



Public Service Commission

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RECORDS AND REPORTING

DATE: APRIL 22, 1999

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

FROM: DIVISION OF COMMUNICATIONS (TRUBELHORN) *TR*
 DIVISION OF APPEALS (HELTON) *HE*
 DIVISION OF RESEARCH AND REGULATORY REVIEW (HEWITT) *HEW*

RE: DOCKET NO. 950778-TL - PETITION TO INITIATE INVESTIGATION OF POTENTIAL CHANGES TO RULES 25-4.066 THROUGH 25-4.080, F.A.C., BY BELL SOUTH TELECOMMUNICATIONS, INC.

AGENDA: 5/18/99 - REGULAR AGENDA - RULEMAKING - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\APP\WP\950778.RCM

CASE BACKGROUND

On July 7, 1995, BellSouth Telecommunications, Inc., d/b/a Southern Bell Telephone and Telegraph Company (BellSouth or the company) petitioned the Commission to review the agency's quality of service rules set out in Part V of Chapter 25-4, Florida Administrative Code. The company sought a change in focus away from quantitative review standards to qualitative standards based on customer satisfaction. BellSouth asked the Commission to conduct workshops and make other appropriate inquiries to determine whether the Commission should change the manner in which it evaluates the quality of service provided by local exchange companies (LECs).

The Commission treated BellSouth's petition as a petition to initiate rulemaking, even though it was not filed as such. By order issued September 5, 1995, the petition was granted. In re: Petition to Initiate Investigation of Potential Changes to Rules

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25-4.066 Through 25-4.080, F.A.C., by BellSouth Telecommunications, Inc., PSC-95-1093-FOF-TL, 95 F.P.S.C. 9:40 (1995). Since the docket was opened, staff has conducted a workshop and made two data requests to which the LECs responded.

ISSUE 1: Should this docket be closed?

RECOMMENDATION: Yes, this docket should be closed. The customer satisfaction survey sought by BellSouth is not an adequate measure of the quality of service provided by LECs. The petition filed by BellSouth does not encompass the changes in the telecommunications regulatory environment that have occurred since the company filed its petition.

STAFF ANALYSIS: According to BellSouth:

[T]he interests of the ratepayers of Florida would be better served by service rules that focus more directly upon what the Florida customers want regarding their service needs and desires. Specifically, the appropriate standard for customer satisfaction should be the customers' opinions and views on whether they are receiving a satisfactory quality of service.

Petition at 2-3. Staff disagrees that a customer satisfaction survey should become the sole gauge for measuring customer service in Florida. Because customer satisfaction measurement indices differ from company to company, it would be impossible to establish a standard measure against which to evaluate customer satisfaction surveys. Another problem is that some LECs do not currently survey their customers. If the Commission were to ultimately decide that customer satisfaction surveys were an appropriate measure, it may become necessary for the Commission to develop its own survey so that there would be a survey standard. At this time, however, staff is not convinced such a survey is necessary. Nevertheless, staff will continue, with company assistance, to study and assess the use of customer satisfaction surveys as part of the service evaluation process.

Another problem with customer satisfaction surveys is that there is no historical record against which to evaluate telecommunications service. Staff believes a "service benchmark" or historical record is required to evaluate quality of service. Moreover, as discussed above, there is no single "standard" since all company surveys and measurement indices vary.

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On the other hand, there is a long historical record behind the Commission's current service evaluation rules. So that the Commission can continue to effectively evaluate the performance of incumbent local exchange companies (ILECs), some of the agency's current measurement systems should be maintained. It is especially important to maintain this historical service benchmark in today's evolving competitive environment in which alternative local exchange companies (ALECs) are not bound by LEC service evaluation rules, wireless companies are unregulated, and BellSouth will eventually provide long distance services under Section 271 of the 1996 Federal Telecommunications Act. If the Commission were to ultimately set a standard for company surveys or a Commission survey, this practice should be slowly introduced into the service evaluation process so that a historical record can be built for comparison and evaluation.

Since BellSouth filed the petition to open this docket, there have been significant changes to the regulatory environment and telecommunications technology. For instance, Congress passed the Telecommunications Act of 1996 to encourage local service competition and the Federal Communications Commission entered an order to deregulate the pay phone industry. In addition, companies have almost universally installed electronic switching equipment, which means that several of the Commission's current service standards are now obsolete. Also, because of the move to Integrated Voice Response Units (IVRU), companies now measure response time using average speed of answer (ASA) in seconds. Even though changes such as these were not contemplated in BellSouth's petition, all of these changes should be encompassed in any rulemaking proceedings to amend the quality of service rules.

Based on the above, staff recommends that this docket be closed. The result of staff's investigation is that customer surveys would not adequately measure the quality of service provided by ILECs in this evolving telecommunications environment. Due to the evolving changes in the telecommunications arena, the scope of what should be considered when evaluating the quality of service rules has changed. Staff recommends that the Commission should find that at this time a customer satisfaction survey cannot take the place of the quality of service rules currently in place. After staff has drafted rules to encompass the regulatory changes discussed above, staff will bring those rules to the Commission in a separate docket to propose rulemaking under Section 120.54, Florida Statutes.