number of people and it just hasn't worked out for them.

MS. SALAK: I just wanted to add to that that there were some statements made earlier that staff -- well, staff had, already had a data request outstanding asking questions ourselves before the petition arrived and everything else, so we were also concerned before the petition arrived.

CHAIRMAN CARTER: Thank you.

Commissioner Argenziano.

COMMISSIONER ARGENZIANO: Just a question since it was indicated that they met those standards prior. Has there been any indication of any kind of layoffs due to the economy and the situation that we're all experiencing?

MR. MOSES: Well, I know recently just by reading in the newspapers that they've had some layoffs. And I used to work at GTE, which is now Verizon, and I still have some friends there and I hear from some of them every once in a while. There has been changes in the company, they've shifted people around to meet the different demands that they're under nowadays. As far as massive layoffs, I'm not aware. I don't have any numbers or any, any knowledge of that.

COMMISSIONER ARGENZIANO: Okay. I'm wondering if that needs to be looked at too because in the present situation that we are a lot of companies are having to let people go and I wonder if there's more to come and how that works with the company. Do they shift from quality of service, from service personnel or where would they shift from if they have to reduce their employment load?

CHAIRMAN CARTER: Thank you. And thank you for your explanation, Mr. O'Roark, to my question. I misread you and I appreciate that.

MR. O'ROARK: No problem. Sorry I didn't, I gave the wrong impression.

CHAIRMAN CARTER: It's okay. But I just, just for the record I just wanted to let you know that I appreciate the answer to, to my question.

Commissioners, any further questions from either of the parties or staff? Okay. Commissioners, ready for disposition of the case, of this matter? Commissioner Edgar, you're recognized for a motion.

COMMISSIONER EDGAR: Mr. Chairman, I'll offer this motion at this time. In recognition of, from what we've heard and read and reviewed, that under the current language of the rule there are some service quality issues, and also recognizing that that is self-reported information, I would offer the motion that we adopt the staff recommendation in its entirety, which would be including the two years, with the additional comment that in my mind the $10,000 is what I'm offering and not the $25,000 for these reasons. I do recognize that the times they are a changing and that there have been technology changes and workforce requirements and all of that, also that the company has made significant investments for customers including FiOS and other things, and that we are looking at potentially future rule amendments which I'm certainly willing to take a close look at. I do think the $10,000 per violation is an amount significant enough to get the attention of the company and draw attention to the concerns that we have about service quality. And so with that further explanation, I would offer the motion for the staff recommendation on all issues.

COMMISSIONER SKOP: Second.

CHAIRMAN CARTER: It's been moved and properly seconded. Commissioners, any questions or comments or further debate on the motion that's been presented and seconded? Hearing none, all those in favor, let it be known by the sign of aye.

(Unanimous affirmative vote.)

All those opposed, like sign. Show it done.

Commissioners, let's do this, we -- let's give our court reporter a break. So as we get ready for our next case, which we're -- just as a reminder, we're going to do a reverse order. We'll take Item 10, then we'll go to -- oh, wait a minute. Sorry. Item 8, I forgot, it's off the move staff list. Thanks. So we'll pick up with Item 8 when we return. We're on a five-minute break.

(Agenda Item 4 concluded.)

* * * * *

STATE OF FLORIDA)
: CERTIFICATE OF REPORTER
COUNTY OF LEON)

I, LINDA BOLES, RPR, CRR, Official Commission Reporter, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

IT IS FURTHER CERTIFIED that I stenographically reported the said proceedings; that the same has been transcribed under my direct supervision; and that this transcript constitutes a true transcription of my notes of said proceedings.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorneys or counsel connected with the action, nor am I financially interested in the action.

DATED THIS 19th day of December, 2008.

Linda Boles
LINDA BOLES, RPR, CRR
FPSC Official Commission Reporter
(850) 413-6734

m. Buck

080278-TL
Parties/Staff Handout
Internal Affairs/Agenda
on 12/16/08
Item No. 4

Florida
Public
Service
Commission

TELECOMMUNICATIONS SERVICE QUALITY 2000 – 2008

AT&T-Florida, Embarq-Florida, Verizon-Florida, TDS Telecom, and Windstream-Florida

Division of Service, Safety, and Consumer Affairs
October 10, 2008

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I. AT&T Florida

A. Availability of Service, Schedule 2

Prior to July 2005, Rule 25-4.066 Florida Administrative Code (F.A.C.), Availability of Service, stated that each telecommunications company should install at least 90% of all service orders within three days per exchange. AT&T Florida was required to report exchanges not meeting installation objectives (< 90%) on a monthly basis. Table 1 indicates the number of exchanges that were below the 90% objective for the years 2000 through 2005 in relation to 102 exchanges. In May of 2005, AT&T reduced the number of exchanges to 96 by combining the Florida Keys into a single exchange.

Table 1 Availability of Service — AT&T

Standard: 90% installed within 3 days													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Misses
102 Exchanges													
2000	85	43	33	20	11	8	17	20	24	32	26	31	350
2001	35	28	24	27	21	20	42	58	58	45	47	40	445
2002	36	27	23	21	19	34	47	49	39	32	24	31	382
2003	37	29	20	13	17	45	48	53	39	41	38	40	420
2004	39	49	42	25	18	40	42	59	33	54	45	30	476
2005	102 Exchanges				96 Exchanges								
	37	15	30	38	27	32							179

In July 2005, Rule 25-4.066 F.A.C., Availability of Service was revised and now states that at least 90% of service orders must be installed within 3 days for exchanges with at least 50,000 access lines or more. This will be measured on a monthly basis. For exchanges with less than 50,000 access lines, the measurement will be quarterly. Table 2 reflects the revised rule and the number of exchanges containing more than 50,000 access lines that missed the installation standard.

Table 2 Availability of Service — AT&T Exchanges > 50K Lines

Standard: 90 % within 3 days for exchanges with > 50K access lines													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Misses
2005							29 Exchanges			29 Exchanges			
	--	--	--	--	--	--	10	6	18	29	29	29	121
2006	29 Exchanges			18 Exchanges			28 Exchanges			29 Exchanges			
	29	29	29	18	18	18	28	28	28	28	28	28	309
2007	26 Exchanges			26 Exchanges			25 Exchanges			26 Exchanges			
	26	26	26	26	26	26	25	25	25	26	26	26	309
2008	24 Exchanges			22 Exchanges									
	24	24	24	22	22	22							138

The number of exchanges containing more than 50,000 access lines has varied over the years. For example, Table 2 indicates for the year 2006 and the month of April, AT&T reported 18 out of a possible 18 exchanges failed to meet the installation standard of 3-days.

AT&T Florida attributed the number of exchanges failing to meet installation intervals, for the first quarter of 2000, to be caused by an extremely high attrition rate of its skilled technical work force. Replacing the technicians was impacted by the fact very few individuals could pass the required entrance exam and for those that did, there was a long lead-time (12 to 18 months) required to yield productive technicians. Additionally, AT&T Florida indicted that competitive LECs were affecting the installation interval in that where it previously performed fast connects it now had to perform a dispatch in order to initiate service.[1]

For the year 2001, AT&T Florida employed the "force to load imbalance" catch all for the majority of the exchanges falling below the service installation standard. It indicated that there is a direct correlation to the installation service interval (> 3 days) misses being caused by heavy trouble ticket volumes because technicians are directed to restoration actions first resulting in a force to load imbalance.[2]

In the year 2002, AT&T Florida indicated that the misses for service installation were also caused by the "force to load imbalance" and seasonal customers returning to activate service. Additionally, weather contributed to increased trouble ticket volumes and that in turn affected the completion interval.[3]

AT&T Florida continued to attribute missed installations, for the year 2003, to work load imbalance conditions in spite of working overtime. The typical seasonal weather pattern, June through October, continued to impact installations to the extent that as the trouble ticket volume increases, the workload becomes unbalanced resulting in missed service installation intervals.

For those exchanges containing less than 50,000 access lines, AT&T Florida reported 67 exchanges prior to the first quarter of 2006. Table 3 illustrates the number of exchanges it reported by year and quarter that fell below the 90% standard.

Table 3 Availability of Service — AT&T Exchanges < 50K Lines

	Standard: 90% within 3 days per quarter with < 50K access lines				
Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Misses
2005			67 Exchanges		
	--	--	39	66	105
2006	67 Exchanges	78 Exchanges	68 Exchanges	67 Exchanges	
	65	77	66	67	275
2007	69 Exchanges	69 Exchanges	70 Exchanges	69 Exchanges	
	69	69	70	69	277
2008	69 Exchanges	71 Exchanges			
	69	71			140

[1] See AT&T Florida's periodic report for the year 2000.
[2] See AT&T Florida's periodic report for the year 2001.
[3] See AT&T Florida's periodic report for the year 2002.

B. Repair Service, Schedule 11 – Trouble Reports

Prior to July 2005, Rule 25-4.070 F.A.C. Customer Trouble Reports stated that each telecommunications company should restore at least 95% of out-of-service (OOS) trouble reports within 24 hours per exchange. This was measured on a monthly basis. The rule also stated that the companies should restore at least 95% of service affecting (SA) trouble reports within 72 hours per exchange. This is also measured on a monthly basis.

Between 2000 and 2004, AT&T Florida reported a total number of 102 exchanges. In May 2005, AT&T Florida combined the Florida Keys into one exchange subsequently reducing the total number of exchanges to 96. Table 4 indicates the number of exchanges that did not meet the OOS and SA trouble reports objective by calendar year.

Table 4 Repair — AT&T Exchanges

Standard: 95% within 24 hours for OOS and 95% within 72 hours for SA													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Misses
2000	102 Exchanges												
OOS	99	93	89	88	83	95	98	95	95	100	95	96	1126
SA	16	4	2	2	4	4	9	9	27	17	6	7	107
2001	102 Exchanges												
OOS	87	82	95	83	86	97	99	99	100	99	94	98	1119
SA	8	7	2	5	1	4	13	12	22	6	5	3	88
2002	102 Exchanges												
OOS	87	74	76	71	74	96	96	97	90	83	88	90	1022
SA	0	4	3	2	1	5	24	19	23	20	16	14	131
2003	102 Exchanges												
OOS	76	73	88	71	91	92	86	94	89	94	94	94	1042
SA	1	4	16	6	5	26	28	35	28	21	26	6	202
2004	102 Exchanges												
OOS	91	98	75	79	93	88	98	96	101	97	97	98	1111
SA	2	4	4	1	0	17	39	42	80	80	33	22	324
2005	102 Exchanges				96 Exchanges								
OOS	92	92	94	96	90	96							560
SA	33	5	19	28	12	34							131

Amended rules became effective in July 2005. Rule 25-4.070 F.A.C., Customer Trouble Reports now states that at least 95% of the OOS trouble reports must be scheduled to insure restoration within 24 hours for exchanges with at least 50,000 access lines or more. This will be measured on a monthly basis. In addition, for exchanges with at least 50,000 access lines, 95% of service affecting (SA) trouble reports must be restored with 72 hours. This will also be measured on a monthly basis. The exchanges that contained more than 50,000 access lines are included in Table 5 on the following page. It also shows that the number of exchanges containing more than 50,000 access lines could vary from as many as 29 to a low of 18 exchanges.

Table 5 Repair — AT&T > 50K Access Lines

Standard: 95% within 24 hours for OOS and 95% within 72 hours for SA													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Misses
2005							29 Exchanges			29 Exchanges			
OOS	--	--	--	--	--	--	29	29	29	29	29	29	174
SA	--	--	--	--	--	--	11	11	17	22	18	16	95
2006	29 Exchanges			18 Exchanges			28 Exchanges			29 Exchanges			
OOS	28	28	28	16	17	18	28	27	28	26	28	28	300
SA	14	7	2	0	0	0	0	0	1	0	0	0	24
2007	26 Exchanges			26 Exchanges			25 Exchanges			26 Exchanges			
OOS	26	22	21	22	21	26	25	24	25	26	25	26	289
SA	0	0	0	0	0	0	2	0	2	4	0	0	8
2008	24 Exchanges			22 Exchanges									
OOS	24	23	24	18	18	20							127
SA	0	0	0	0	0	1							1

In July 2005, the changes to Rule 25-4.070 F.A.C., allowed for those exchanges with less than 50,000 access lines to aggregate the results and AT&T Florida reported OOS and SA trouble reports on a quarterly basis. Table 6 reflects the number of exchanges containing less than 50,000 access lines that fell below the 95% objectives.

Table 6 Repair — AT&T < 50K Access Lines

Standard: 95% within 24 hours for OOS and 95% within 72 hours for SA by quarter					
Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Misses
2005			67 Exchanges	67 Exchanges	
OOS	--	--	66	66	132
SA	--	--	31	19	50
2006	67 Exchanges	78 Exchanges	68 Exchanges	67 Exchanges	
OOS	63	75	65	65	268
SA	7	0	0	0	7
2007	69 Exchanges	69 Exchanges	70 Exchanges	69 Exchanges	
OOS	66	61	70	67	264
SA	0	0	4	0	4
2008	69 Exchanges	71 Exchanges			
OOS	67	70			137
SA	0	3			3

C. SGP Performance

Initiation of a show cause proceeding against AT&T Florida for violation of service quality standards in Docket No. 991378-TL resulted in the Commission approving a stipulated agreement between the Office of Public Counsel and AT&T Florida that instituted a Service Guarantee Program (SGP). The SGP provided automated payments to AT&T Florida's customers when it failed to install service on an agreed upon date or it failed to repair outages within 24 hours.

AT&T Florida continues to operate under a Commission approved SGP that allows it to provide rebates to its customers when it fails to meet the standards within the SGP. At this time, AT&T Florida provides to its residential customers the following standard regarding its primary service installation:

> When BellSouth fails to install a customer's primary or additional local service on the date, which the customer and BellSouth agree, BellSouth will give the customer an automatic credit of $25.00. Where BellSouth is offering a commitment date greater than 3 days and the customer requests an earlier date, the commitment credit will be based on the customer requested date or on 3 days, whichever is greater.

The SGP and the associated rebate payments became effective March 2002. For the ten months remaining in 2002, AT&T Florida remitted to its customers over $514,000 for service orders in those situations where it failed to meet the agreed upon installation date and in 2003, it rebated over $423,000.

Table 7 AT&T — Installation SGP

SGP	2002	2003	2004	2005	2006	2007	2008	Total
Installation	$514,000	$423,000	$250,000	$413,000	$217,000	$150,125	$76,500	$1,529,625

The SGP approved by Order Nos. PSC-01-1643-AS-TL and PSC-02-0197-PAA-TL respectively, allows AT&T Florida to be exempt from certain Commission service quality rules relating to service installation intervals and repair time intervals. In February 2005, it applied for an extension to the stipulated SGP with certain modifications. Order No. PSC-05-0440-PAA-TL approved the modifications and resulted in increased payments to customers for both service installation intervals and the repair time As Table 7 indicates, in the year 2004, AT&T Florida continued to provide payments to its customers for not meeting the agreed upon installation date, rebating over $250,000. In the years, 2005, 2006, and 2007, AT&T Florida rebated over $413,000, $217,000 and $150,125 respectively for missing the agreed upon installation date. As of June 2008, it has rebated over $1,529,625.

Table 8 illustrates AT&T Florida's SGP performance in rounded dollar amounts that were paid to AT&T Florida's customers for OOS repairs. Beginning in 2002, AT&T Florida provided over $875,000 in automatic rebates, it continues to pay rebates and has paid out, for the six years the plan has been in effect, over $10,729,513. Yearly payouts were impacted by the four hurricanes that hit the state of Florida beginning in August 2004, through September 2004.and the application of AT&T Florida's Force Majeure requests.

Table 8 AT&T — Repair SGP

SGP	2002	2003	2004	2005	2006	2007	2008	Total
Repair	$875,000	$2,310,000	$1,609,000	$2,360,000	$1,613,000	$1,426,429	$536,084	$10,729,513

D. Answer Time, Schedule 15 - Repair Center

Rule 25-4.073 F.A.C. Answering Time stated that at least 90% of calls directed to repair services should be answered within 30 seconds after the last digit dialed when no menu system is utilized. Also at least 95% of calls directed to repair services shall be answered within 55 seconds when an Integrated Voice Response Unit (IVRU) is utilized. AT&T Florida used an IVRU and its answer time standard was 95% within 55 seconds. Additionally, in March 2002, AT&T Florida started its SGP and new FPSC rules became effective July 2005. Below, Table 9 shows the percentages for repair service answer time per month for the years 2000 through 2008.

Table 9 Answer Time — AT&T Repair

	Standard: 95% answered within 55 seconds											
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2000	29.0%	51.4%	78.0%	59.0%	51.1%	26.2%	15.8%	13.0%	20.4%	40.6%	48.4%	50.2%
2001	60.9%	62.0%	65.0%	75.7%	42.1%	6.7%	25.1%	93.3%	94.5%	95.8%	100%	96.6%
2002	96.9%	97.6%	98.1%	98.2%	98.2%	98.5%	98.2%	97.8%	98.0%	97.9%	98.0%	99.1%
2003	98.2%	98.5%	98.1%	98.2%	97.7%	98.1%	94.0%	98.1%	100%	97.9%	97.9%	98.6%
2004	99.1%	97.5%	99.6%	100%	100%	100%	99.5%	100%	100%	100%	100%	100%
2005	**95% answered within 55 seconds**						**90% answered within 55 seconds**					
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
	90% answered within 55 seconds											
2006	100%	100%	100%	100%	100%	100%	99.5%	100%	100%	100%	100%	100%
2007	100%	100%	100%	100%	100%	100%	97.7%	100%	99.6%	99.6%	99.4%	93.5%
2008	99.4%	99.5%	99.3%	99.1%	99.1%	98.6%						

Rule 25-4.073 F.A.C., Answering Time, effective July 2005, now states that at least 90% of calls directed to repair services shall be answered within 30 seconds after the last digit is dialed when no menu system is utilized. At least 90% of the calls directed to repair services, shall be answered within 55 seconds when an Integrated Voice Response Unit (IVRU) is utilized and the customer selects to speak to a live operator. The measurement of 55 seconds begins when the customer is transferred to the queue waiting to speak to a live operator. The rule and the subsequent amendments are included in Table 9 above.

E. Answer Time, Schedule 16 – Business Office

In relation to the business office, Rule 25-4.073 F.A.C. Answering Time stated that at least 80% of calls directed to the business office should be answered within 30 seconds after the last digit is dialed when no menu system is utilized. When an Integrated Voice Response Unit (IVRU) is utilized, at least 85% of calls directed to the business office shall be answered within 55 seconds. AT&T Florida uses an IVRU, which means the standard was 85% within 55 seconds. Table 10 shows the percentage of answer time for AT&T Florida's business office during the years 2000 through 2008.

Table 10 Answer Time — AT&T Business Office

Standard 85% answered within 55 seconds												
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2000	81.9%	90.3%	95.1%	94.9%	92.0%	82.2%	85.2%	86.3%	86.5%	85.9%	88.5%	88.1%
2001	90.6%	95.5%	86.3%	82.5%	86.6%	87.5%	81.4%	89.7%	92.4%	92.7%	92.8%	90.1%
2002	83.3%	78.6%	95.0%	94.9%	92.9%	86.9%	82.2%	86.7%	93.5%	83.0%	78.9%	48.5%
2003	70.8%	75.4%	71.7%	73.1%	80.7%	84.2%	78.3%	80.1%	81.7%	80.3%	83.3%	85.9%
2004	86.4%	79.8%	80.9%	52.0%	78.7%	73.4%	72.1%	85.0%	75.1%	85.7%	98.7%	97.4%
2005	85% answered within 55 seconds						90% answered within 55 seconds after transfer to the queue					
	94.8%	95.3%	95.8%	96.6%	96.7%	95.9%	100%	91.1%	82.8%	91.3%	85.7%	83.3%
	90 % answered within 55 seconds after transfer to the queue											
2006	93.0%	96.1%	97.3%	100%	97.3%	97.8%	98.2%	98.2%	98.2%	98.6%	98.5%	97.9%
2007	97.9%	97.5%	98.7%	94.6%	96.8%	97.4%	98.2%	95.5%	95.4%	95.9%	93.1%	91.4%
2008	95.6%	97.2%	97.5%	98.4%	96.5%	96.3%						

In July 2005, Rule 25-4.073 F.A.C., Answering Time was amended and now states that at least 80% of calls directed to a business office shall be answered within 30 seconds after the last digit is dialed when no menu system is utilized. When an Integrated Voice Response Unit (IVRU) is utilized and the customer selects to speak to a live operator, at least 90% of the calls directed to the business office shall be answered within 55 seconds. The measurement of 55 seconds starts when the customer is transferred to the queue waiting to speak to a live operator. AT&T Florida utilizes an IVRU and should answer at least 90% of the calls within 55 seconds.

Staff notes that AT&T Florida's SGP has been modified and now includes payments to a "Community Service Fund" when it fails to meet certain standards relating to answer time for the business and repair offices. The following is the modified SGP that applies:

> The new answer time measurement applies to customers who call the residential business and repair offices and who do not interact with the automated answer system.
>
> When AT&T Florida fails to meet the answer time measurement, it will credit the Lifeline Community Service Fund.
>
> The Measurement will require at least 90% of the calls to the Business office and repair office to be answered by a live attendant prepared to give immediate assistance within 55 seconds of being

transferred to the attendant. BellSouth will maintain 100% accessibility.

The amount of payment of credits shall be calculated separately for the business and repair offices and shall be applied based on BellSouth's performance in accordance with the following parameters:

Less than 90% but greater or equal to 80% - $2,000
Less than 80% but greater or equal to 70% - $5,000
Less than 70% - $7,000

AT&T Florida has not paid any amount into the fund because it has exceeded the answer time standards established for the business and repair offices.

II. Embarq Florida, Inc.

A. Availability of Service, Schedule 2

Rule 25-4.066 F.A.C., Availability of Service, stated that each telecommunications company should install at least 90% of all service orders within three days per exchange. Embarq has 104 exchanges within its operating territory and was required to report exchanges not meeting installation objectives (< 90%) on a monthly basis. Table 11 indicates the number of exchanges that were below the 90% objective for the years 2000 through March 2005.

Table 11 Availability of Service —Embarq

Standard: 90% installed within 3 days													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Misses
	104 Exchanges												
2000	60	22	8	4	0	3	20	3	11	5	3	1	140
2001	2	0	1	1	0	3	0	2	3	2	0	0	14
2002	4	2	2	0	1	1	6	1	1	2	2	54	76
2003	37	0	3	n/a	n/a	n/a	76	86	84	22	67	92	467
2004	98	96	95	93	93	95	78	59	78	104	102	100	1091
2005	101	97	98										296

In July 2005, Rule 25-4.066 F.A.C., Availability of Service was revised and now states that at least 90% of service orders must be installed within 3 days for exchanges with at least 50,000 access lines or more. This will be measured on a monthly basis. For exchanges with less than 50,000 access lines, the measurement will be quarterly. Embarq began reporting data for service installation misses in the revised format in April of 2005. At first, it reported that nine exchanges contained more than 50,000 access lines and those exchanges that missed the 3-day rule can be found in Table 12. However, beginning in April 2006, it reported that the number of exchanges containing more than 50,000 access lines had decreased to five.

Table 12 Availability of Service — Embarq > 50K Lines

Standard: 90% installed within 3 days when exchange has > 50K access lines													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Misses
2005				9 Exchanges			9 Exchanges			9 Exchanges			
	--	--	--	9	9	7	6	7	5	7	7	8	65
2006	9 Exchanges			5 Exchanges			5 Exchanges			5 Exchanges			
	7	4	2	1	2	4	5	1	1	1	0	4	32
2007	5 Exchanges			5 Exchanges			5 Exchanges			5 Exchanges			
	4	4	4	4	0	0	0	0	0	0	0	0	16
2008	5 Exchanges			5 Exchanges									
	0	0	0	0	0	0							0

Embarq explains that the large number of exchanges falling below standards in the first quarter of 2000 is a carry over from the fourth quarter of 1999. It attributed the large number of exchanges failing installation intervals to be caused by higher than expected troubles that were nearly double the assumed growth rate, especially in Naples, Florida. Embarq implemented a short-term service improvement plan to bring the company into substantial compliance. It sought to resolve the problem through contractor services and eventually had to request help from other Embarq resources outside of the state. July 2000 sees a spike resulting from severe thunderstorm activity because restoration activities take precedence over installations. September misses were logged to the severe thunderstorm regional activity as well.[4]

In 2001, Embarq implemented a Commission approved Service Guarantee Program (SGP) and began providing an SGP report separately. It continued to provide the required schedules and for the relatively few exchanges falling below the 95% installation standard, Embarq indicated that they were usually the result of improper instructions in the service order or plain old employee errors.

In the year 2002, Embarq indicated that the misses for service installation were again caused by severe thunderstorm activity and excessive rainfall. It indicted that even the implementation of 30-minute lunch periods, beginning the workday at 7:00 AM, and forced overtime failed to remedy the high demands placed on its technicians, particularly in the third and fourth quarters.[5]

Embarq provided that beginning in January 2003, it noticed that it was paying out a considerable amount of money for service order misses and determined that an internal process error was causing a large number of credits to be issued. It was isolated to the customer care representatives and the process for updating service orders on hold for positive identification, held for deposits payments, or outstanding balances associated with previous balances. All representatives were trained on the proper procedures to update pending service orders. Embarq stated the processing error resulted in numerous exchanges appearing to have missed the installation interval objective when in fact they did not. It elected to let the results stand uncontested and not pursue a review of every service order for correction and adjustment.[6]

For the year 2004, four hurricanes severely affected Embarq's ability to respond to new service requests and repairs. It evoked the Force Majeure provisions of its SGP and diverted contractors and personnel within the entire state of Florida to those areas that were impacted as soon as it was safe to enter those areas. The numbers speak for themselves as efforts to restore infrastructure occurred first and then individual customers were addressed.[7]

For those exchanges containing less than 50,000 access lines, Embarq reported 95 exchanges (95 < 50k + 9 >50k = 104 exchanges). As noted above when the exchange count decreased on the one hand (exchanges > 50,000 access lines) there is a subsequent increase on the other hand (exchanges < 50,000 access lines). Therefore, the number of exchanges falling below the 50,000-access line threshold increased from 95 to 99 and the exchanges missing the service interval are found in Table 13. The increased number of exchanges became effective with the second quarter of 2006-2008.

[4] See Embarq's filed periodic report for the year 2000.
[5] See Embarq's filed periodic report for the year 2002.
[6] See Embarq's filed periodic report for 2003.
[7] See Embarq's filed periodic report for 2004.

Table 13 Availability of Service — Embarq < 50K Lines

	Standard: 90 % within 3 days per quarter for < 50K access lines				
Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Misses
2005	95 Exchanges				
	--	82	52	68	202
2006	95 Exchanges	99 Exchanges	99 Exchanges	99 Exchanges	
	58	69	71	32	230
2007	99 Exchanges				
	94	19	3	2	118
2008	99 Exchanges				
	2	1			3

Embarq was impacted by the carryover effects of the previous 2004 hurricane season. It indicated that is was aggressively pursuing service improvement through replacement of damaged facilities and additions to the work force. Then hurricanes Dennis, Wilma, and Katrina struck and significantly affected Embarq's ability to meet any type of service installation objectives for the remainder of 2005. Force Majeure was invoked for all three hurricanes. Embarq subsequently lifted the Force Majeure on February 3, 2006.

B. Repair Service, Schedule 11 – Trouble Reports

Rule 25-4.070 F.A.C. Customer Trouble Reports stated that each telecommunications company should restore at least 95% of out of service (OOS) trouble reports within 24 hours per exchange. This was measured on a monthly basis. The rule also stated that the companies should restore at least 95% of service affecting (SA) trouble reports within 72 hours per exchange. This is also measured on a monthly basis. In 2001 Embarq initiated, the Commission approved Service Guarantee Program (SGP) according to Order No. PSC-00-2462A-PAA-TL and began crediting customer's accounts when it failed to satisfy the requirements of the SGP. However, Embarq was not relieved of the requirements to continue to report OOS and SA troubles according to schedule 11.

Embarq has reported 104 exchanges for the state of Florida. Table 15 indicates the number of exchanges that are not meeting the OOS and SA trouble reports objective by calendar year.

Table 14 Repair — Embarq

Standard: 95% within 24 hours for OOS and 95% within 72 hours for SA													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Misses
2000	104 Exchanges												
OOS	20	0	2	5	2	17	15	9	8	6	2	4	90
SA	6	6	4	0	2	4	4	2	2	0	2	3	35
2001	104 Exchanges												
OOS	2	2	4	0	1	9	8	5	15	3	5	4	58
SA	1	0	0	0	2	1	6	7	11	5	7	1	41
2002	104 Exchanges												
OOS	4	5	1	2	4	0	18	14	16	5	16	16	101
SA	5	5	0	1	1	1	4	6	1	0	2	8	34
2003	104 Exchanges												
OOS	4	5	7	6	14	18	36	50	43	33	77	66	359
SA	4	2	2	3	5	16	23	36	22	20	61	41	235
2004													
OOS	47	42	41	22	32	70	83	84	102	97	93	101	814
SA	35	51	44	60	44	49	57	77	86	96	80	94	773
2005	104 Exchanges												
OOS	89	80	95	--	--	--							264
SA	89	93	93	--	--	--							275

In April 2005, Embarq began to submit its required schedules according to the number of access lines found in each exchange. Staff notes that amended rules became effective in July 2005. Rule 25-4.070 F.A.C. Customer Trouble Reports now states that at least 95% of the OOS trouble reports must be scheduled to insure restoration within 24 hours for exchanges with at least 50,000 access lines or more. This will be measured on a monthly basis. In addition, for exchanges with at least 50,000 access lines, 95% of service affecting (SA) trouble reports must be restored with 72 hours. This will also be measured on a monthly basis. In 2005, Embarq reported its number of exchanges with greater than 50,000 access lines as nine. For 2006 through June 2008, it reported five. Table 15 reflects the number of exchanges with 50,000 or more access lines that fell below the 95% objective for OOS and SA trouble reports.

Table 15 Repair — Embarq > 50K Lines

Standard: When > 50K access lines, OOS cleared within 24 hours and SA cleared within 72 hours													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Misses
2005				9 Exchanges									
OOS	--	--	--	8	6	9	9	8	7	9	9	9	74
SA	--	--	--	9	8	8	8	8	7	9	9	9	75
2006	5 Exchanges												
OOS	9	9	6	4	5	5	4	2	4	2	4	3	57
SA	7	7	4	4	4	5	5	5	5	4	4	2	56
2007	5 Exchanges												
OOS	3	4	2	2	0	3	5	3	4	5	5	4	40
SA	4	4	3	2	1	2	2	2	2	2	1	1	26
2008	**5 Exchanges**												
OOS	5	3	1	3	2	5							19
SA	1	1	2	1	2	3							10

In July 2005, the changes to Rule 25-4.070 F.A.C. included for those exchanges with less than 50,000 access lines the requirement that the exchange results could be aggregated and Embarq was allowed to report OOS and SA trouble reports on a quarterly basis. Table 16 reflects the number of exchanges containing less than the 50,000 access lines that fall below the 95% objectives. Embarq's exchanges with less than 50,000 access lines were reported as 95 for the second, third and fourth quarters of 2005 and the first quarter of 2006. For the remaining quarters of 2006-2008, it reported 99 exchanges.

Table 16 Repair — Embarq < 50K Lines

Standard: When < 50K 95% OOS within 24 hours, SA within 72 hours by quarter					
Year	1ST Qtr	2nd Qtr	3rd Qtr	4th Qtr	Misses
2005		95 Exchanges			
OOS	--	91	91	83	265
SA	--	92	83	84	259
2006	95 Exchanges	99 Exchanges	99 Exchanges	99 Exchanges	
OOS	80	68	65	48	226
SA	84	76	81	74	315
2007	99 Exchanges				
OOS	54	24	54	56	188
SA	84	17	35	21	157
2008	99 Exchanges				
OOS	53	72			125
SA	19	23			42

C. SGP Performance

Eight hurricanes had an impact on Embarq's service territory and the efforts the company made in restoring its network. Embarq made the following service quality commitments under its Service Guarantee Program:

Installation

1. For negotiated due dates (basic residential service only), Embarq's initial offer will not exceed five business days.

2. Company will continue to ensure that language confirming customer acceptance of the offered date is consistently utilized
3. Commission staff will have open audit capability of Embarq's service installation negotiations including the ability to initiate an audit on a reasonable "drop-in" basis.

For the above commitments, Embarq will have the opportunity to explain any exigent circumstances, i.e., storms, work stoppage, etc.

Embarq's service quality is monitored using the required schedules and the results of its SGP. The data that Embarq provides in its schedule 2, Availability of Service, continues to be a valuable tool in gauging service installation intervals. Embarq has made modifications to its SGP and the Commission subsequently issued Order No. PSC-06-0068-PAA-TL setting forth the installation commitments enumerated above. Under existing Commission rules, consumers receive no payment for missing the service installation date; however, by rebating $25.00 to those customers today, Embarq, is immediately penalized for missing the service installation commitment. The SGP rounded dollar amounts for the years 2002 through June 2008 are reported below in Table 17.

Table 17 Embarq — SGP Installation[8]

SGP	2002	2003	2004	2005	2006	2007	2008	Total
Installation	$1,157,000	$872,000	$530,000	$522,000	$434,000	$253,150	$98,175	$3,866,325

Table 18 illustrates Embarq's SGP performance in rounded dollar amounts that were paid directly to Embarq's customers for OOS repairs. In 2002, Embarq provided over $738,000 in automatic SGP Repair rebates, it continues to pay rebates and has paid out, for the six years the plan has been in effect, over $4,813,243. Embarq's yearly payouts were impacted by the eight hurricanes that hit the state of Florida beginning in August 2004, through the end of 2005 and the application of Embarq's Force Majeure.

Table 18 Embarq — SGP Repair

SGP	2002	2003	2004	2005	2006	2007	2008	Total
Repair	$738,000	$648,000	$727,000	$1,652,000	$563,000	$352,383	$132,860	$4,813,243

D. Answer Time, Schedule 15 - Repair Center

From January 1993, to June 2005, Rule 25-4.073 F.A.C. Answering Time stated that at least 90% of calls directed to repair services should be answered within 30 seconds after the last digit dialed when no menu system is utilized. At least 95% of the calls directed to repair services, shall be answered within 55 seconds when an Integrated Voice Response Unit (IVRU) is utilized. Embarq uses an IVRU and its answer time standard was 95% within 55 seconds. Additionally, Embarq started its SGP in June of 2001 and new rules became effective July 2005. On the following page, Table 19 shows the percentages for repair service answer time by month for the years 2000 through 2008 and the applicable answer time standards.

[8] Embarq's installation SGP credits for 2008 are from January to June.

Table 19 Answer Time Repair— Embarq

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Standard: 95 % answered within 55 seconds												
2000	90.1%	90.1%	89.3%	83.5%	87.9%	84.7%	86.7%	83.2%	84.1%	97.5%	94.2%	91.8%
2001	91.8%	93.6%	89.8%	92.9%	91.1%	78.6%	85.7%	84.2%	88.3%	96.2%	89.8%	86.5%
2002	84.8%	89.5%	86.7%	86.8%	87.2%	81.7%	69.0%	88.1%	90.0%	88.4%	88.1%	86.7%
2003	893%	87.5%	90.8%	90.0%	87.3%	84.7%	93.2%	88.6%	93.0%	88.9%	81.9%	88.4%
2004	84.2%	83.6%	82.4%	86.4%	84.0%	91.2%	89.8%	79.4%	84.6%	87.2%	87.5%	83.4%
Standard: 95 % answered within 55 seconds							Standard: 90% answered within 55 seconds after queue					
2005	73.0%	84.5%	85.0%	89.7%	92.8%	93.7%	88.7%	95.9%	96.6%	87.0%	88.7%	88.3%
Standard: 90% answered within 55 seconds after being transferred to queue												
2006	84.5%	87.4%	93.9%	83.1%	88.6%	75.0%	84.8%	82.3%	82.6%	86.7%	88.6%	88.4%
2007	92.7%	86.5%	82.0%	90.0%	91.3%	74.2%	81.7%	92.7%	97.1%	89.0%	97.4%	92.2%
2008	92.7%	86.5%	91.9%	89.9%	77.5%	74.7%						

Rule 25-4.073 F.A.C., Answering Time, effective July 2005, now states that at least 90% of calls directed to repair services shall be answered within 30 seconds after the last digit is dialed when no menu system is utilized. Embarq began reporting repair answer time in April 2005 based on the revised rule. At least 90% of the calls directed to repair services shall be answered within 55 seconds when an Integrated Voice Response Unit (IVRU) is utilized and the customer selects to speak to a live operator. The measurement of 55 seconds begins when the customer is transferred to the queue waiting to speak to a live operator.

E. Answer Time, Schedule 16 – Business Office

From January 1993, to June 2005, Rule 25-4.073 F.A.C., Answering Time stated that at least 80% of calls directed to the business office should be answered within 30 seconds after the last digit is dialed when no menu system is utilized. At least 85% of the calls, directed to the business office shall be answered within 55 seconds when an Integrated Voice Response Unit (IVRU) is utilized. Embarq uses an IVRU, which means the standard was 85% within 55 seconds. Below, Table 20 shows the answer time percentages for Embarq's business office during the years 2000 through 2008.

Table 20 Answer Time Business — Embarq

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Standard: 85% answered within 55 seconds												
2000	87.7%	82.7%	81.7%	84.4%	52.7%	55.4%	66.8%	72.7%	75.1%	69.9%	81.3%	74.2%
2001	84.2%	89.2%	87.7%	88.7%	85.8%	87.4%	79.0%	78.6%	87.0%	86.9%	79.5%	79.0%
2002	65.2%	78.2%	79.8%	79.6%	78.0%	79.6%	77.0%	79.6%	78.8%	79.6%	79.5%	77.4%
2003	80.8%	81.6%	82.4%	78.1%	78.4%	81.7%	80.6%	73.3%	86.6%	85.1%	79.5%	88.0%
2004	82.3%	87.7%	93.0%	92.1%	86.6%	81.1%	75.2%	65.4%	87.4%	67.9%	70.4%	84.7%
Standard: 85% answered within 55 seconds							Standard: 90% answered within 55 seconds after queue					
2005	80.5%	83.1%	87.2%	91.0%	94.1%	89.9%	91.6%	91.0%	89.5%	86.4%	89.4%	93.1%
Standard: 90% answered within 55 seconds after transfer to queue												
2006	91.9%	90.2%	92.0%	89.3%	86.0%	66.9%	63.4%	78.3%	76.8%	83.0%	76.4%	82.8%
2007	93.5%	82.8%	91.3%	84.6%	91.9%	86.0%	79.8%	84.8%	91.0%	86.6%	65.2%	75.1%
2008	85.2%	62.2%	83.3%	86.0%	77.0%	79.9%						

In July 2005, Rule 25-4.073 F.A.C., Answering Time was amended and now states that at least 80% of calls directed to a business office shall be answered within 30 seconds after the last digit is dialed when no menu system is utilized. When an Integrated Voice Response Unit (IVRU) is utilized and the customer selects to speak to a live operator, at least 90% of the calls directed to the business office shall be answered within 55 seconds. The measurement of 55 seconds starts when the customer is transferred to the queue waiting to speak to a live operator. Embarq began reporting the revised rule measurements in April 2005. Embarq utilizes an IVRU and should answer at least 90% of the calls within 55 seconds.

Embarq's SGP includes payments to a "Community Service Fund" when it fails to meet certain standards relating to answer time for the business and repair offices for residential basic service customers. The following is the SGP that applies:

> Answer time will be measured and reported based on the Average Speed of Answer. Measurement of ASA begins when the call leaves the IVRU and ends when a service representative answers the call or the caller abandons the call.
>
> The company will forecast expected demand and provide incoming access lines (trunks) to the business office and repair centers at a P.01 grade of service for the average busy hour busy season.
>
> When an IVRU is not used, measurement begins as soon as the call is received at the automatic call distributor (ACD) and ends when a service representative answers the call or the caller abandons the call
>
> The Company will maintain 100% accessibility to the ACD queue.
>
> Within 30 seconds after the customer enters the IVRU, the caller will be given the option to exit the menu and be connected to a service representative.
>
> The Company will deposit into the community service fund the following amounts when it fails to meet the ASA standards below.

Answer Time ASA (seconds)	Community Service Fund Credit
≤ 50	$ 0
$>50 \leq 60$	$2,000
$> 60 \leq 70$	$5,000
> 70	$7,000

Embarq's Community Service Fund credits by year are shown below:

Table 21 Community Service Fund — Embarq[9]

Year	2002	2003	2004	2005	2006	2007	2008	Total
CSF $	$25,000	$90,000	$55,000	$70,000	$54,000	$49,000	$51,000	$394,000

[9] For 2008, Table 21 Community Service Fund contains six months of data.

III. Verizon Florida, Inc.

A. Availability of Service, Schedule 2

Prior to July 2005, Rule 25-4.066 F.A.C., Availability of Service stated that each telecommunications company should install at least 90% of all service orders within three days per exchange. Verizon was required to report on the number of exchanges that did not meet the installation objectives (< 90%) on a monthly basis. Verizon lists 24 exchanges within its territory. Table 22 indicates the number of exchanges that were below the 90% objective for the years 2000 through June 2005.

Table 22 Availability of Service –Verizon

Standard: 90% installed within 3 days												
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
	24 Exchanges											
2000	2	1	0	0	0	0	0	0	0	0	0	0
2001	1	0	0	1	0	1	1	0	0	0	0	0
2002	0	0	0	1	0	1	0	0	1	1	0	2
2003	7	1	0	0	0	1	0	2	1	1	1	5
2004	7	4	1	0	0	0	3	5	16	24	20	9
2005	6	1	3	1	1	5						

In 2004, Verizon stated that the main reason for its exchanges failing to meet the availability of service objective was due to the dispatcher's inexperience with scheduling technicians and it points to the improved situations in March and April 2004. Beginning with July 2004, Verizon reported it experienced a high percentage of lightning strikes and during the months of August through September 2004, it experienced three hurricanes: Charley, Francis, and Jeanne. Verizon stated the affects continued for the remainder of the year 2004.

In July 2005, Rule 25-4.066 F.A.C., Availability of Service was amended and now states that at least 90% of service orders shall normally be satisfied within 3 days for exchanges with at least 50,000 access lines or more. This will be measured on a monthly basis. For exchanges with less than 50,000 access lines, the measurement will be quarterly. Tables 23 and 24 represent the application of the revised rule for exchanges and the 50,000 access lines criteria. For the years 2005 through 2007, Verizon reported nine exchanges that were greater than 50,000 access lines. For the first and second quarters of 2008, Verizon reported eight and seven exchanges, respectively that contained more than 50,000 access lines.

Table 23 Availability of Service – Verizon > 50K Lines

Standard: 90% installed within 3 days when exchange has >50K access lines													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Misses
							9 Exchanges						
2005							0	1	0	0	0	0	1
	9 Exchanges												
2006	1	0	0	0	0	0	0	0	0	0	0	0	1
	9 Exchanges												
2007	0	0	0	0	0	0	1	0	0	2	1	2	6
	8 Exchanges			7 Exchanges									
2008	1	1	6	5	0	0							13

During the same period, 2005 through 2007, Verizon reported 15 exchanges that met the criteria of less than 50,000 access lines. For the first and second quarters of 2008, Verizon reported that 16 and 17 exchanges respectively contained less than 50,000 access lines. Table 24 represents the number of exchanges below the 90% service installation objective.

Verizon listed the primary reasons for missing the installation objective for the third quarter of 2005 were due to facility issues, manpower being reallocated in response to out-of-service issues, inclement weather, and a lack of manpower. For the fourth quarter of 2005, it indicated a continued lack of work force and a high trouble volume.[10]

Table 24 Availability of Service – Verizon < 50K Lines

Standard: 90% installed within 3 days per quarter when < 50K access lines					
Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Misses
			15 Exchanges		
2005	--	--	6	4	10
	15 Exchanges				
2006	2	0	**2**	0	4
2007	3	2	7	7	19
	16 Exchanges	17 Exchanges			
2008	11	7			18

In 2007, Verizon explained the third quarter misses were the result of higher than normal trouble ticket volumes and the necessity of reallocating work force to respond to the outages instead of installation. The percentage of the quarterly results deviated no more than nine percent. In other words, the lowest quarterly result of 81 percent was only nine percentage points away from the 90 percent objective.[11]

B. Repair Service, Schedule 11 – Trouble Reports

Prior to being amended, Rule 25-4.070 F.A.C. Customer Trouble Reports stated that each telecommunications company should schedule restoration to insure at least 95% of out-of-service (OOS) trouble reports are cleared within 24 hours per exchange. This was measured on a monthly basis. The rule also stated that the companies should restore at least 95% of service affecting (SA) trouble reports within 72 hours per exchange. This is also measured on a monthly basis.

Verizon reported 24 exchanges for the state of Florida as of January 2000. In defense of the exchanges failing to meet the OOS and SA objectives, Verizon stated that its dispatchers were inexperienced in evaluating the daily workload requirements and therefore could not determine the number of technicians and proper routing of technicians needed to meet service objectives beginning in January 2004. However, during the August through September 2004 timeframe it experienced three Hurricanes: Charley, Francis, and Jeanne. Verizon stated the affects continued for the remainder of the year 2004. Table 25 indicates the number of exchanges not meeting the OOS and SA trouble report objectives.

---

[10] See Verizon's periodic report for the year 2005.

[11] See Verizon's periodic report for the year 2007.

Beginning in January 2005, Verizon indicated that the missed OOS objective was primarily due to a high number of seasonal customers returning to the area only to find their service had been interrupted due to the hurricane season of 2004. February's OOS miss was attributed to a 200 pair cable cut and increased trouble isolation time in finding a defective span in a subscriber line carrier circuit (SLCC). For March 2005, Verizon stated that excessive rain, utility company construction, and an outage by a customer caused the OOS objective to be missed. The OOS misses for the months of April and May were attributed to a higher than forecasted residential trouble volume when compared to the previous year and months for 2004. Finally, in June 2005, Verizon stated it experienced an extreme amount of rainfall, more than 11 inches, and over 99,000 lightning strikes.

Table 25 Repair –Verizon

Standard: 95% of OOS restored within 24 hours, 95% SA restored within 72 hours													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Misses
24 Exchanges													
2000													
OOS	2	0	0	0	0	0	0	0	1	1	1	0	5
SA	0	0	0	0	0	0	0	2	0	0	0	1	5
2001													
OOS	0	0	0	0	0	1	0	0	1	0	0	1	3
SA	0	0	0	1	0	0	1	0	0	0	0	0	2
2002													
OOS	2	0	0	0	1	2	2	0	1	1	4	20	33
SA	0	0	0	0	0	0	0	0	0	0	0	14	14
2003													
OOS	8	0	5	0	0	13	4	10	2	1	8	7	58
SA	1	0	1	0	0	9	1	11	10	0	1	1	35
2004													
OOS	4	3	3	1	1	10	18	20	24	24	20	18	146
SA	0	0	4	0	0	5	15	21	24	24	22	20	135
2005													
OOS	21	5	19	6	5	18							74
SA	22	1	19	9	1	13							65

Rule 25-4.070 F.A.C. Customer Trouble Reports now states that at least 95% of out of service (OOS) trouble reports must be restored within 24 hours for exchanges with at least 50,000 access lines or more. This will be measured on a monthly basis. In addition, for exchanges with at least 50,000 access lines or more, 95% of service affecting (SA) trouble reports must be restored with 72 hours. This will also be measured on a monthly basis. Beginning in July 2005, Verizon reported its total number of exchanges with greater than 50,000 access lines as nine.

Table 26 reflects the number of exchanges with 50,000 or more access lines that fell below the 95% objective for OOS and SA trouble reports. Verizon reported for the months of July, August, and September 2005, it experienced inclement weather that included severe rain and tornadoes. For November and December 2005, Verizon experienced key equipment failures such as a DLC MUX and a DMSU 12 System. It also suffered a cut cable caused by a utility company. In addition, Verizon stated the serving area experienced over 371,000 lightning strikes.

Table 26 Repair --Verizon > 50K Lines

Standard: > 50K access lines, 95% of OOS restored within 24 hours, 95% of SA restored within 72 hours													
Year	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**Misses**
2005							9 Exchanges						
OOS							9	8	5	6	5	6	39
SA							9	9	3	2	3	3	29
2006	9 Exchanges												
OOS	4	8	2	0	1	5	6	6	5	1	7	6	51
SA	4	4	0	0	0	6	6	6	9	2	6	5	48
2007	9 Exchanges			9 Exchanges			9 Exchanges			8 Exchanges			
OOS	6	9	2	3	2	6	6	9	8	7	7	5	70
SA	8	6	6	8	4	7	9	9	9	8	8	6	88
2008	8 Exchanges			7 Exchanges									
OOS	4	7	8	7	2	6							34
SA	3	6	8	7	0	4							28

Verizon also reported that all exchanges were affected by its technician scheduling and dispatch software programs. The systems known as vRepair and the Automated Work Assignment System (AWAS), experienced outages and hindered Verizon's ability to dispatch reports to technicians in order to facilitate repair. The vRepair and AWAS problems continued through January 2006.

For 2006, Verizon attributed most of the missed OOS objectives to high trouble volumes caused by excessive rainfall, cut cables, a cut paper wrapped cable, defective equipment and vandalism. In addition, Tropical Storm Alberto produced significant rainfall and therefore high trouble volumes.

Verizon continues to report in the year 2007 that the exchanges containing more than 50,000 access lines are below the 95 percent objective. Its management strategy continues to utilize a fluid work force (construction and fiber), clock management strategy, and to require overtime as needed. In addition, to link jobs within the same area and continued focus on coordination from the dispatch resource center and the Verizon field managers

In July 2005 the changes to Rule 25-4.070 F.A.C., allowed for those exchanges with less than 50,000 access lines to report OOS and SA trouble reports on a quarterly basis. Table 27 contains the number of exchanges with less than the 50,000 access lines that are below the 95% objective. Verizon's total number of exchanges with less than 50,000 access lines is 15 and for the third quarter of 2005, it experienced excessive rainfall and equipment outages, which generated high trouble volumes. During the fourth quarter of 2005, the vRepair and AWAS problems continued to plague its OOS restorations. Additionally, a lack of work force and high trouble volumes contributed to missing its objective.

Beginning in the first quarter of 2006, Verizon reported that the missed OOS objective was primarily due to an incorrect setting of the commitment clock in its vRepair system. Additionally, insufficient work force and equipment outages further eroded its ability to meet the

OOS objective. For the second and third quarters of 2006, it experienced Tropical Storm Alberto, generating significant rainfall, which in turn produced a high volume of troubles. Additionally, several exchanges experienced unusual equipment failures.

In the fourth quarter of 2007 and the first quarter of 2008, Verizon reported that 16 exchanges met the criteria for aggregating the monthly results by quarter and all 16 exchanges failed to meet the OOS and SA objectives for the quarters. In the second quarter of 2008, the number of exchanges increased to 17 and all were below the standard for OOS and SA conditions.

Table 27 Repair –Verizon < 50K Lines

Standard: < 50K access lines; 95% OOS within 24 hours; 95% SA within 72 hours by quarter					
Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Misses
2005			15 Exchanges	15 Exchanges	
OOS	--	--	15	13	28
SA	---	--	15	5	20
2006	15 Exchanges				
OOS	10	6	10	10	36
SA	3	2	12	5	22
2007	15 Exchanges	15 Exchanges	15 Exchanges	16 Exchanges	
OOS	10	9	14	16	49
SA	14	11	14	16	55
2008	16 Exchanges	17 Exchanges			
OOS	16	17			33
SA	16	17			33

C. Answer Time, Schedule 15 – Repair Center

Prior to July 2005, Rule 25-4.073 F.A.C. Answering Time stated that at least 90% of calls directed to repair services should be answered within 30 seconds after the last digit dialed when no menu system is utilized. At least 95% of calls directed to repair services, should be answered within 55 seconds when an Integrated Voice Response Unit (IVRU) is utilized. Table 28 shows the percentage of answer time for Verizon's repair service for the years 2000 through 2008.

Rule 25-4.073 F.A.C. Answering Time, effective July 2005, now states that at least 90% of calls directed to repair services shall be answered within 30 seconds after the last digit is dialed when no menu system is utilized. At least 90% of the calls directed to repair services shall be answered within 55 seconds when an Integrated Voice Response Unit (IVRU) is utilized and the customer selects to speak to a live operator. The measurement of 55 seconds begins when the customer is transferred to the queue waiting to speak to a live operator.

Table 28 reflects Verizon's answer time percentages with the standards that were in effect and are highlighted on the following page. From 2000 through June of 2005, the standard was 95 % of the calls directed to the repair center had to be answered within 55 seconds. The standard for the period from July 2005 to present is that 90 percent of the calls will be answered within 55 seconds after being transferred to the queue.

Table 28 Answer Time – Verizon Repair

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Standard: 95% answered within 55 seconds												
2000	100%	100%	100%	100%	100%	100%	96.8%	100%	100%	100%	100%	100%
2001	100%	96.4%	96.8%	96.7%	100%	96.7%	97.0%	97.0%	93.0%	100%	96.7%	96.8%
2002	100%	100%	100%	100%	100%	97%	100%	97.0%	100%	97.0%	100%	94.0%
2003	97.0%	96.0%	100%	97.0%	97.0%	97.0%	97.0%	100%	100%	100%	97.0%	97.0%
2004	97.0%	100%	100%	97.0%	94.0%	97.0%	87.0%	77.0%	33.0%	16.0%	97.0%	100%
Standard: 95% answered within 55 seconds							**Standard: 90% answered within 55 seconds after queue**					
2005	90.7%	92,7%	91.4%	90.7%	91.5%	90.1%	90.9%	91.7%	90.4%	90.7%	93.2%	92.6%
90 % answered within 55 seconds after queue												
2006	92.9%	90.4%	94.0%	93. %	95.3%	93.8%	93.5%	94.6%	92.7%	95.4%	93.8%	92.2%
2007	92.8%	91.1%	91.0%	92.1%	91.0%	90.8%	90.8%	91.0%	91.0%	90.6%	89.9%	91.3%
2008	78.4%	89.6%	83.3%	78.4%	89.6%	83.3%						

D. Answer Time, Schedule 16 – Business Office

Prior to April 2005 Rule 25-4.073 F.A.C. Answering Time stated that at least 80% of calls directed to business office shall be answered within 30 seconds after the last digit is dialed when no menu system is utilized. At least 85% of calls directed to the business office, should be answered within 55 seconds when an Integrated Voice Response Unit (IVRU) is utilized. Verizon uses an IVRU, which means the standard was 85% within 55 seconds. Table 29 shows the percentage of answer time for the business office during the years 2000 through 2008.

Table 29 Answer Time – Verizon Business

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Standard: 85% answered within 55 Seconds												
2000	100%	92.0%	96.3%	92.0%	96.2%	100%	96.0%	96.3%	100%	!00%	95.8%	92.0%
2001	88.5%	100%	96.3%	100%	92.3%	92.3%	100%	100%	100%	88.9%	91.7%	100%
2002	92.0%	96.0%	92.0%	92.0%	92.0%	92.0%	96.0%	93.0%	96.0%	100%	92.0%	88.0%
2003	92.0%	100%	92.0%	96.0%	92.0%	96.0%	69.0%	46.0%	88.0%	91.0%	78.0%	78.0%
2004	86,0%	75.0%	64.0%	70.0%	75.0%	43.0%	32.0%	57.0%	67.0%	67.0%	80.0%	77.0%
Standard: 85% answered within 55 Seconds							Standard: 90% answered within 55 seconds after queue					
2005	85.7%	96.7%	90.8%	93.2%	91.2%	59.1%	94.8%	23.9%	92.5%	21.8%	68.9%	79.7%
Standard: 90% answered within 55 seconds after transfer to queue												
2006	42.1%	72.3%	80.7%	77.7%	79.6%	90.2%	93.7%	91.9%	89.3%	76.0%	89.9%	87.4%
2007	85.8%	81.0%	75.5%	61.7%	76.2%	83.5%	83.9%	89.7%	87.2%	85.7%	81.3%	85.9%
2008	78.4%	89.6%	83.3%	78.4%	89.6%	83.3%						

In July 2005, Rule 25-4.073 F.A.C., Answering Time was amended and now states that at least 80% of calls directed to a business office shall be answered within 30 seconds after the last digit is dialed when no menu system is utilized. When an Integrated Voice Response Unit (IVRU) is utilized and the customer selects to speak to a live operator, at least 90% of the calls directed to the business office shall be answered within 55 seconds. The measurement of 55 seconds starts when the customer is transferred to the queue waiting to speak to a live operator.

Table 29 reflects the amended rule change beginning in July 2005 through June 2008. Verizon continues to utilize an IVRU and should answer at least 90% of the calls to the business office within 55 seconds.

IV. TDS Telecom

A. Availability of Service, Schedule 2

TDS Telecom is classified as a small local exchange company and none of its three exchanges contains more than 50,000 access lines. The company files the required periodic reports for availability of service, out-of-service repair, service affecting, and answer times on a semi-annual basis. Table 30 indicates the availability of service (Schedule 2) for the years 2000 through June 2008 and lists the number of exchanges where TDS Telecom failed to meet the availability of service standard defined by Rule 25-4.066 F.A.C.

Table 30 Availability of Service –TDS Telecom

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Misses
3 Exchanges													
2000	n/a	n/a	n/a	n/a	n/a	0	n/a	n/a	n/a	n/a	n/a	0	0
2001	0	0	0	0	0	0	1	1	1	0	0	0	3
2002	3	1	0	1	0	0	2	2	3	1	0	3	16
2003	0	0	0	0	0	0	0	0	0	0	0	2	2
2004	0	0	1	0	1	0	0	2	0	0	2	0	6
2005	0	0	0	0	0	0		0			0		0
2006		0			1			0			2		3
2007		3			3			3			2		11
2008		3			3								6

Beginning in July 2005, TDS Telecom began reporting results for the exchanges containing less than 50,000 access lines on a quarterly basis. This is represented above by the highlighted quarters in Table 30.

For the year 2002, and the large number of exchanges that failed to meet standards, TDS Telecom explains that the service orders included all service orders and not just the "I" or install orders. The service order numbers should not have included orders related to service features. The corrected data was supplied by e-mail. It also indicated that adjustments were made to work schedules in order to meet the required 3-day interval.[12]

In May 2004, TDS Telecom states the Gretna exchange, reported as failing to meet the 3-day rule requirement, was in error. The customer service representative failed to check the customer requested delay box on the service order. The three orders were completed on the customer requested due date.[13] The August and November 2004, misses were attributed to hurricanes.[14]

The fourth quarter of 2006, indicated that two exchanges missed the 3-day rule requirement. TDS Telecom stated that it reviewed all the misses and claimed the customer

[12] E-mail from Frank J. Holcomb@tdstelecom.com. Sent August 2, 2002, at 3:43 PM.
[13] TDS Telecom May 2004 Schedule 2.
[14] TDS Telecom August and November Schedule 2.

service representatives were again failing to mark the customer requested delay box. It stated all the service orders were completed on the customer requested due date.[15]

In the first half of 2007, TDS Telecom stated the exchanges that failed to meet standards were caused by a company wide reorganization and personnel changes. It was also in the process of backfilling a number of technical positions as well as working with a vendor.[16] In the second half of 2007, it continued to experience personnel losses that affected service levels.

The first half of 2008, continues to show TDS Telecom failing to meet the 3-day interval for service installations in all three exchanges. In the semi-annual filing of its schedule 2, TDS Telecom states the "missed installs were due to the install being treated as a cut through (or left in facilities) only to find out later that the wires were disconnected in the field." This resulted in a miss of the 3-day rule as well as generating a trouble ticket. TDS Telecom is continuing to try to correct the problem in order to improve its schedule 2.[17]

B. Repair Service, Schedule 11 – Trouble Reports

Rule 25-4.070 F.A.C. Customer Trouble Reports states, ". . . [r]estoration of interrupted service shall be scheduled to insure at least 95 percent shall be cleared within 24 hours of report in each exchange that contains at least 50,000 lines and will be measured on a monthly basis. For exchanges that contain less than 50,000 lines, the results can be aggregated on a quarterly basis. For any exchange failing to meet this objective, the company shall provide an explanation with its periodic report to the Commission." As noted previously, TDS Telecom's three exchanges contain less than 50,000 lines and are currently aggregated quarterly. On the following page, Table 31 illustrates the out of service and service affecting exchanges that failed to meet the rule requirements.

For the year 2004, the out-of-service misses usually involved one trouble ticket that was not cleared within 24 hours resulting in the exchange missing the 95 percent standard. This is typical of a small local exchange company with the trouble ticket volume being extremely low and a single ticket beyond the 24-hour window will result in the entire exchange failing the standard. This led to the revision of the rule in order to allow the smaller exchanges the ability to aggregate the trouble tickets on a quarterly basis. As Table 31 illustrates, the years 2005 and 2006, contain aggregated results and none of the exchanges missed the service level requirements of the rule.

For the year 2007, Table 31 indicates that the exchanges are not meeting the service level requirements. TDS Telecom stated that the loss of a field service manager and two field service technicians had affected its ability to meet the required intervals. It stated the positions had been backfilled and it was trying to meet the service levels in 2008.[18] As noted above in the availability of service, TDS Telecom missed the service installation interval and in turn caused the generation of trouble tickets. TDS Telecom states it is working to correct the problem and should meet the intervals required in both the service order and repair schedules.

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[15] TDS Telecom Schedule 2 August 2006.
[16] E-mail from Amber Gaudreau dated July 31, 2007 at 2:17 PM.
[17] E-mail from Amber Gaudreau dated July 31, 2008 at 5:41 PM.
[18] Letter from Amber Gaudreau, dated February 18, 2008.

Table 31 Trouble Reports –TDS Telecom

Standard: Clear 95% OOS within 24 hours; SA – 95% within 72 hours													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Misses
2000						3 Exchanges							
OOS	0	0	0	0	0	0	0	0	0	0	0	0	0
SA	0	0	0	0	0	0	0	0	0	0	0	0	0
2001													
OOS	0	0	0	0	1	2	0	0	1	0	1	0	5
SA	0	0	0	0	0	0	0	0	0	0	0	0	0
2002													
OOS	0	0	0	0	0	0	0	0	0	0	0	0	0
SA	0	0	0	0	0	0	0	0	0	0	0	0	0
2003													
OOS	0	1	0	0	0	0	0	0	0	0	0	0	1
SA	0	0	0	0	0	0	0	0	0	0	0	0	0
2004													
OOS	0	1	1	1	1	0	1	0	1	0	0	0	6
SA	0	0	0	0	0	0	0	0	0	0	0	0	0
2005													
OOS	0	0	0	0	0	0		0			0		0
SA	0	0	0	0	0	0		0			0		0
2006													
OOS		0			0			0			0		0
SA		0			0			0			0		0
2007													
OOS		2			0			3			2		7
SA		2			2			2			1		7
2008													
OOS		2			3								5
SA		2			3								5

C. Answer Time, Schedule 15 - Repair Center

Rule 25-4.073 F.A.C. Answering Time had the following standards that applied to TDS Telecom: 2000-2004, 90% answered < 30 seconds; 2005-2008, 90% answered < 55 seconds with an IVRU. For the years 2000 through 2004, TDS Telecom did not utilize an IVRU and failed to meet the answer time standard on numerous occasions as illustrated in Table 32. The implementation of the IVRU in the later part of 2004 does show some improvement, there are fewer months being missed. TDS Telecom indicted that in the fourth quarter of 2007, changes were implemented in the IVRU that would allow call routing flexibility in order for it to meet Florida service level standards.[19]

[19] E-mail from Amber Gaudreau dated July 31, 2007, at 2:17 PM.

Table 32 Answer Time –TDS Telecom Repair

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Misses
Standard: 90% answered within 30 seconds													
2000	61.6%	69.4%	72.6%	n/a	n/a	n/a	84.1%	86.4%	83.7%	84.2%	86.0%	86.7%	9
2001	85.2%	87.4%	88.1%	93.5%	88.3%	84.2%	84.1%	85.9%	83.0%	83.0%	84.6%	86.4%	11
2002	86.2%	92.6%	89.6%	90.3%	92.6%	87.5%	87.4%	92.2%	89.3%	93.5%	92.2%	94.9%	5
2003	96.3%	87.9%	94.9%	95.5%	88.5%	88.4%	93.1%	86.2%	93.5%	93.3%	87.7%	89.3%	6
2004	92.4%	87.5%	92.6%	85.2%	75.6%	69.6%	54.1%	77.4%	81.4%	84.4%	85.3%	74.0%	10
Standard: 90% answered within 55 seconds													
2005	88.9%	94.4%	94.6%	96.4%	94.9%	91.5%	89.2%	87.2%	82.2%	87.5%	85.5%	76.9%	7
2006	80.7%	97.4%	97.1%	91.9%	93.3%	89.0%	86.7%	88.0%	87.7%	97.6%	99.8%	93.2%	5
2007	90.1%	87.0%	81.9%	93.5%	84.8%	84.9%	90.0%	86.0%	95.0%	95.0%	93.0%	89.0%	6
2008	91.5%	83.9%	89.1%	86.0%	98.0%	90.0%	n/a	n/a	n/a	n/a	n/a	n/a	3

D. Answer Time, Schedule 16 – Business Office

Rule 25-4.073 F.A.C. Answering Time also applies to the business office. The following standards apply: 2000-2004, 80% answered < 30 sec; 2005-2008, 90% answered < 55 seconds with an IVRU. The same information regarding its explanations that applied to the repair answer time above, applies to the business office. TDS Telecom has difficulty in meeting the answer time standard for the business office.

Table 33 Answer Time –TDS Telecom Business

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Misses
Standard: 80% answered within 30 seconds													
2000	78.3%	86.1%	85.8%	88.5%	90.1%	79.9%	84.1%	86.4%	83.7%	84.2%	86.0%	86.7%	2
2001	83.9%	87.1%	87.5%	85.9%	86.6%	81.1%	78.9%	78.8%	87.7%	86.2%	70.3%	69.8%	4
2002	83.0%	92.5%	89.6%	88.7%	87.8%	86.6%	78.3%	83.9%	85.8%	89.7%	90.3%	90.3%	1
2003	91.4%	93.5%	91.9%	92.7%	64.7%	74.3%	82.2%	73.5%	87.1%	80.3%	83.0%	79.1%	4
2004	82.8%	74.0%	83.6%	69.1%	78.9%	66.3%	58.3%	76.2%	85.8%	84.7%	89.2%	72.5%	7
Standard: 90% answered within 55 seconds													
2005	92.9%	95.9%	94.1%	98.2%	97.6%	93.8%	90.0%	85.1%	85.0%	87.6%	82.2%	67.7%	6
2006	90.0%	97.3%	97.7%	92.8%	93.7%	89.8%	89.6%	89.3%	86.6%	94.3%	93.4%	86.8%	5
2007	85.6%	89.2%	75.9%	91.1%	89.6%	85.6%	87.0%	90.0%	90.0%	96.0%	89.0%	89.0%	8
2008	70.8%	81.7%	74.6%	89.4%	75.5%	72.0%	n/a	n/a	n/a	n/a	n/a	n/a	6

V. Windstream-Florida

A. Availability of Service, Schedule 2

Windstream formerly known as ALLTEL Communications, Inc., has 27 exchanges and none of the exchanges contains more than 50,000 access lines. Table 34 identifies the exchanges that failed to meet standards for the years 2000 through June 2008. In September 2000, Windstream attributed the large number of exchanges that were failing to meet the installation standard of 3-days as a heavier than normal workload and storm related events. In 2001, it stated there were storm related events and a heavy workload.[20] For 2002 and 2003, a heavy workload and weather related problems caused the exchanges to miss the required installation interval. Hurricanes Frances and Jeanne caused Windstream to miss the standard for the year 2004. Beginning in the year 2005, Windstream was allowed to aggregate the data being reported for its exchanges and the misses were attributed to workload. The aggregated results for each quarter are illustrated by the highlighted colors. 2006 and 2007, represent the best years for meeting the service installation interval. The first half of 2008, is also being reported as having no exchanges failing to meet the rule requirement.

Table 34 Availability of Service –Windstream 2000-June 2008

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Misses
27 Exchanges													
2000	5	0	0	0	0	2	2	2	10	0	0	3	24
2001	0	0	1	3	2	3	6	1	4	0	1	1	22
2002	0	0	1	0	0	0	1	0	1	1	1	1	6
2003	0	0	2	1	0	2	3	1	1	1	1	6	18
2004	3	3	2	2	2	9	6	10	24	11	6	9	87
2005	2	2	0	0	0	2		7			3		16
2006		2			0			0			0		2
2007		0			3			0			0		3
2008		0			0			n/a			n/a		0

B. Repair Service, Schedule 11 – Trouble Reports

In 2000 and 2001, Windstream reported heavy central office workload and weather related problems in order to account for missing the required 24 and 72-hour service standards. For 2002 and 2003, the exchanges that missed the service standards were caused by a heavier workload.[21] For the year 2004, hurricanes Frances and Jeanne caused significant problems and severely affected its ability to clear trouble reports.[22] In 2005, exchanges with less than 50,000 access lines were allowed to aggregate data on a quarterly basis. Table 35 shows the quarterly data in highlighted backgrounds. For the third quarter of 2005, Windstream stated that workload caused it to miss the required service standards for out-of-service and service affecting conditions.

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[20] See Alltel's Schedule 2, September 2000.
[21] See ALLTEL 2002 and 2003 Schedule 11.
[22] See Alltel's Schedule 11, 2004.

Table 35 Trouble Reports – Windstream

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Misses
Standard: 95% within 24 hours for OOS and 95% within 72 hours for SA													
27 Exchanges													
2000													
OOS	7	4	4	3	3	2	3	9	9	3	1	3	51
SA	3	0	1	0	0	1	2	2	1	0	1	0	11
2001													
OOS	1	0	2	1	2	2	8	1	1	0	0	2	5
SA	0	0	1	0	0	0	0	0	0	2	1	0	0
2002													
OOS	2	2	1	0	2	3	3	2	2	1	2	4	24
SA	0	0	0	0	0	0	0	0	1	0	0	0	1
2003													
OOS	1	1	2	0	1	2	1	3	4	4	1	4	24
SA	0	0	1	0	0	1	1	1	1	1	1	0	7
2004													
OOS	2	2	5	2	3	5	6	5	18	11	5	9	73
SA	2	0	0	0	0	2	2	0	6	5	1	1	19
2005													
OOS	6	6	8		5			12			5		42
SA	3	1	0		1			6			1		12
2006													
OOS		11			2			4			7		24
SA		0			0			0			4		4
2007													
OOS		4			6			14			8		32
SA		4			1			2			1		8
2008													
OOS		2			6			n/a			n/a		8
SA		2			**2**			n/a			n/a		4

C. Answer Time, Schedule 15 - Repair Center

The following standards apply: 2000-2004, 95% answered < 55 sec; 2005-2008, 90% answered < 55 seconds with an IVRU.

Table 36 Answer Time – Windstream Repair

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Misses
Standard: 95% answered within 55 seconds													
2000	99.0%	97.0%	97.0%	97.0%	95.0%	98.0%	99.0%	97.0%	97.0%	97.0%	97.0%	97.0%	0
2001	98.0%	98.0%	94.0%	94.0%	95.0%	96.0%	97.0%	98.0%	97.0%	99.0%	97.0%	98.0%	2
2002	100%	99.0%	99.0%	99.0%	99.0%	99.0%	98.0%	98.0%	99.0%	97.0%	97.0%	99.0%	0
2003	97.0%	98.0%	97.0%	97.0%	97.0%	95.0%	97.0%	98.0%	97.0%	96.0%	97.0%	96.0%	0
2004	97.0%	96.0%	95.0%	98.0%	98.0%	98.0%	99.0%	96.0%	98.0%	98.0%	99.0%	98.0%	0
Standard: 90% answered within 55 seconds after transfer to queue													
2005	98.0%	99.0%	99.0%	97.0%	97.0%	98.0%	96.8%	98.2%	98.1%	98.1%	98.1%	98.0%	0
2006	98.0%	99.0%	99.0%	97.0%	97.0%	98.0%	96.8%	98.2%	98.1%	98.1%	98.1%	98.0%	0
2007	96.6%	97.1%	97.3%	97.5%	96.3%	96.0%	97.3%	97.2%	96.1%	97.4%	95.0%	94.1%	0
2008	96.0%	95.3%	93.5%	93.1%	92.5%	92.2%	n/a	n/a	n/a	n/a	n/a	n/a	0

D. Answer Time, Schedule 16 – Business Office

The following standards apply: 2000-2004, 85% answered < 55 sec; 2005-2008, 90% answered < 55 seconds with an IVRU.

Table 37 Answer Time – Windstream Business

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Misses
Standard: 85% answered within 55 seconds													
2000	84.0%	36.0%	86.0%	87.0%	86.0%	85.0%	85.0%	81.0%	86.0%	91.0%	85.0%	87.0%	3
2001	87.0%	85.0%	85.0%	85.0%	90.0%	92.0%	89.0%	89.0%	89.0%	95.0%	94.0%	96.0%	0
2002	93.0%	90.0%	95.0%	91.0%	92.0%	88.0%	88.0%	88.0%	88.0%	93.0%	89.0%	91.0%	0
2003	86.0%	87.0%	89.0%	89.0%	88.0%	87.0%	89.0%	88.0%	91.0%	90.0%	88.0%	89.0%	0
2004	86.0%	90.0%	92.0%	96.0%	97.0%	96.0%	94.0%	92.0%	91.0%	96.0%	90.0%	95.0%	0
Standard: 90% answered within 55 seconds after transfer to queue													
2005	90.0%	96.0%	94.0%	93.0%	93.0%	98.0%	90.0%	95.0%	96.0%	95.0%	94.0%	94.0%	0
2006	90.0%	96.0%	94.0%	93.0%	93.0%	98.0%	90.0%	95.0%	96.0%	95.0%	94.0%	94.0%	0
2007	87.2%	88.0%	90.0%	96.0%	96.0%	96.0%	95.6%	98.4%	97.0%	97.7%	95.9%	95.2%	2
2008	95.0%	97.0%	89.0%	79.1%	86.9%	83.9%	n/a	n/a	n/a	n/a	n/a	n/a	4

E. SGP Performance

In Docket No. 050938-TP, Alltel changed its name to Windstream and established a service guarantee program (SGP). Windstream's SGP contained the following dollar amounts that were to be paid to its customers when it failed to install, make repairs within certain time constraints, and meet answer times. The intervals and amount to be credited to the customers were as follows:

<u>Repair of Out of Service Troubles as Reported by Customer</u>

Windstream shall make automatic credits in the amounts specified below for out of service troubles as reported by the customer:
Duration
24 to 48 hours $12
> 2 days to 5 days $ 16
> 5 days $40
Sundays or holidays are not covered by the SGP and will be calculated and credited to customers consistent with Rule 25-4.110(6), F.A.C.

<u>Customer Installations</u>

Windstream shall make an automatic credit to the customer for $25 for failure to install service on the agreed upon commitment date. Negotiated commitment dates shall not exceed five business days. Winstream shall continue to meet Rule 25-4.066, F.A.C.

Answer Time

Windstream shall establish a Community Service Fund (CSF) in the form of a corporate undertaking. Pursuant to the Service Guarantee Program, Windstream shall make credits to the CSF and such funds shall be disposed of in coordination with the Commission staff to promote Windstream's Lifeline service. 90% of all calls to the business and repair offices shall be answered by a live attendant prepared to give immediate assistance within 55 seconds of being transferred to the attendant. Windstream shall maintain 100% accessibility. The amount of CSF credits shall be determined in accordance with the following parameters:
Less than 90%, but greater or equal to 80% - $2,000
Less than 80%, but greater or equal to 70% - $5,000
Less than 70% - $7,000

Table 38 contains the reported amounts that Windstream has paid to either its customers or the CSF. The service orders are identified by the rows labeled "S/O." The repair amounts are found in the rows labeled "Rpr" and the CSF amounts are found in the rows labeled "CSF." Windstream had paid out over $13,125 since the SGP began in 2006.

Table 38 SGP – Service Orders, Repair, & Lifeline – Windstream

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2006													
S/O							$250	$425	$475	$300	$350	$425	**$2,225**
Rpr							$636	$524	$508	$548	$275.84	$396	**$2,888**
CSF							$0	$0	$0	$0	$0	$0	**$ 0**
												Total	**$5,113**
2007													
S/O	$575	$500	$450	$450	$1,350	$775	$650	$200	$125	$50	$125	$25	**$5,275**
Rpr	$548	$292	$260	$432	$240	$368	$1,200	$684	$912	$632	$148	$132	**$5,848**
CSF	$2,000	$2,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	**$4,000**
												Total	**$15,123**
2008													
S/O	$25	$0	$50	$25	$40	$125	n/a	n/a	n/a	n/a	n/a	n/a	**$ 265**
Rpr	$252	$128	$260	$176	$156	$888	n/a	n/a	n/a	n/a	n/a	n/a	**$1,860**
CSF	$0	$0	$2,000	$5,000	$2,000	$2,000	n/a	n/a	n/a	n/a	n/a	n/a	**$11,000**
												Total	**$13,125**

080278-TL
Parties/Staff Handout
Internal Affairs/Agenda
on 12/16/08
Item No. 4

verizon

VERIZON PRESENTATION ON SHOW-CAUSE PETITION

Docket No. 080278-TL
December 16, 2008 Agenda Conference

verizon

BACKGROUND

- March 2008: ILECs petition to modernize Commission rules
- May 2008: OPC, AG and AARP petition for show-cause order against Verizon
- December 2008: Staff issues recommendation on show-cause petition
- December 2008: Staff recommendation on service quality rules due 12/23

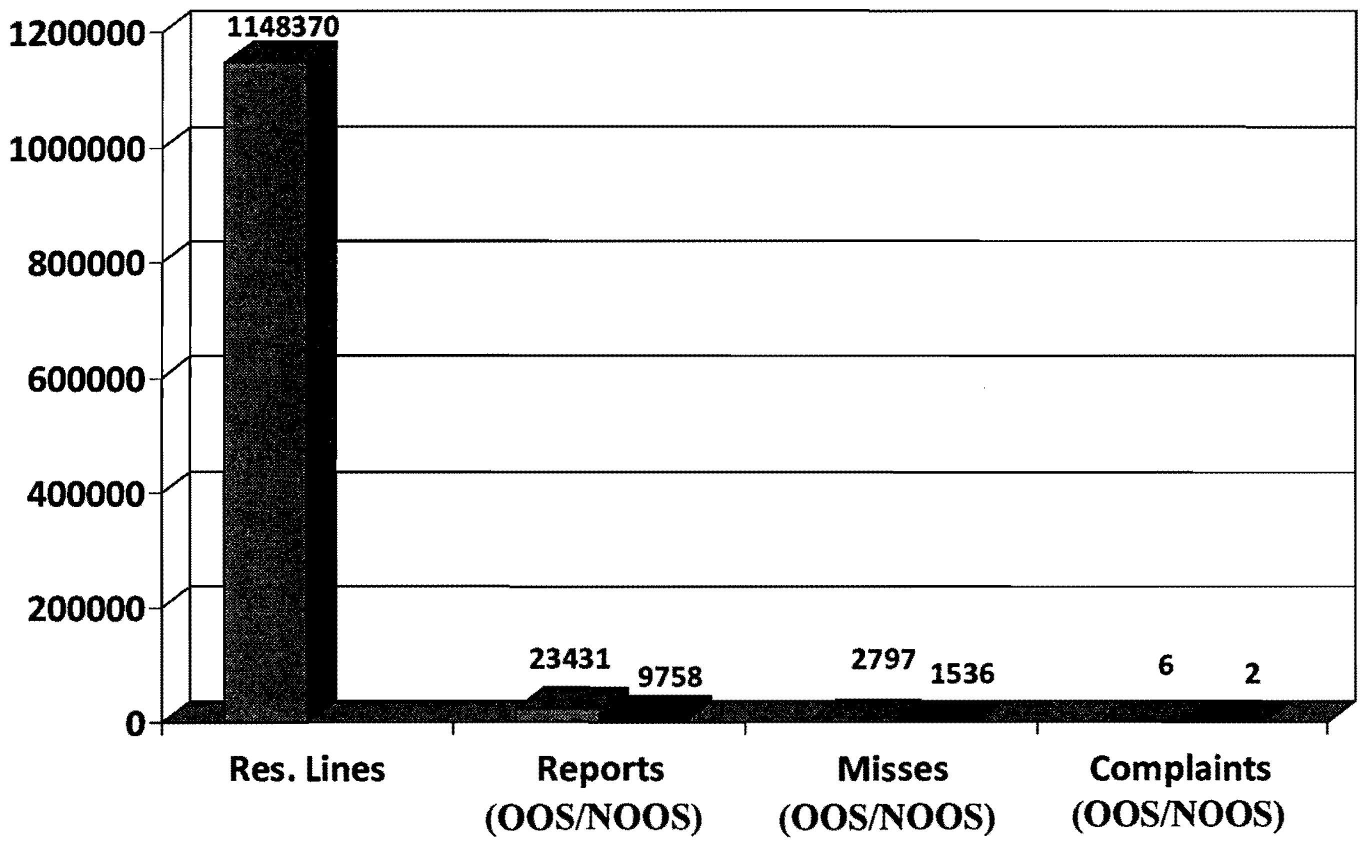
VERIZON PRESENTATION
Docket No. 080278-TL
December 16, 2008 Agenda Conference

verizon

VERIZON DELIVERS STRONG NETWORK PERFORMANCE

- Verizon averaged 1.15M residential access lines in 2007
- On an average monthly basis, Verizon:
  - → Received 23,431 OOS reports
  - → Completed 20,634 OOS repairs within 24 hours
  - → Received 9,758 NOOS reports
  - → Completed 8,222 NOOS repairs within 72 hours
  - → Received 6 complaints after OOS not repaired in 24 hours
  - → Received 2 complaints after NOOS not repaired in 72 hours
- Verizon has invested more than $1B to upgrade its FL network
  - → Delivers tremendous benefits to FL consumers and state's economy
  - → Enhances network reliability and service quality

VERIZON PRESENTATION
Docket No. 080278-TL
December 16, 2008 Agenda Conference



Verizon's 2007 Average Monthly Network Performance

verizon

THE COMMISSION SHOULD NOT OPEN A CASE ABOUT COMPLIANCE WITH RULES THAT MAY SOON CHANGE

- Current rules are outdated and ill-suited to a competitive market
- Other FL ILECs do not consistently achieve 95% for OOS and NOOS
- Competitors do not report OOS and NOOS performance
- At the least, the Commission should postpone decision until after it decides whether to adopt new service quality rules

verizon

THIS CASE ARISES FROM REGULATORY MANEUVERING, NOT CONSUMER COMPLAINTS

- The Joint Petition was prompted by the ILECs' rulemaking petition; Petitioners made no allegations they received consumer complaints
- Verizon's 2007 complaint rate was the lowest of any ILEC for which complaints were logged
- The PSC logged about 1 network performance complaint in 2007 for every 10,000 Verizon access lines
- Few consumers who experience OOS and NOOS "misses" complain; most have wireless service and other competitive options
- From 2001 to 2007 between 82.5 to 85.6 percent of customers who received Verizon's repair service said they were satisfied or more than satisfied with Verizon's service.

verizon

THE RECOMMENDATION MISCONSTRUES RULE 25-4.070

- Rule 25-4.070 provides that companies "shall make all reasonable efforts to minimize the extent and duration of trouble conditions that disrupt or affect customer telephone service."
- The rule establishes OOS and NOOS service objectives. A service objective is "[a] quality of service which is desirable to be achieved under normal conditions." Rule 25-4.003(46).
- In contrast, a "service standard," is defined as "[a] level of service that a telecommunications company, under normal conditions, is expected to meet in its certificated territory as representative of adequate services." Rule 25-4.003(46).
- The OOS and NOOS service objectives do not state absolute requirements, but desirable goals that companies should seek to achieve under normal conditions.
- The recommendation incorrectly interprets the rule to impose nearly absolute requirements and therefore reaches the wrong conclusions.

VERIZON PRESENTATION
Docket No. 080278-TL
December 16, 2008 Agenda Conference

verizon

VERIZON STRIVES TO ACHIEVE EXCELLENT SERVICE

- Verizon's average OOS response time was less than 24 hours in 2007 and 2008
- Verizon's average NOOS response time was less than 48 hours both years
- Verizon provides explanations of "misses" with its quarterly reports; until recently, no one has suggested that these explanations have been unsatisfactory
- Verizon's $1B+ investment in its FTTP network demonstrates its commitment to providing high quality, reliable service