BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Initiation of show cause proceedings against GTE Communications Corp. for apparent violation of rule, local, local toll or toll provider selection	))))	Docket No. 990362-TI

REBUTTAL TESTIMONY

OF

JOSEPH P. CALIRO

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REBUTTAL TESTIMONY OF JOSEPH P. CALIRO

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND TITLE.

A. My name is Joseph P. Caliro and my business address is 6665 North MacArthur Blvd., Irving, Texas. I am the Director of Customer Relations and Care for Verizon Select Services Inc. (VSSI).

Q. **WHAT ARE YOUR RESPONSIBILITIES AS DIRECTOR OF CUSTOMER RELATIONS AND QUALITY SERVICE?**

A. As director of Customer Relations and Care, my job is to resolve, report and track all of the executive customer complaints and escalated complaints, along with ensuring all regulatory compliance for VSSI's long distance and CLEC operations. Other responsibilities include customer satisfaction surveys for sales, repair and billing for customers belonging to VSSI's long distance and CLEC. I am also responsible for monitoring the quality of calls and daily operations for Customer Service, Repair and Billing for VSSI's three CLEC call centers.

Q. **PLEASE BRIEFLY DESCRIBE YOUR EDUCATION AND RELEVANT WORK HISTORY.**

A. I received a Bachelor of Science degree in Recreation and Parks from the University of New Hampshire in 1977. From 1981-1987, I was the Director of Training and Quality for Pearl Vision Incorporated. There, I was responsible for developing and managing the company's customer satisfaction tools and complaint tracking and analysis processes for the

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entire company. Additional responsibilities included handling all escalated complaints and working directly with senior management to improve service quality.

In 1997, I came to work for the GTE Long Distance division of what was then GTE Communications Corporation as Director of Customer Experience. My responsibilities in that position included developing customer relationship service strategies. This job included defining the relationship strategy, working it into marketing campaigns and ensuring that it was supported by product design and sales channels. I also designed the Company's customer satisfaction survey tools.

In 1998, I was promoted to Director of Customer Relations and Quality Management. In this position, I was responsible for managing the customer relations and service quality improvement for GTE Long Distance and the newly formed GTE competitive local exchange carrier. This entailed managing and reporting all customer satisfaction surveys for sales, billing and repair, along with managing and reporting all executive customer complaints, escalated complaints and responses to state public utilities commissions and FCC complaints.

I have been in my current position since 1998, although the title has changed occasionally.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS

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PROCEEDING?

A. As the other VSSI witness, Christopher Owens, explained, substantially all of the complaints that led to this Commission's investigation of VSSI were caused by the activities of Snyder Communications Inc. (Snyder). I will address to the best of my ability the details of the operational controls implemented to address the Snyder-related problems and complaints, particularly after Mr. Owens left his job as President of VSSI's long-distance operations in May of 1998. In doing so, I will rebut the allegations of Office of Public Counsel (OPC) witness Poucher, who claims that VSSI willfully violated the Commission's slamming rule. There is absolutely no evidence that VSSI deliberately or intentionally slammed customers. On the contrary, the evidence shows that VSSI always regarded slamming as a very serious issue; that it implemented reasonable and timely measures to respond to Snyder-related problems; and that it rejected revenues from assertedly unauthorized sales.

Q. WHEN DID VSSI BECOME AWARE THAT THERE MIGHT BE A PROBLEM WITH SNYDER SUBMITTING UNAUTHORIZED CARRIER CHANGES?

A. By early spring of 1998, it had become evident that Snyder's operation was causing an undue increase in complaints, including claims that Snyder representatives had forged letters of authorization (LOAs). As Mr. Poucher points out, by May, VSSI was separately tracking all types of escalated Snyder-related complaints at a national level (Poucher DT at 9 & Ex. REP-7.) This tracking effort was a way for VSSI to more narrowly

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identify Snyder-related problems in order to more effectively address them.

Q. WAS ANY ACTION TAKEN TO ADDRESS THE SNYDER-RELATED SLAMMING COMPLAINTS?

A. Yes. Snyder appeared to understand the seriousness of the situation, and took prompt action to institute greater controls to curb slamming. For instance, in March and April of 1998, Snyder overhauled its sales order processing flow to better ensure proper carrier change verification. These systems changes, shown in the attached Exhibit JPC-1, included a social security number or driver's license check (step 5); verification of the social security or driver's license number against the Equifax database (steps 7 and 8); verification of the billing telephone number and name against Snyder's sales lead database (step 10); and a confirmation letter to the customer (step 11). As Mr. Owens discussed, a change verification letter was instituted in April. In May, three further checks were added to better deter unauthorized sales—a Metromail function, to ensure correct data on the application; another step to verify the social security number; and an order quality trend report to track the performance of individual representatives. Additional quality control measures were implemented every month after that until Snyder's foot sales were terminated in Florida. (See page 30 of attached Ex. JPC-2.) The continuing process revisions reflected both Snyder's and VSSI's belief that sales representative misconduct could be controlled through stricter safeguards.

In addition, in the spring of 1998, VSSI's legal counsel ordered initiation of an extensive audit of Snyder's operations to evaluate the adequacy of operational controls over sales order processing and related functions. That audit concluded in May of 1998. The auditors generally found Snyder to be very responsive to VSSI's needs and noted, in particular, their ability to change their processes in mid-March to address increased complaint volumes. The audit report anticipated that these improved quality controls should have the effect of reducing Snyder-related complaints. The auditors also found Snyder's training curriculum to be very detailed and that Snyder was consistently disciplining all employees who had complaints against them.

In addition to these measures, VSSI held regular quarterly meetings and monthly conference calls with Snyder, and other meetings were called as necessary to address particular concerns. As the attached meeting agenda excerpts show, (Exhibit JPC-2, including documents from an April 6, 1998 meeting; a May 1998 quarterly review; an August 1998 quarterly review; and an October 8, 1998 quarterly review), a principal focus of these meetings and calls was quality controls, and Snyder's efforts to address each problems that had apparently caused unauthorized sales. Although I did not personally participate in all of these calls and meetings, representatives from my department attended.

Q. WERE THESE QUALITY CONTROLS SUCCESSFUL?

A. It was not immediately apparent whether the controls were successful.

Each time Snyder implemented enhancements to its quality control processes, adequate time was necessary to assess the effectiveness of the controls. Sixty-three percent of all out-of-franchise service activations (the majority of Snyder's sales) took more than fifteen days. This period does not include the five to fifteen additional days it took to confirm the customer's order. This means that in 63% of these cases, it typically took up to 20 to 35 days just to complete the provisioning of a long-distance order, which then starts the customer's billing cycle. With a 30-day billing cycle, that puts the customer's bill in their hands more than 60 days after their signing up for the service. As such, VSSI could not realistically track the effectiveness of quality improvements until up to 60 days had passed.

Despite the inherent delay in evaluating the effectiveness of new quality controls, VSSI continued to press Snyder for improvements. As I discussed above, these improvements were implemented on a continuing basis throughout 1998.

Nevertheless, by September of 1998, it became apparent that Snyder's changes were not yielding the complaint reductions VSSI required. As such, on October 1, I flew to Snyder's headquarters to meet with their senior management and discuss my concerns about its seeming inability to reduce complaint levels. I informed them at this meeting that Snyder's sales contract was in severe jeopardy, unless Snyder was able to come up with some significant breakthrough in quality improvement. I added that I would send a VSSI team to work directly with Snyder on these needed breakthroughs. This meeting between Snyder and my team took place on October 7, 1998.

The outcome of these meetings in early October was not satisfactory to me or Pam Jacobson, who had assumed the presidency of long-distance operations after Mr. Owens left. Despite Snyder's continued efforts, the problems with foot sales in multicultural markets seemed intractable. As such, Pam Jacobson and I flew to Snyder's headquarters on October 8, just a day after Snyder's meeting with my department employees.

Q. WHAT WAS THE RESULT OF YOUR OCTOBER MEETING WITH SNYDER?

A. Ms. Jacobson informed Snyder that VSSI would require Snyder to close down its face-to-face sales operation in Florida. As part of this plan, Snyder immediately terminated over 100 employees in the southern part of Florida, which seemed to be the area most affected by problems with individual Snyder employees. By the end of November 1998, the face-to-face sales shutdown was complete. A few months later, VSSI eliminated Snyder face-to-face sales marketing operations for VSSI across the rest of the country.

Q. MR. POUCHER CLAIMS THAT VSSI CONTINUES TO DO BUSINESS WITH SNYDER. (POUCHER DT AT 11.) IS THAT RIGHT?

A. No. As I noted, Snyder's face-to-face sales operation in Florida was shut down in November of 1998. Verizon ceased all Snyder sales activities under the 1997 contract in early 1999. After that, Snyder performed mostly customer service functions that involved no marketing, and did no marketing at all in Florida. In November of 2000, VSSI terminated even that contract. So Snyder no longer does anything for VSSI.

Q. DID VSSI ACT WITH REASONABLE SPEED IN ADDRESSING THE PROBLEMS WITH SNYDER?

A. Yes. Mr. Poucher suggests that VSSI knew about problems with Snyder's marketing, but did nothing to address these problems. He asserts that an increasing volume of Snyder-related complaints in February through April of 1998 did not prompt VSSI "to take decisive action" to stop slamming. Mr. Poucher thus ignores everything that happened during and after the spring of 1998, as discussed here and in Mr. Owen's Rebuttal Testimony.

Mr. Poucher apparently believes that VSSI should have terminated its contract with Snyder almost as soon as it began. Certainly, if VSSI had known that the intermediate measures would not yield satisfactory changes in Snyder's operation, it may have required Snyder to cease marketing sooner. But, of course, VSSI did not have the benefit of such hindsight. Under the circumstances, VSSI was justified in giving Snyder an opportunity to correct the problems identified. Snyder appeared eager to do so and was quick to institute additional quality controls. It was reasonable for VSSI to believe that Snyder's seemingly solid proposals would yield better results than they ultimately did.

It is important to remember that in cases where fraud was involved, it was individual employees who were producing the problem. Snyder terminated these employees, to the best of my knowledge, as soon as the fraudulent conduct was detected. Once Snyder realized how these employees were capable of accomplishing a slam despite existing quality controls, additional quality improvements were implemented to prevent other employees from doing the same thing. When it became clear that the problems with the contact sales representatives could not reasonably be resolved, VSSI, of course, took more drastic action.

In any event, even if one accepts Mr. Poucher's contention that VSSI should have moved more quickly to contract termination, that's not a reason for penalizing the Company. The Company's inaccurate assessment about the effectiveness of corrective actions is not tantamount to its approving or authorizing slams. This is what the Commission will have to find if it accepts Mr. Poucher's recommendations to penalize the Company.

Q. MR. POUCHER CLAIMS THAT THE COMPANY COULD HAVE IMPLEMENTED A THIRD PARTY VERIFICATION (TPV) SYSTEM TO CONTROL SLAMMING. (POUCHER DT AT 12.) HOW DO YOU RESPOND?

A. Again, with the benefit of hindsight, there were perhaps other types of controls we could have implemented that would have proved effective. But we'll never know that for sure. And the fact that VSSI chose certain measures over others certainly doesn't mean that the Company intended for slamming to occur or condoned it.

In addition, a TPV system for contact sales takes considerable time and effort to implement. By the time it became clear that other measures weren't working, VSSI decided the only sure approach to eliminating the problems was to eliminate Snyder's multicultural contact sales channel itself. The other option was to continue to try to institute measures—like TPV—that might or might not fix the problems with those sales. OPC faults VSSI for keeping Snyder on too long, but at the same time, faults it for not implementing a process that would have taken many months more to implement and evaluate.

Q. THROUGHOUT HIS TESTIMONY, MR. POUCHER EMPHASIZES THAT SNYDER SUBMITTED "FRAUDULENT"—OR FORGED—LOAS, AND THAT UPPER MANAGEMENT KNEW ABOUT THIS MISCONDUCT. HOW DO YOU RESPOND TO THAT ASSERTION?

A. Snyder apparently did forge some LOAs and VSSI management did begin to learn about this problem in February. But those facts don't mean that VSSI willfully slammed customers, as Mr. Poucher indicates. (Poucher DT at 11-12.)

VSSI considers all unauthorized carrier changes to be serious, including those where forgery is asserted. Again, there is no evidence that VSSI condoned or treated forgery lightly. In fact, I recall that when Verizon first learned Snyder might be engaging in such activities, we called Snyder representatives to Irving to explain and to demonstrate their processes for ensuring the problem was solved. As described above, VSSI continually emphasized the seriousness of the situation with Snyder and prompted it to institute increasingly strict quality controls. And in each case where Snyder caused a slam, whether through a forged LOA or otherwise, VSSI switched the customer back and restored to him all the gains associated with Snyder's unauthorized transactions.

Thus, while certain Snyder representatives may have intentionally slammed customers, VSSI decisively rejected those actions. Although VSSI accepted responsibility for remedying Snyder's misconduct, VSSI certainly did not cause, intend, approve, or ratify that misconduct. In short, any willfulness on the part of individual Snyder's employees does not equate to willfulness on VSSI's part, as Mr. Poucher suggests. This common sense conclusion can also be framed in legal terms, as it was in VSSI's Answer to OPC's protest. (VSSI's Answer at 8-9.) VSSI's lawyers will treat this point in more detail in the posthearing brief.

Q. MR. POUCHER STATES THAT THERE WERE MORE SLAMMING COMPLAINTS THAN THOSE RECEIVED BY THE COMMISSION. IS HE RIGHT?

A. Yes, but the Commission already knows this obvious fact, and it isn't relevant to the issues to be resolved in this case, anyway. As Mr. Poucher points out, not every customer who claims he was slammed files a

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complaint with the Commission. In most cases, customers will instead call the local exchange company to complain. In 1998, VSSI followed a "no fault" policy, which was the norm in the long-distance industry, so the customer was switched to his preferred carrier at once and calls were rerated. Thus, VSSI did not take time to investigate the complaint before resolving it (although investigation occurred later, as I explain below). This system was instituted as a pro-consumer measure, to resolve customer complaints as quickly as possible, without any need for the customer to prove he was slammed.

Q. WERE UNAUTHORIZED CARRIER CHANGES ALWAYS THE RESULT OF FRAUD?

A. No. As more and more long-distance companies entered the market after deregulation, there was inevitably more opportunity for order process errors. It was not uncommon for local phone companies to misinterpret long-distance orders and accidentally switch customers to other long distance carriers. There are also system-related switching errors that cause customers to occasionally erroneously believe that they were slammed. Many of these errors are less common today than they were even two or three years ago, but the no-fault approach to consumer complaints quickly resolved such problems for consumers.

Of course, because the no-fault approach gives the customer the benefit of the doubt, there will be cases where no slam occurred, but as in the examples I just mentioned, the complaint is resolved as if it had.

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VSSI has found that from time to time, customers will have second thoughts about changing their carrier, even if they requested such a change earlier. Or one joint account holder might disagree with another about the decision to authorize a carrier change. Or, because of the delay between signing up for service and the first bill (which, as I discussed, could be 60 days), the customer forgot that he switched carriers.

There was, in addition, some degree of customer fraud. At the time Snyder was active, VSSI offered promotions of free long-distance minutes for 30, 60, or 90 days. In our investigations, it became apparent that a significant number of customers would use up their free long-distance minutes, then claim that they had been slammed. Due to VSSI's no-fault policy, they would be switched back to their desired carrier and credited any amount of long-distance charges over their free minutes. When we notified the Commission Staff of the apparent slamming problem, we informed them that even after VSSI shut Snyder down in November, the Commission could expect to see complaints for slamming filtering in until promotional free minutes were fully utilized. The Florida Staff acknowledged the problem and VSSI agreed that the warm transfer process would help with call volumes. With all of these examples in mind, every slamming complaint the company receives is not a rule violation, as Mr. Poucher suggests.

Q. SHOULD THE COMMISSION CONSIDER COMPLAINTS THAT WERE

NEVER REPORTED TO THE COMMISSION IN RESOLVING THE ISSUES IN THIS CASE?

A. No. I am told that, as a legal matter, the Commission cannot consider anything other than the 209 Commission complaints Staff closed as apparent violations of the Commission's slamming rule. This legal point will be addressed in the posthearing brief.

Even if the Commission could consider complaints that were never filed at the Commission, it would be impossible, on the current evidence, to quantify and investigate these complaints to make any determination as to whether or not a willful unauthorized carrier change occurred in each individual case. As Mr. Poucher correctly observes, the precise number of slamming complaints "will never be known." (Poucher DT at 12.) This is not because VSSI has hidden anything from the Commission, as Mr. Poucher implies. VSSI is not required to try to track all customer slamming complaints or to report them to the Commission. Such an effort would probably be impossible and largely pointless, since not all complaints are slams.

Moreover, as the Commission noted in its Order approving the VSSI settlement, the Florida Attorney General's Office is conducting an investigation of VSSI's marketing that is longstanding. (Order at 2.) That investigation is intended to address the entire universe of slamming complaints lodged against VSSI before and during the time period at issue here, specifically including Snyder-related complaints. The Attorney

General has broad authority to resolve any issues it identifies, including the power to impose fines and criminal penalties. The Commission should rest assured that the Attorney General is well equipped to conduct a thorough investigation and to achieve a comprehensive resolution to that investigation. It would be unfair, as well as pointless, for the Commission to penalize VSSI for the same conduct that is the subject of the Attorney General's investigation.

Q. BUT MR. POUCHER SAYS THAT IF THE COMMISSION DOESN'T CONSIDER HOW MANY TOTAL CUSTOMERS WERE SLAMMED, "IT WOULD CREATE AN INCENTIVE FOR COMPANIES TO ENGAGE IN SLAMMING ACTIVITIES AND QUICKLY RESOLVE ANY CUSTOMER COMPLAINTS BEFORE THE CUSTOMERS APPEAL TO THE PSC SO AS TO MINIMIZE THE AMOUNT OF A POTENTIAL FINE." (POUCHER DT AT 9.)

A. Mr. Poucher's conclusion is wrong because it rests on a number of ill-founded premises. First, as I've explained, a complaint claiming a slam does not necessarily mean a slam occurred, so it's wrong to equate complaints with rule violations. To this end, Mr. Poucher certainly knows that this Commission does not close every slamming complaint as a rule violation.

Second, as I've also explained, the Commission can't consider fining VSSI for some unknown amount of slamming complaints over and above what it received from customers.

Third, even if we did know how many customers were slammed, the Commission would have to review each case to determine if the slam was willful before it could consider penalizing VSSI.

Fourth, it is absurd to suggest that if the Commission doesn't look beyond the complaints it receives, companies will be motivated to slam customers, then quickly resolve their complaints just so they can avoid Commission fines. As I've discussed, VSSI, like most interexchange carriers at that time, resolved slamming complaints without challenging the customer's slamming claim, and it did not then and does not now keep any money it might have gained for the time the individual was a VSSI customer. To this end, Mr. Poucher himself points out that in one three-day period, the call center wrote off approximately $8000 of Snyder billing for customers who claimed they had been slammed. (Poucher DT at 5-6 and Ex. REP-3.) Given VSSI's policy of not challenging slamming claims, it would be pointless for VSSI to implement a practice of slamming customers only to switch them back and write off billed amounts for the time they were VSSI customers. No rational company would embark on this strategy, which would result only in loss of revenues and customer goodwill.

Q. MR. POUCHER CLAIMS HE HAS COME UP WITH A REASONABLE ESTIMATE OF THE NUMBER OF UNAUTHORIZED CARRIER CHANGES THAT OCCURRED DURING THE PERIOD AT ISSUE. IS THAT TRUE?

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A. Absolutely not. Even if there were some point to this speculative exercise—and there is not, for the reasons I have discussed—Mr. Poucher's conclusion that VSSI "committed at least 4,000 slamming violations and at least 3,000 forgeries" (Poucher DT at 16) is utterly lacking any factual foundation. As far as I can tell, Mr. Poucher arrives at this conclusion by extrapolation from a three-day study VSSI performed at its Wentzville, Missouri call center in April of 1998. He says that the study shows that VSSI received 307 Snyder-related slamming complaints nationwide over three days. Based on a 22-workday month, Mr. Poucher then estimates that Snyder was responsible for 2,241 slamming violations per month. Because the Snyder marketing contract was in effect for ten months, Mr. Poucher multiplies his monthly figure by 10 to come up with "over 20,000 violations" generated by Snyder across VSSI's operations nationwide in 1998. (Poucher DT at 12-13.)

Mr. Poucher concludes that 4,000 of these "violations" occurred in Florida. He doesn't purport to do any calculation to arrive at this figure; rather, it appears to be an estimate loosely based on the following items: (1) An unnamed "study by the Verizon regulatory department show[ing] that Florida accounted for two-thirds of the Snyder complaints" (Poucher DT at 13), which VSSI assumes is REP-4 ("Snyder Regulatory Slamming Complaints"); (2) "another study by another Verizon unit show[ing] that only 20% of their slamming complaints originated in Florida"; Mr. Poucher declines to provide any identifying information for the "study"; (3) a VSSI audit sample of 25 transactions involving Snyder slams from January and

February of 1998, 8 of which involved Florida customers (Poucher DT at 13, citing Ex. REP-13); (4) a sample of 30 unauthorized carrier changes Snyder generated sometime before April 2, 1998, 7 of which involved Florida customers. (Poucher DT at 13-14, citing Ex. REP-11.)

Finally, based on his estimate of 4,000 Florida slams, Mr. Poucher posits that Snyder committed 3,000 "fraudulent forgeries." Again, no calculation is involved. Mr. Poucher simply notes that based on his Exhibit REP-5 ("Customer Escalation Specifics"), "the majority of the slamming complaints were due to fraudulent LOA's," so he believes the 3,000 figure is justified. (Poucher DT at 14.)

Q. WHAT, SPECIFICALLY, IS WRONG WITH MR. POUCHER'S ANALYSIS?

A. There are so many problems with Mr. Poucher's analysis that it's hard to know where to begin. There are a number of major flaws:

First, throughout his Testimony, Mr. Poucher assumes that VSSI documents containing annotations of unauthorized carrier changes or fraud indicate a final determination that fraud occurred. This is not true. It is VSSI's policy to document all customer complaints as related by the customer. Thus, if a customer says that VSSI switched their service without authorization, it is disposition-coded for our records as an unauthorized change. Through further investigation later, VSSI might determine that some complaints were not, in fact, the result of fraud. But all of Mr. Poucher's calculations assume every complaint dispositioned as an unauthorized change is fraudulent. As explained earlier, VSSI's "no-fault" switchback policy and its practice of recording unauthorized change claims in the customer's terminology make it impossible to extract any meaningful data about slamming numbers from the Wentzville reports.

Second, as mentioned earlier, the entire foundation of Mr. Poucher's ultimate estimate of the number of "fraudulent slams" during the period at issue is data from the three-day Wentzville study in April 1998. Mr. Poucher represents this as a "special study" of complaints, including slamming complaints. (Poucher DT at 5.). This is not true. The study was not intended to review slamming complaints, but rather to define what was causing increased call volumes to the Wentzville call center. The center's primary function was billing resolution for non-Snyder long-distance customers, and the complaint volumes were creating problems in carrying out this function. During the study, it was learned that calls from Snyder-sold customers were misdirected to the Wentzville Center because the Wentzville center contact number had been printed on Snyder customers' bill stock. Because this Center was not set up to handle multicultural customers, there was a tremendous language barrier on these calls. Representatives who could not fully understand the callers could not likely make an accurate determination about the caller's claim, and certainly could not make a definitive determination of whether a slam actually occurred. In addition, a large number of calls to Wentzville were driven by the above-mentioned verification letter started in April. This letter was intended to confirm that customers wanted service from VSSI, but many customers read it to mean that their service had already been switched when it had not. So these slamming claims would not have represented actual slams.

The point is that the Wentzville study is not what Mr. Poucher thinks it is, and does not show what he claims it does. Because he is fundamentally wrong about the very nature of the study and has misinterpreted its results, he is necessarily wrong about the ultimate conclusions he makes on the basis of extrapolation from the study.

Third, even if Mr. Poucher had correctly interpreted the Wentzville data, these data would not be a reliable basis from which to extrapolate results for the year. The data from the Wentzville study do not reflect the March-April 1998 system improvements (discussed above) that should have eliminated a significant portion of problems Snyder had in early 1998. These improvements were made too recently to show up in the April study. Mr. Poucher should know about these improvements because VSSI produced documentation detailing them, including the attached Exhibit JPC-1. In basing his estimate for all of 1998 on the sales problems experienced in the first few months of that year, Mr. Poucher ignores these process improvements demanded by VSSI. A ten-month projection based solely on a system that was improved after the first 2 ½ months is, to say the least, highly unreliable.

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Mr. Poucher's estimate of Florida slams is based upon this projection of nationwide slams for 1998, so the same infirmities taint his Florida-specific estimate. Moreover, the Florida number is even more plainly a guess than the nationwide number. There's no attempt at any calculation here and there is no document supporting the 4000 figure. Mr. Poucher, for instance, refers to an audit sample involving 25 orders. Even if these orders were randomly selected (and it is not clear that they were), it is far too small a sample size to conclude that "32% of the Snyder slamming complaints originated in Florida." (Poucher DT at 13.)

Fourth, Mr. Poucher makes no real attempt to quantify the number of Snyder-acquired Florida customers who actually switched to VSSI. From information Snyder has retrieved, we know that in 1998, only about 68% of the orders VSSI received from Snyder were ever switched to VSSI. The actual switches are fewer than the orders submitted by Snyder because VSSI checked first with the customer's local exchange carrier before switching anyone. Many customers, for instance, have "PIC restricts" on their accounts, thus preventing carrier changes despite the customer's having given his permission for the change. Also, many orders were not processed due to quality improvements that detected an apparent unauthorized sale. It is incorrect to assume, as Mr. Poucher's analysis does, that VSSI actually switched every order submitted to it by Snyder.

Fifth, Mr. Poucher wrongly interprets the customer service summary reflected on the report at his Exhibit REP-5. As noted above, Mr. Poucher used this document as the basis to guess that there were 3,000 slams in Florida in 1998. He says it shows 190 "fraudulent slams" from Snyder between May and October of 1998. (Poucher DT at 6-7.) But the service summaries underlying the "fraudulent LOA" category on that document reflect only a VSSI employee's conclusion, reached after a quick investigation, that fraud *could* have occurred. As I explained, it was VSSI's policy to assume the truth of the customer's claim, so a VSSI notation of "fraud" on a complaint does not necessarily mean that fraud occurred in every case. In his deposition, VSSI employee Larry Commons (who created the report at Mr. Poucher's Exhibit REP-5) explained that customer characterization of the complaint regularly became a part of reports prior to investigation of the validity of the complaints. (Poucher Ex. REP-9 at 25-27, 66-67.) As Mr. Commons discussed, if the investigation does not prove fraud occurred, it still gets logged on this report as a fraudulent LOA because that is the characterization used by the customer.

In addition, Mr. Poucher seems to imply that the "LOA exists" category on the document at his Exhibit REP-5 indicates that VSSI was unable to provide an LOA to the customer. In fact, this notation indicates just the opposite: that VSSI was able to locate an LOA, but that the customer either could not be reached after the initial complaint to VSSI or, if reached, the customer declined to review the LOA.

These fundamental problems prevent the Commission from considering Mr. Poucher's analysis for any purpose, let alone as the basis for a $75 million fine, as Mr. Poucher proposes. Mr. Poucher's estimate is obviously arbitrary and unreliable. But there's really no reason for the Commission to assess how good or bad the estimate is, because it still remains an estimate, and the Commission can't resolve the issues in this proceeding on the basis of estimates. To assess any fine at all, it must determine *exactly* how many violations there were and whether any of them were willful. It cannot guess at the number of violations and merely assume some number of them must have been willful, as Mr. Poucher would have it do.

Q. ARE THERE CREDIBILITY PROBLEMS WITH MR. POUCHER'S SUPPLEMENTAL DIRECT TESTIMONY (ST), AS WELL?

A. Yes. Again, Mr. Poucher derives unjustified conclusions based on his speculation about what was "very likely" (Poucher ST at 2), what, without any further inquiry, documents "appear" to prove (Poucher ST at 3) and what "must have been common" at VSSI in 1998 (Poucher ST at 4).

For instance, Mr. Poucher states that one customer complaint form lists nine customer service groups used by VSSI. (Poucher DT at 2.) Based on just this observation, Mr. Poucher asserts that "[s]ince all of these organizations who receive customer contacts could receive slamming complaints from customers, it is very likely that additional slamming complaints were received by Verizon that are not included in the discovery furnished to the Office of Public Counsel on December 15, 2000." (*Id.*)

If Mr. Poucher had simply asked, he would have learned that, as the relationship with Snyder developed, customers who claimed slams were highly unlikely to have contacted any group other than AFNI to complain. The vast majority of complaints came from AFNI, because that group's number appeared on telephone bills sent to ethnic and international customers as the proper contact for account inquiries. As I noted earlier, Snyder's marketing was directed to customers in multicultural markets.

No one would reasonably expect to see written records of slamming complaints processed through the other groups. Thornton and Niagara Falls handled calls about bundled service; Snyder sold long-distance service almost exclusively. AFNI-Tucson did not handle billing inquiries from Florida customers, except in very rare instances. BSC and Alpharetta are provisioning centers that occasionally made outbound calls to small businesses about provisioning problems. Verizon did not publish contact numbers for any of these centers. While the Repair group's number appeared on residential bills along with AFNI's, the bills described it as the contact for equipment-related problems. A handful of complaints might have come through Sitel because customers in Verizon's local exchange carrier's serving area may have found a contact number for Sitel in their telephone directories. These complaints would be reflected in the discovery VSSI produced to OPC.

Because Mr. Poucher is mistaken in his belief that the complaints produced in December came from "just one of many possible sources"

(Poucher ST at 5), he is also mistaken in concluding there must be many more complaints VSSI did not produce. Mr. Poucher's Supplemental Testimony is based on speculation, rather than facts, and deserves no credence.

Q. MR. POUCHER CLAIMS THAT VSSI "DID LITTLE, IF ANY, ADDITIONAL INVESTIGATION TO DETERMINE THE ACTUAL BLAME FOR THE UNAUTHORIZED SWITCHING OF CUSTOMERS OTHER THAN TO IDENTIFY THE CUSTOMER'S ACCOUNT AND TAKE THE NECESSARY STEPS TO CEASE BILLING FOR THE UNAUTHORIZED SWITCHING." (POUCHER ST AT 3-4.) IS THAT TRUE?

A. No, and Mr. Poucher should know it's not. Generally, a slamming complaint directed to VSSI will fit into one of two categories: escalated or non-escalated. Escalated complaints are typically those that have been forwarded to VSSI from a regulatory body, such as a state commission, the FCC, or a state Attorney General. VSSI will also treat as escalated those complaints directed to officers of the company or involving a potential lawsuit. Non-escalated complaints are generally other complaints.

As the thousands of documents produced to OPC plainly show, VSSI conducted extensive investigation into all escalated complaints. In 1998, that investigation was done by VSSI itself, after obtaining a copy of the LOA from Snyder. Upper management received weekly reports about the number and types of escalated complaints. After May of 1998, it received

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specific reports on Snyder-related escalated complaints.

Investigations of non-escalated complaints are somewhat less extensive, but still reasonable and appropriate in light of VSSI's no-fault switchback policy. For these complaints, VSSI: (1) forwarded a brief one-page summary of the complaint to Snyder, the party best positioned to investigate what actually happened; (2) obtained access to Snyder's on-line database to Snyder's investigation; (3) demanded reports about Snyder's findings and what Snyder had done to discipline any salespersons at fault; and (4) logged the complaints against the employee and tracked their compensation accordingly.

In light of these facts, it is incorrect to suggest that VSSI took little or no action to determine the source and cause of unauthorized carrier changes. Because VSSI's policy was not to challenge customers' slamming claims, it is sometimes impossible to definitively determine what happened. But VSSI nonetheless investigated all complaints after switching the customer back, with the objective of finding and addressing potential slamming issues.

Q. MR. POUCHER SEEMS TO IMPLY THAT VSSI WITHHELD THE DOCUMENTS THAT ARE THE SUBJECT OF HIS SUPPLEMENTAL TESTIMONY. (POUCHER ST AT 2.) HOW DO YOU RESPOND?

A. This implication is unfounded. OPC knows that VSSI had not located the documents at issue by the time their production was due under OPC's discovery requests, despite VSSI's best efforts to diligently respond to those requests. These documents had not been located when the original production occurred, but VSSI continued to look for responsive documents and produced them when they were found later. To the extent that Mr. Poucher implies VSSI intentionally withheld documents, that implication is unwarranted and even insulting.

Q. MR. POUCHER ESTIMATES THAT THE UNAUTHORIZED CARRIER CHANGES SNYDER SUBMITTED OVER TEN MONTHS HAD A "NET IMPACT ON CUSTOMERS OF ONE HALF MILLION DOLLARS." IS THERE ANY FACTUAL BASIS FOR THIS STATEMENT?

A. No. As I explained, when a customer claimed to have been slammed, VSSI consistently switched that customer back to his preferred long-distance provider at no cost and forgave any disputed long-distance charges. Mr. Poucher knows this is VSSI's policy. I am aware of no evidence—and Mr. Poucher cites none—showing that any Florida customer sustained any monetary loss as a result of a claimed slam.

Q. ARE FCC DECISIONS REGARDING SLAMMING RELEVANT TO THIS PROCEEDING?

A. No. This Commission's decisions are, of course, based on Florida law and regulations, which differ from the federal law and regulations the FCC applies in cases of unauthorized carrier changes. As I've explained, no penalty at all is warranted here because none of the violations at issue were willful. In any event, as the Commission already recognized in approving VSSI's settlement offer here, the relevant comparison for this Commission's purposes is between this case and its own past decisions approving settlement offers—not between FCC decisions and this Commission's decisions. For instance, as VSSI pointed out in its Answer to OPC's Protest, while the FCC approved a $3.5 million slamming settlement with MCI, this Commission approved a settlement offer of $240,000 from MCI in its third slamming show cause case before the Commission. (Answer at 4, *citing* Order No. PSC-98-0751-AS-TI, June 1, 1998; the previous settlements were approved by Order No. 24550, May 20, 1991 ($25,000 settlement) and Order No. PSC-96-0336-AS-TI, March 8, 1996 ($50,000 settlement).)

In addition, while VSSI does not know all the details of the FCC cases (nor are they relevant for purposes of this docket), it appears there were obvious aggravating factors in some, if not all, of them. For example, Mr. Poucher mentions a Brittan Communications International case, in which the FCC imposed a $1 million forfeiture for unauthorized carrier changes, some of them involving apparently forged LOAs. Review of the Brittan situation reveals that a key factor prompting the large fine was Brittan's failure to thoroughly respond to customers' complaints. (FCC Report No. CC 98-38, Oct. 29, 1998, www.fcc.gov/Bureaus/Common_Carrier/News Releases/1998/nrcc8079.txt.) That is not the case here, where VSSI responded to all complaints, voluntarily changed customers back to their preferred carriers, issued credits for the VSSI charges, and fully cooperated with the Commission's investigation.

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Q. WHAT IS YOUR OPINION OF THE PENALTIES MR. POUCHER HAS PROPOSED IN THIS CASE?

A. They are absurd. Mr. Poucher recommends that the Commission revoke the Company's certificate to offer long-distance services, as well as fine VSSI $75 million. The way he comes up with a $75 million fine is by multiplying his 3,000 estimated forgeries by $25,000, which I understand is the maximum per-occurrence fine the Commission can levy under the Florida Statutes.

As I have demonstrated in my testimony, VSSI committed no willful violations of the Commission's slamming rule, so no penalties at all are warranted. But even leaving aside for a moment this insurmountable obstacle, OPC's recommendation is still ridiculous for a number of reasons.

First, the $75 million calculation is based on Mr. Poucher's estimate of fraudulent slams that I discussed earlier. That estimate is based on a series of unfounded extrapolations and assumptions. The Commission cannot simply estimate the number of willful violations, let alone estimate them in the highly unreliable manner Mr. Poucher suggests. It must instead resolve the issues identified in terms of the 209 complaints Staff closed for the period at issue.

Second, the penalty is unrelated to any harm caused. As noted, VSSI forgave its charges to customers who claimed they had been slammed. Even if one accepts Mr. Poucher's own baseless estimate that Snyder slams cost consumers a half-million dollars (Poucher DT at 12), the penalty he recommends is 150 times the amount of injury caused—in other words, grossly disproportionate to the claimed harm.

Third, the penalty Mr. Poucher recommends is also grossly disproportionate to the settlement of $209,000 the Commission found to be fair and reasonable. While VSSI vigorously denies that any penalty is due now that OPC has forced this case into litigation, the Commission-approved settlement amount provides another useful perspective on the extreme excessiveness of Mr. Poucher's proposal.

Fourth, the Snyder-related problems that led to initiation of this docket have been resolved, so there is no need for a stiff penalty—or any penalty at all—to ensure future compliance. In fact, in its Order approving the settlement, the Commission found that the non-monetary terms of VSSI's offer were "positive steps for assuring future compliance with our rules." Even though OPC protested the Commission's Order, VSSI implemented those non-monetary measures, anyway, including discontinuation of multicultural contact sales. Indeed, the Company has decided to voluntarily implement even more extensive controls to safeguard against unauthorized carrier changes. It has implemented third-party verification in lieu of LOAs in all its channels.

Fifth, as I discussed above, the Florida Attorney General is already conducting an extensive investigation of all complaints, including those filed at this Commission, as well as others that were directed to the Company and other agencies. VSSI should not be penalized here for matters that will also be included in the resolution of the Attorney General's investigation.

Q. WHAT SHOULD THE COMMISSION DO IN THIS CASE?

A. It should close the docket without imposing any penalty on VSSI. OPC has failed to produce evidence of any willful rule violations on VSSI's part. What the evidence does show is that VSSI never authorized or approved any unauthorized carrier changes by Snyder; that it quickly and completely resolved the customer complaints at issue; and that it took reasonable steps to remedy problems with Snyder.

In fact, I understand the Commission still has the opportunity to dismiss OPC's Protest of its Order approving VSSI's proposed settlement in this case, because it never ruled on VSSI's Answer asking the Commission to deny the Protest. That way, the settlement will become final, the Commission can avoid having to spend any more time on this case, and it will not have to resolve difficult legal issues that could affect its ability to obtain slamming settlements with other companies in the future.

Q. DOES THAT CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes.

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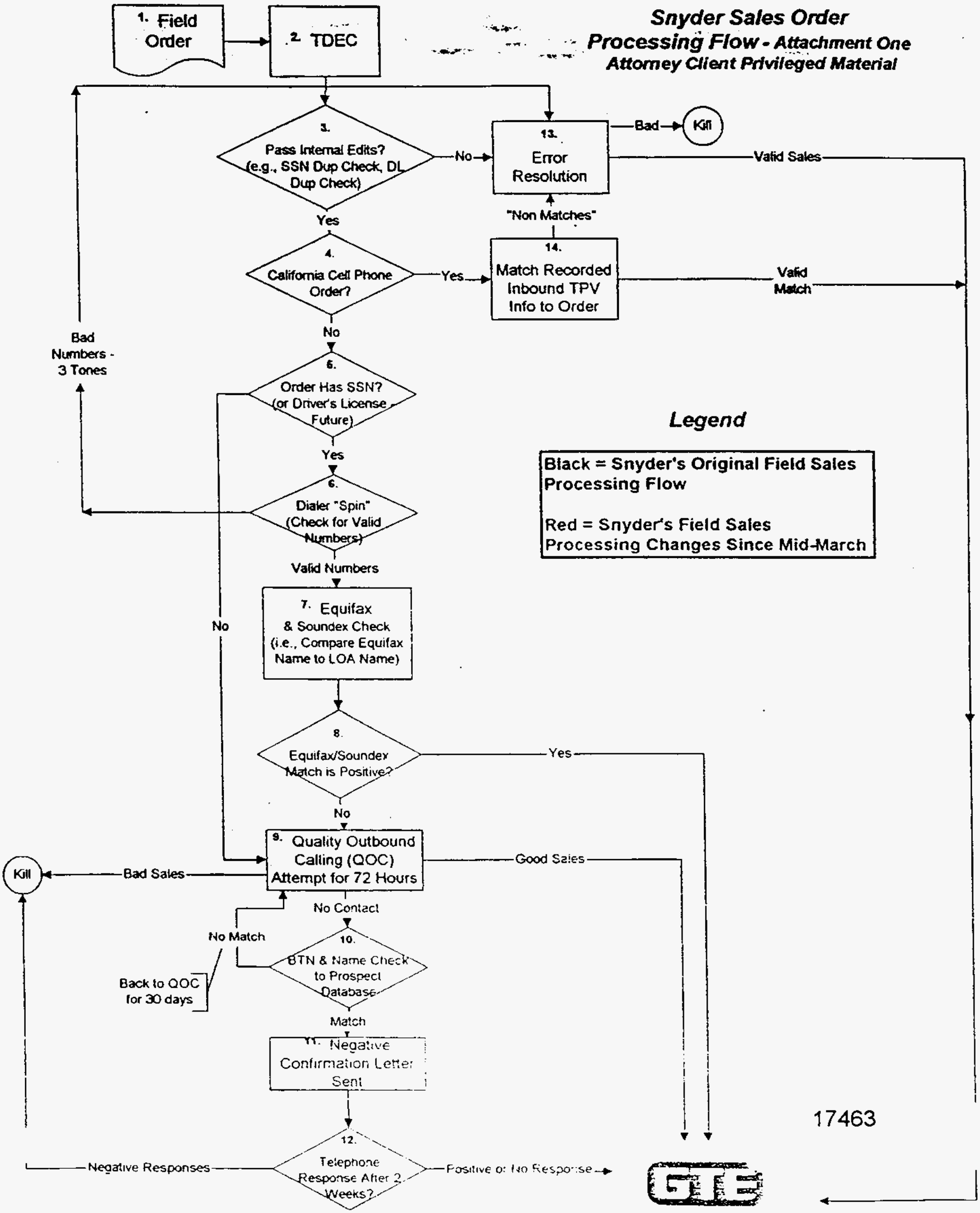
Snyder Sales Order Processing Flow - Attachment One

Attorney Client Privileged Material



Legend

Black = Snyder's Original Field Sales Processing Flow

Red = Snyder's Field Sales Processing Changes Since Mid-March

17463

GTE

Service Corporation
Internal Audit

GTE Communications Corporation

Snyder Communications, Inc.
Process Review

Bethesda, Maryland & Irving, Texas

Opening Meeting
April 6, 1998

18321

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GTE
Service Corporation
Internal Audit

Agenda

- Introduction
- Review Objectives
- Review Scope
- Review Process
- Management Concerns
- Closing Remarks

18322

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GTE
Service Corporation
Internal Audit

Snyder Communications Review Objectives

To evaluate the adequacy of operational controls/processes over the Sales Order Processing functions within Snyder Communications, and to evaluate selected GTE Communications Corporation processes which may aid in our review of Snyder Communications.

18323

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GTE

Service Corporation
Internal Audit

Snyder Communications Review Scope

- Sales Order Processing;
- Sales Compensation Plans;
- Quality Control, Problem Resolution / Escalation, and Reporting Processes;
- Performance Monitoring / Measurement; and
- Logical Security.

18324

GTE
Service Corporation
Internal Audit

Review Process

- Opening Meeting
- Field Work
  - Information Gathering
  - Testing
  - Clearing
- Closing Meeting
- Reporting

18325

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Quality & Training Overview

GTE

Quarterly Review

May 7- 8,1998

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Agenda

❶ Training Initiatives

❷ Quality Initiatives Q1

❸ Current Complaint Process

❹ Complaints Q1

❺ New Complaint Process

❻ Quality Control Trend Report

❼ Quality Initiatives Field

❽ Quality Initiatives QOC-ER-NOL Team

❾ Quality Initiatives Q2

❿ Help from our Partner

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Training Initiatives

- ✓ 3/16 Verification of Customer's Telephone Number
- ✓ 3/17 Addition of Acceptable Identification (Green Card & Passport)
- ✓ 3/17 Revised Training Presentation
- ✓ 3/17 Revised Sales Associates
- ✓ 3/23 Revised TRADMIN Job Description(QC process)
- ✓ 3/25 Roll out of ICP-II
- ✓ 4/16 Change of English Toll Free Customer Service Number
- ✓ 4/24 Cinco de Mayo
- ✓ 4/29 Nextel Cellular TPV Process

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Quality Initiatives Q1

- QOC
- Social Security Verification
- Name & Address Match
- Negative Option Letter
- Cellular Verifications

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Complaint Process - Current

Manual Process:

- Complaints comes in via fax
- Look up each order in data base
- Call customer
- E-Mail information on each complaint to the field
- CRC report to GTE
- Monitoring “No” responses manually from field
- Manual data entry required

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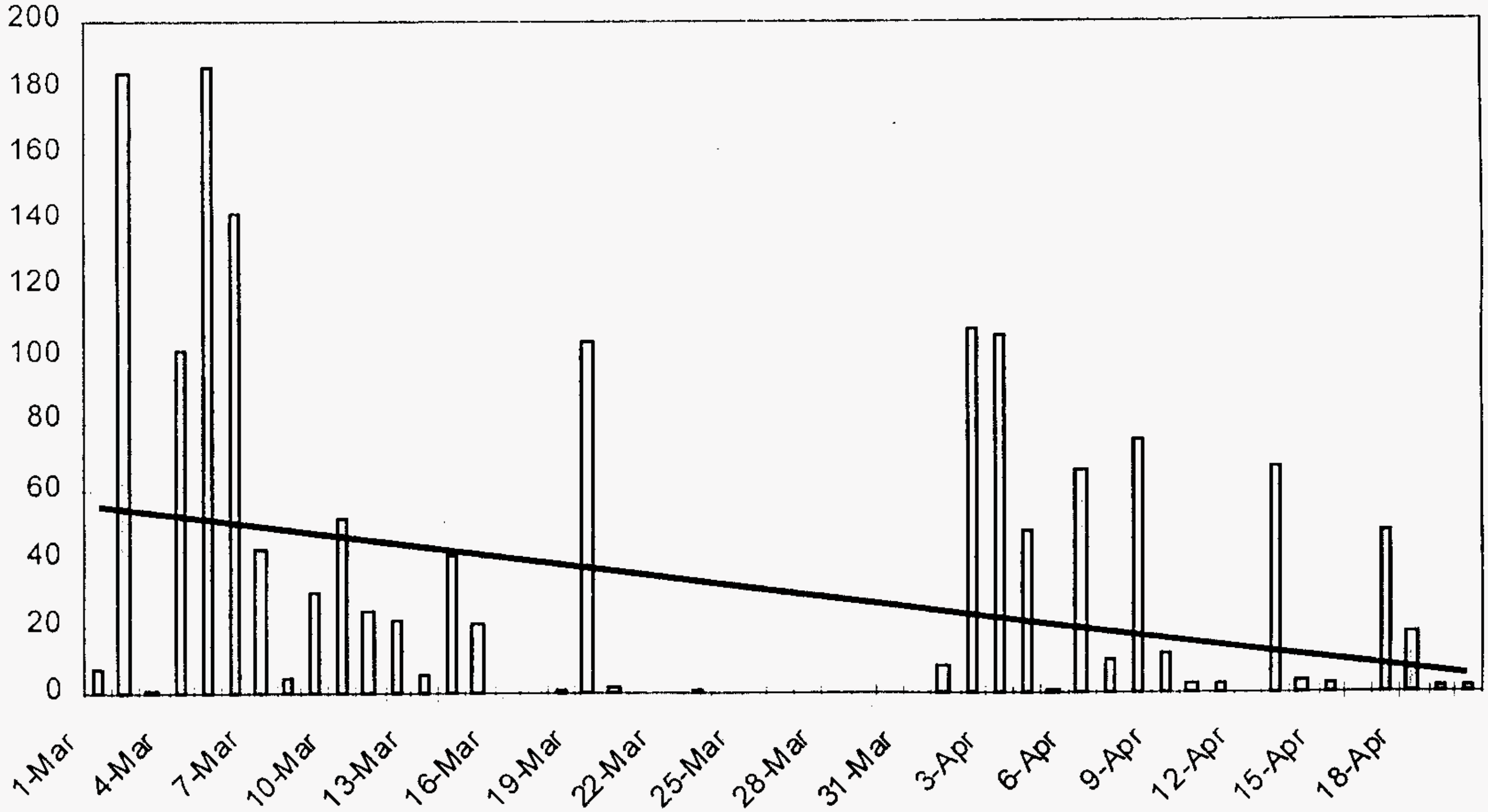
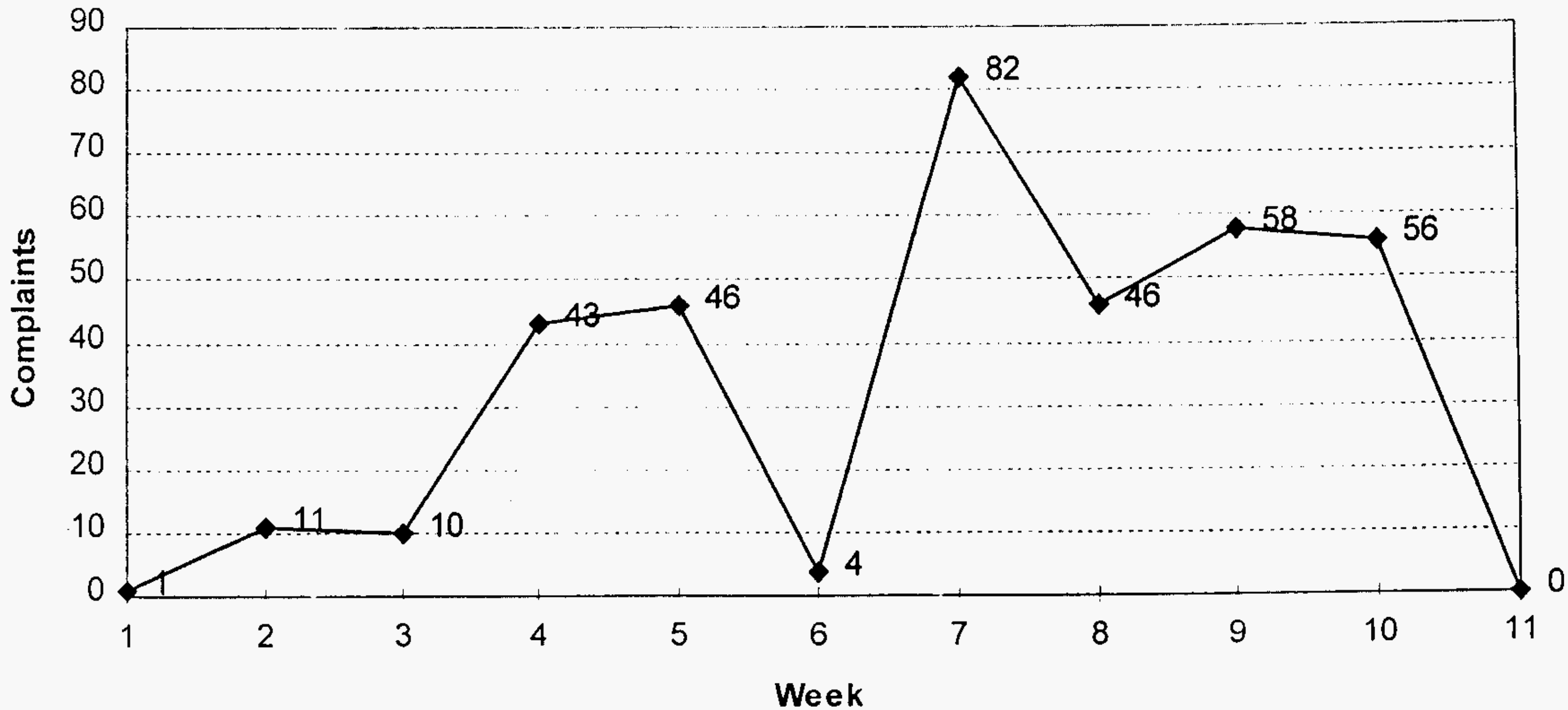
Complaints by Day

(GTE Provided Data)

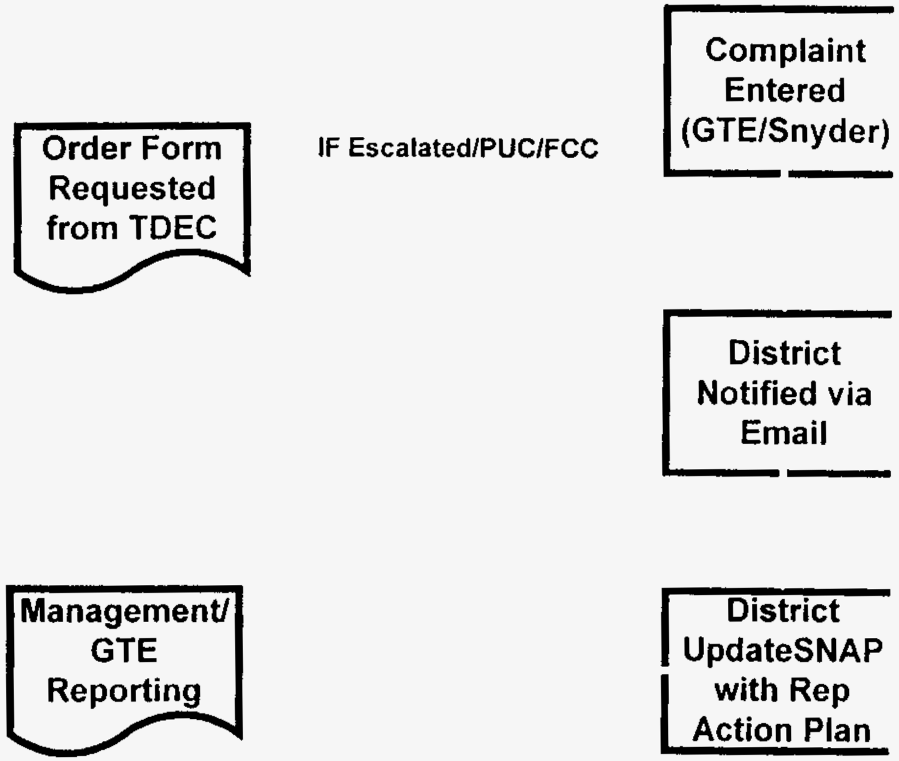


Complaints by "Date Sold"



57

Complaint Process
New & Improved with SNAP



→Automated E-Mail report to the field

→Management reports (Internal & GTE)

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Order Quality Trend Report Positive Reinforcement.....

- ☆ Acceptance Rates
- ☆ Confirmed QOC
- ☆ Confirmed Social Security
- ☆ Confirm NOL
- ☆ Pending QOC
- ☆ Pending NOL

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Order Quality Trend Report
Managing through .....

Reject Results

- Change Mind
- Business Accounts
- Duplicate
- Bad Numbers
- TDEC Errors
- Disputed

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Quality Initiatives
Field

- ❖Management Review Process
- ❖4 Box Process Refresher Training
- ❖Order Interval Improvement
- ❖Program for Improving Social Security Validation ($$onus Program)
- ❖Mystery Shopper - revisited

20633

Quality Initiatives
QOC-ER-NOL TEAM

- Monitoring of TSRs
- Productivity
- ACW %
- Sales per hour
- Gross Sales per day
- Contacts per hour
- Contacts per day
- Declined Connects
- Declined per day
- Average Connect Time

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Q2 Initiatives

- Implementation of Negative Option Letter
- Development & Implementation of Cellular Verification Process (Mini-Verification)
- Expanded Cellular Verification Process (NY,CHI)
- Development & Implementation of Driver License Verification Process
- Managing through the Quality Control Trend Report

20635

Addressing the Audit Findings...

- Billing Name Different from Contact Name on LOA
- Timing of Sales to GTE vs. Contract Parameters
- Customer "Take-Aways"
- Mystery Shops
  - Not Qualifying
  - No Shows
- Complaint Resolution Process

20677

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Quality Control

GTE

Quarterly Review

Aug 3- 5,1998

Q2 Accomplishments

- Implementation of Verification Letter
- Automatic 100% QC Process
- Rolled out SNAP Complaint Module
- Developed Reporting for the Quality Control Process
- Development & Implementation of Cellular Verification Process (Mini-Verification)
- Tested Cellular Verification Process (NY,CHI)
- Began Development of Driver License Verification Process (Expected Q3)

20556

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Q3 Initiatives

(Zero Tolerance)

- Continued Evaluation of QC Process (Trending Analyses, Identify and Correct Weaknesses in QC Process)
- Re-Educate Sale Force to Think Quality First
- Continue Development of Procedures to Eradicate Customer Complaints

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QC Reporting

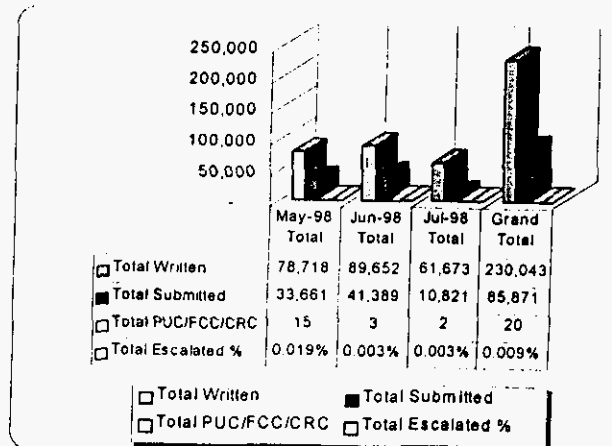
Point Key: PUC = 400, FCC = 400, CRC = 20, CSI = 10, RATE = 10, OTHER = 10, ER COMPLAINTS = 20, PIC DISPUTES = 1, NEG VL = 5

Rep ID	Employee	Location	Status	Hired	Total Written	Total Submitted	Escalations: PUC	FCC	CRC	Total PUC/FCC/CRC	Customer SVC: CSI (AFNI)	Rates	Other	Total CSI/Rates/Other	Internal Complaints: ER Complaints	PIC Disp	Neg VL	Total Internal Compl
7177	Rasim Tugberk	Miami	Active	5-Mar-98	1199	485	1	0	6	7	2	0	0	2	3	101	99	203
10176	Vilma Viola	Miami	Active	10-Feb-98	1041	429	1	0	4	5	3	0	0	3	4	93	80	177
11875	Mitch Gershman	Bronx	Active	12-Mar-98	264	101	1	0	1	2	0	0	0	0	22	29	11	62
6206	Joe Lindsey	Brooklyn	Active	7-Jul-97	196	102	1	1	0	2	2	0	0	2	1	24	28	53

Status	Hired	Total Written	Total Submitted	Escalations: PUC	FCC	CRC	Total PUC/FCC/CRC	Customer SVC: CSI (AFNI)	Rates	Other	Total CSI/Rates/Other	Internal Complaints: ER Complaints	PIC Disp	Neg. VL	Total Internal Compl	Total Compl	Points
Active	16-Sep-96	18	17	0	0	1	1	0	0	0	0	0	11	0	11	12	36
Active	8-Dec-97	147	99	0	0	3	3	0	0	0	0	1	85	0	86	89	185
Active	3-Nov-97	103	58	0	0	2	2	0	0	0	0	0	58	0	58	60	108
Active	16-Sep-96	233	184	0	0	4	4	0	0	0	0	1	113	1	115	119	243

Rep ID	Employee	Location	Status	Hired	Month	Total Written	Total Submitted	PUC	FCC	CRC	Total PUC/FCC/CRC	CSI (AFNI)	Rates	Other	Total CSI/Rates/Other	ER Complaints
13489	Rasim Tugberk	Alabama	Active	3/30/98	Apr-98	169	142	0	0	1	1	0	0	0	0	1
13491	Vilma Viola	Alabama	Active	3/30/98	Apr-98	100	68	0	0	0	0	1	0	0	1	0
13491	Mitch Gershman	Alabama	Active	3/30/98	May-98	12	9	0	0	0	0	0	1	0	1	0
13509	Joe Lindsey	Alabama	Active	3/30/98	Apr-98	31	24	0	0	0	0	0	0	0	0	1
		Alabama Total				312	243	0	0	1	1	1	1	0	2	2

	Month	May-98 Total	Jun-98 Total	Jul-98 Total	Grand Total
	Total Written	78,718	89,652	61,673	230,043
	Total Submitted	33,661	41,389	10,821	85,871
Escalations	PUC	3	1	1	5
	FCC	1	0	0	1
	CRC	11	2	1	14
	Total PUC/FCC/CRC	15	3	2	20
	Submitted%	42.8%	46.2%	17.5%	37.3%
	Total Escalated %	0.019%	0.003%	0.003%	0.009%



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QC Reporting

* QC Complaint Top 20 *(waited point system)*
* QC Complaint Top 20 *(percentage of gross production)*
* Rep Y-T-D Complaint History
* QC Complaint by District
* Complaint Summary *(by month)*

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1st Qtr
Challenges And Solutions

- Challenge
  - A more demanding selling process
- Solution
  - Better screening of reps
  - Creating the FSM position
    - A more efficient reporting structure
    - More effective hands on management
  - Developing a higher caliber sales person
    - Longer presentations
    - Better closing skills
    - A more effective "button up"
  - Paid initial training

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1st Qtr
Challenges And Successes

- Challenge
  - Quality issues
- Solution
  - Instituting strict quality measures
    - **Outbound verification**
    - **Capturing SSN & DL**
    - **Cell phone TPV - Residence member name**
  - Identifying and addressing reps with poor quality work
  - Ongoing pro-active quality assurance

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SNYDER
DIRECT SERVICES, INC.

GTE

Snyder Overview & Monthly Review.

October 8, 1998

20374

Quality

Quality Resources

- Dedicated “TrAdmin” per District (20)
- National Quality Control Team (4)
- National Training Team (2)
- Specialty Quality Outbound Calling (QOC) Group up to 40 stations
- Specialty Error Resolution, Problem Investigation, & Verification Letter Response Unit - up to 10 stations
- Independent Third Party Verification

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Timing of Events

• Contract Signing -	November 1997
• Marketing Efforts Begin -	January 1, 1998
• Outbound Sampling -	January, 1998
• Quality Meeting in Texas -	February 18, 1998
• QOC - 100% verification -	March 12, 1998
• SSN/Equifax -	March 24, 1998
• Verification Letter -	April 3, 1998
• Metromail -	May 1998
• Expanded SSN Verification	May 1998
• Order Quality Trend Report	May 1998
• Squeeze Program	June 1998
• Alternate Name Introduced	July 1998
• Duplicate Logic Tightened	August 1998
• Positive Option Letter	September 1998
• Field Commission "Stick" Program	September 1998

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Upcoming Quality Changes...

- New Hire “Probationary” QOC Program
- Capturing Day/Year of Birth on LOAs as alternative to SSN
- Revisit Driver’s License as alternative to SSN
- Improve VL Address Match Process
- Recording QOC conversations.
- “Senior” Rep Program
- “Stick” commission program for Teleservices

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Quality Checkpoints
Field Order Processing

LOA
Point of Sale

Snyder
District
Office

•Cellular TPV

•SSN/Driv License

TDEC

LOA Sampling

Snyder
Order
Validation

• "SPIN"
• BTN Dups
• SSN Dups.
• Birthdate Verfication
• Plan/Promos

Equifax
(SSN
Verification)

Quality
Outbound
Calling

Verification
Letter

•Rep Compensation

•"Stick" Program

Snyder
Back-End
Reporting

• PIC Dispute & LEC Reject Reporting

•Customer Complaints & Escalations

•"Squeeze Process"

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Measuring and Monitoring Quality

Field Metrics

- Productivity
  - Gross
  - GTE Submits
  - LEC Confirms
- Rep to Supervisor Ratio
- Recruiting/Turnover Ratios
- Sales Method Mix
- Duplicates
- "Bad" Numbers - SPIN
- GTE Customer Service Complaints
- FCC/PUC/GTE Escalations
- PIC Disputes

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Quality - Reporting & Tools

- SNAP!
  - *On-line real-time look-up capability down to the sale level for each and every sale made by Snyder*
- Rep Scoring (Squeeze)
  - *Tracking of rep complaints and quality checks that force future orders to a higher level of verification*
- Duplicate Orders by Rep Report
  - *Shows every duplicate order submitted by a rep and the other associated rep and order*
- Order Quality Trend Report
  - *Shows productivity and rejects by rep, sorted in ascending rep throughput order.*
- PIC Dispute Report
  - *Shows LEC PIC Disputes by Rep*
- Weekly Submitted & Processed Orders Report
  - *Shows productivity by rep and details of rejects from TDEC, Snyder, and QOC.*
- District End-To-End Report
  - *Shows summary disposition of all orders from submission through activation and associated percentages*

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Rep Scoring
"Squeeze Analysis"

Key: PUC = 400; FCC = 400; CRC = 25; CSI = 10; RATE = 10; OTHER = 10; ER COMPLAINTS = 25; PIC DISPUTES = 1; NEG. VL = 5							Escalations				Customer SVC				Internal Complaints					
Rep ID	Employee	Location	Status	Hired	Total Written	Total Submitted	PUC	FCC	CRC	PUC/ FCC/ CRC	CSI (AFNI)	Rates	Other	Total CSI/Rates/Other	ER Complaints	PIC Disp	Neg. VL	Internal Compl	Total Compl	Points
1986	WEN, XING LAN	Los Angeles (Asian	Terminated	3/31/97	27	2	0	0	0	0	0	0	0	0	1	0	0	1	1	25
2468	GUIDRY, JIN HANG	Los Angeles (Asian	Terminated	4/30/98	1	0	0	0	0	0	0	0	0	0	1	0	0	1	1	25
2709	HOUGHTON, HEATHER	Seattle	Terminated	8/25/97	44	15	0	0	0	0	1	0	0	1	0	0	1	1	2	25
8096	WEISS, PAUL	Seattle	Terminated	2/9/98	6	5	0	0	1	1	0	0	0	0	0	0	0	0	1	25
9061	HO, PUI	Seattle	Terminated	12/8/97	10	8	0	0	1	1	0	0	0	0	0	0	0	0	1	25
9544	ESCALONA, DAISY	Miami	Terminated	######	5	4	0	0	1	1	0	0	0	0	0	0	0	0	1	25
9694	LUISI, MICHAEL	Philadelphia	Terminated	1/15/98	39	30	0	0	1	1	0	0	0	0	0	0	0	0	1	25
####	MARTELLY, LESLY	Queens	Terminated	2/12/98	5	1	0	0	0	0	0	0	0	0	1	0	0	1	1	25
####	GONZALES, ROSA	Houston	Terminated	3/12/98	20	5	0	0	1	1	0	0	0	0	0	0	0	0	1	25
####	GARZA, NOEMI	Houston	Terminated	3/12/98	45	20	0	0	0	0	1	0	0	1	0	0	1	1	2	25
####	CUEVAS, CARLOS	Dallas	Terminated	3/26/98	26	10	0	0	0	0	1	0	0	1	0	0	1	1	2	25
####	DOAN, TAM	San Francisco (His	Terminated	5/21/98	3	2	0	0	0	0	0	0	0	0	1	0	0	1	1	25
####	NORMAN, MELISSA	Philadelphia	Terminated	6/4/98	40	10	0	0	0	0	0	0	0	0	1	0	0	1	1	25
####	COLEMAN, RICARDO	Atlanta	Terminated	9/9/96	3	3	0	0	1	1	0	0	0	0	0	0	0	0	1	25
####	BARLOW, TIMOTHY	Philadelphia	Terminated	######	2	2	0	0	1	1	0	0	0	0	0	0	0	0	1	25
####	SANCHEZ, FELICITA	Brooklyn	Terminated	7/14/97	7	3	0	0	1	1	0	0	0	0	0	0	0	0	1	25
7888	COPELAND, JEROME	Washington DC	Terminated	######	194	112	0	0	0	0	1	0	0	1	0	16	0	16	17	16

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Tracking Quality Metrics

Quality Metric	"Stick" Program	Order Quality Trend Report	"Squeeze" Program	Field Must Respond w/Written Feed Back	GTE Response Required
Throughput %		X			
TDEC Errors		X			
Duplicates	X	X			
"Bad Numbers" from SPIN	X	X	X		
PIC Disputes from LEC	X		X		
GTE Customer Service Complaints	X		X		
GTE Escalations	X		X	48 hrs	24hrs LOA Weekly Rep Status
FCC/PUC Complaints	X		X	48 hrs	24hrs LOA Weekly Rep Status
QOC Disputes		X			
Verification Letter Complaints	X		X		

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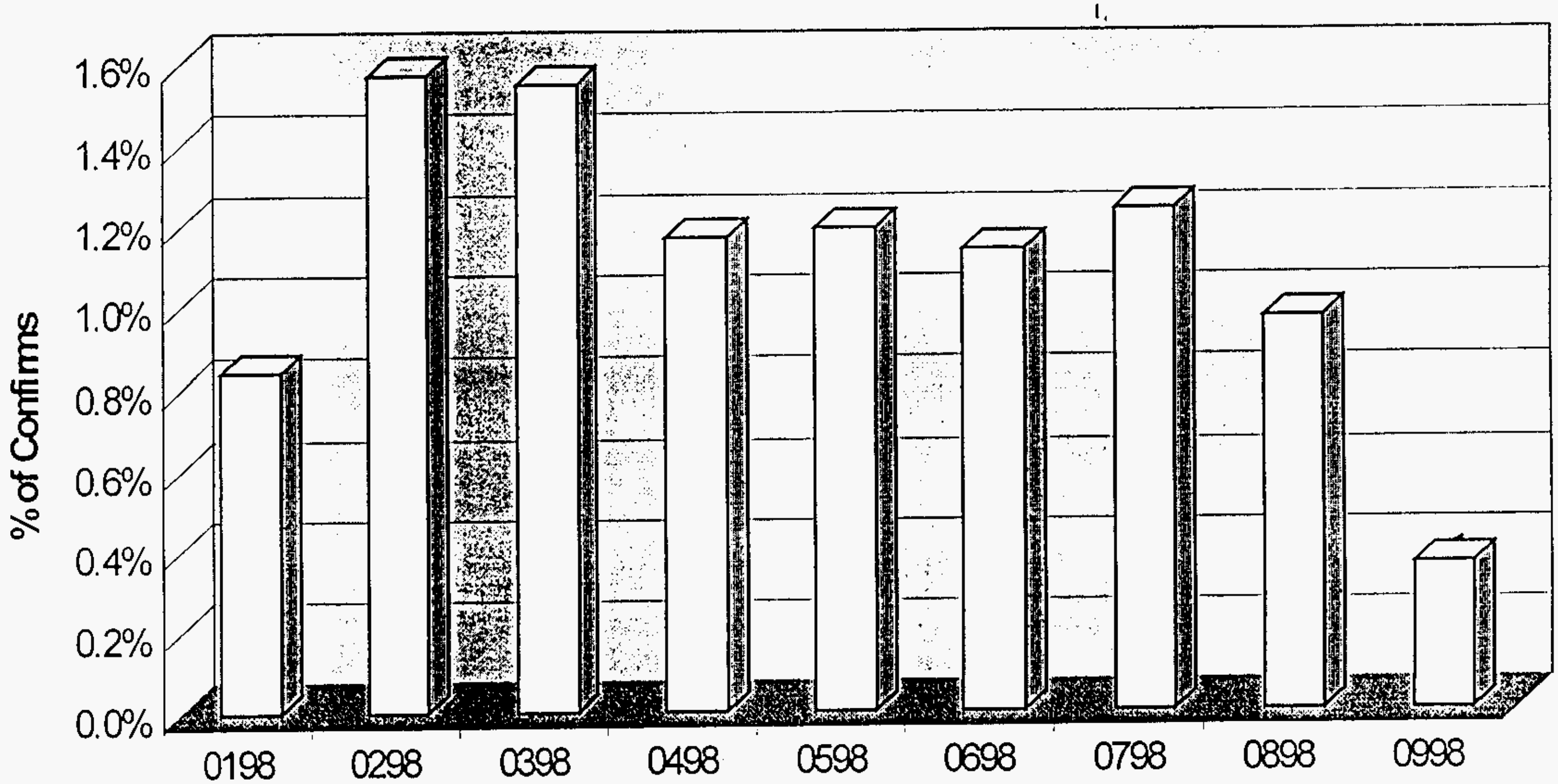
PIC Disputes as % of Confirmed Orders



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FPSC Exhibit No. ____
January 31, 2001

District Action Plan

- New York, Detroit, Southern Florida:
  - No headcount growth
  - Corrective disciplinary actions w/managers
  - Correct supervisor to rep ratio
  - 90 day new hire probationary QOC
  - Enhanced Metromail address look-up for apartment #'s.
  - Intensified analysis in squeeze and Q/A group

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Action Items
Recent Quality Sessions

- Redefine Customer Complaint Process and Roles/Responsibilities
  - Timely data flow
  - Standardize Dispositions at AFNI
  - Educate AFNI reps on "probing" the customer
  - Customer Follow-up
  - Classify complaints by type
  - Ensure distribution of monthly summary
- Improve SNAP security profile at GTE
- Provide detailed information regarding transfers from GTE customer service

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January 31, 2001
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