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October 1, 2009

Ann Cole, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 080278-TL
Joint Petition for show cause proceedings against Verizon Florida LLC for
apparent violation of Rule 25-4.070, F.A.C., service availability, and impose fines,
by the Office of the Attorney General, Citizens of the State of Florida, and AARP

Dear Ms. Cole:

Enclosed for filing in the above matter are an original and seven copies of Verizon
Florida LLC's Prehearing Statement. Also enclosed is a diskette with a copy of the
Prehearing Statement in Word format. Service has been made as indicated on the
Certificate of Service. If there are any questions regarding this filing, please contact me
at (678) 259-1449.

Sincerely,

*Deanna Clark for
Dulaney L. O'Roark III*

Dulaney L. O'Roark III

tas

Enclosures

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ECR	___
GCL	<u>2</u> + CD
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that copies of the foregoing were sent via electronic mail on October 1, 2009 to:

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Wendy Clark
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Joint Petition for show cause proceedings) Docket No. 080278-TL
against Verizon Florida LLC for apparent violation of) Filed: October 1, 2009
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)
_____)

VERIZON FLORIDA LLC'S PREHEARING STATEMENT

In accordance with Order No. PSC-09-0107-PCO-TL, as modified by Order No. PSC-09-0244-PCO-TL, Verizon Florida LLC ("Verizon") hereby files this prehearing statement.

1. Witnesses

Verizon has prefiled the following testimony:

- Rebuttal Testimony of Michelle A. Robinson (providing an overview of Verizon's case, explaining that Verizon's customers are highly satisfied with Verizon's repair service, discussing Verizon's repair performance in March and April 2008, discussing Verizon's investment in its Fiber-to-the-Premises network, and describing the competition Verizon faces in Florida)
- Rebuttal Testimony of Deborah B. Kampert (describing the overall quality of service Verizon provides to its customers, the low level of complaints Verizon receives, the data reflecting Verizon's efforts to achieve 95% service levels when making out-of-service and not-out-of-service repairs, and the impact of operational challenges on Verizon's performance reports)
- Rebuttal Testimony of Russell B. Diamond (describing Verizon's service repair process, Verizon's efforts to meet the Commission's out-of-service and not-out-of-service objectives, the operational challenges Verizon faces and its efforts to

DOCUMENT NUMBER-DATE

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overcome them; and the competitive challenges Verizon has and how it seeks to address them)

2. Exhibits

Verizon prefiled the following exhibits:

- MAR-1 (Robinson, confidential): Chart showing Verizon's line losses from 2004 to 2008
- DBK-1 (Kampert): Chart showing Verizon's 2007 network performance
- DBK-2 (Kampert): Chart showing Verizon's 2008 network performance
- DBK-3 (Kampert, partially confidential): Chart showing repair performance for stated time intervals

3. Verizon's Basic Position

Verizon strove to deliver excellent service to its customers during the period in question while continuing to invest heavily in its network and the state's economy, including a massive investment in its fiber-to-the-premises ("FTTP") network. This ongoing investment not only provided consumers with innovative and competitive new service offerings, but also contributed to providing high quality service. The overall level of service that Verizon delivered reflected these efforts. For example, Verizon continued to focus intently on keeping customers in service, delivering 98% network reliability month after month while cutting trouble reports in half from the fourth quarter 2005 to the fourth quarter of 2008. In the rare circumstances when a customer was out of service or had a service-affecting trouble, Verizon restored service quickly, usually

within 24 hours for an out-of-service ("OOS") condition and within 72 hours for a not-out-of-service ("NOOS") condition. Customers seldom complained about Verizon's repair service and gave Verizon high marks for customer satisfaction. Verizon provides this level of service despite intense competitive pressures and significant operational challenges, including a lengthy rainy season and frequently severe weather. These facts demonstrate that under the totality of the circumstances present here, Verizon used reasonable efforts to satisfy the service objectives in the Commission's rules. Accordingly, Verizon has not violated Rule 25-4.070, Florida Administrative Code, willfully or otherwise, and it may not and should not be penalized for its good performance.

Even aside from these facts, Verizon may not be penalized here for its alleged failure to reach the OOS and NOOS service objectives because those objectives are targets, not absolute standards. Moreover, as a matter of Florida law the Commission may not penalize Verizon because the Commission lacks rulemaking authority to apply the objectives to a price-regulated company like Verizon.

4. Verizon's Positions on Specific Questions of Fact, Law and Policy

Verizon addresses the following issues that it raised in its Request for Administrative Hearing:

ISSUE 1: DID VERIZON WILLFULLY VIOLATE RULE 25-4.070 AS ALLEGED IN COMMISSION ORDER NO. PSC-09-0015-SC-TL?

VERIZON'S POSITION: No. Verizon used reasonable efforts to meet the OOS and NOOS service objectives in Rule 25-4.070, as demonstrated by its investment in its FTTP network; performance data reflecting excellent repair service; low customer complaint levels; high customer satisfaction levels; and good performance despite competitive and operational challenges. Verizon witnesses Robinson, Kampert, and Diamond will address this issue.

ISSUE 1A: DOES VERIZON'S INVESTMENT IN ITS FTTP NETWORK DEMONSTRATE ITS REASONABLE EFFORTS TO ACHIEVE THE OOS AND NOOS SERVICE OBJECTIVES?

VERIZON'S POSITION: Yes. Since 2004 Verizon has invested more than \$1.5 billion in its Florida FTTP network. The FTTP network not only enables Verizon to provide new and innovative services to customers, but it reduces trouble reports and makes it easier for Verizon to diagnose, localize and repair outages. Verizon witnesses Robinson and Diamond will address this issue.

ISSUE 1B: DOES VERIZON'S REPAIR SERVICE PERFORMANCE DEMONSTRATE ITS REASONABLE EFFORTS TO ACHIEVE THE OOS AND NOOS SERVICE OBJECTIVES?

VERIZON'S POSITION: Yes. Relatively few customers experience an OOS or NOOS condition in an average month and when they do Verizon achieves the objectives for the great majority. When Verizon does not meet the objectives, it often comes close to doing so with minimal customer impact. Verizon witnesses Kampert and Diamond will address this issue.

ISSUE 1C: DO VERIZON'S LOW CUSTOMER COMPLAINT LEVELS DEMONSTRATE ITS REASONABLE EFFORTS TO ACHIEVE THE OOS AND NOOS SERVICE OBJECTIVES?

VERIZON'S POSITION: Yes. In 2007 and 2008 the Commission logged approximately one complaint concerning Verizon's network for every 10,000 access lines. Even fewer customers complained about receiving OOS repairs in more than 24 hours or NOOS repairs in more than 72 hours, which reflects Verizon's efforts to provide good repair service. Verizon witness Kampert will address this issue.

ISSUE 1D: DO VERIZON'S HIGH CUSTOMER SERVICE RATINGS DEMONSTRATE ITS REASONABLE EFFORTS TO ACHIEVE THE OOS AND NOOS SERVICE OBJECTIVES?

VERIZON'S POSITION: Yes. Customers rated Verizon's performance as highly in 2007 and 2008 as in previous years when the Commission raised no issue concerning Verizon's service quality. Verizon's customer satisfaction has remained remarkably consistent over time and shows its continuing efforts to provide high-quality service. Verizon witness Robinson will address this issue.

ISSUE 1E: DOES VERIZON'S GOOD PERFORMANCE DESPITE COMPETITIVE CHALLENGES AND OPERATIONAL CHALLENGES DEMONSTRATE ITS REASONABLE EFFORTS TO ACHIEVE THE OOS AND NOOS SERVICE OBJECTIVES?

VERIZON'S POSITION: Yes. Verizon faces operational challenges including severe weather and cable outages and competitive challenges that require it to operate as efficiently and cost-effectively as possible. Verizon's delivery of good performance despite these challenges demonstrates its efforts to meet the OOS and NOOS service objectives. Verizon witnesses Robinson, Kampert, and Diamond will address this issue.

ISSUE 2: DURING THE RELEVANT TIME DID RULE 25-4.070 IMPOSE ABSOLUTE STANDARDS OR DID IT PROVIDE FOR SERVICE OBJECTIVES THAT REQUIRE REASONABLE EFFORTS UNDER NORMAL CONDITIONS?

VERIZON'S POSITION: Rule 25-4.070 stated that the OOS and NOOS measures were "service objectives," meaning "[a] quality of service which is desirable to be achieved under normal conditions." Service objectives thus are targets rather than absolute standards. At most, they require ILECs to use reasonable efforts to achieve the stated service levels. Verizon witness Robinson will address this issue.

ISSUE 3: DOES THE COMMISSION HAVE RULEMAKING AUTHORITY TO APPLY THE OOS AND NOOS OBJECTIVES TO VERIZON?

VERIZON'S POSITION: No. These service objectives cannot be applied to a price-regulated company such as Verizon because doing so would exceed the Commission's grant of rulemaking authority in violation of Section 120.52(8)(b) and enlarge or contravene the specific provisions of the law implemented in violation of Section 120.52(8)(c). Verizon witness Robinson will address this issue.

5. Stipulated Issues

There are no stipulated issues.

6. Pending Motions and Other Matters

Verizon's only pending motions are its motions for protective orders associated with its pending requests for confidential classification.

7. Pending Requests for Confidentiality

Verizon has requests for confidential classification and motions for protective orders pending with respect to the Direct Testimony of Earl Poucher, the Direct Testimony of Rick Moses and the Rebuttal Testimony of Michelle Robinson and Deborah Kampert.

8. Objections to a Witness's Qualifications as an Expert

Verizon has no objections to a witness's expert qualifications at this time.

9. Procedural Requirements

Verizon is unaware of any requirements set forth in the Commission's Order Establishing Procedure that cannot be complied with at this time.

Respectfully submitted on October 1, 2009.

Wendie Clark for
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