

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Initiation of show cause proceedings against BellSouth Telecommunications, Inc. for violation of service standards.

DOCKET NO. 991378-TL
ORDER NO. PSC-99-2207-PAA-TL
ISSUED: November 9, 1999

The following Commissioners participated in the disposition of this matter:

JOE GARCIA, Chairman
J. TERRY DEASON
SUSAN F. CLARK
E. LEON JACOBS, JR.

NOTICE OF PROPOSED AGENCY ACTION
ORDER APPROVING OFFER OF SETTLEMENT

BY THE COMMISSION:

NOTICE IS HEREBY GIVEN by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

Pursuant to Rule 25-4.0185, Florida Administrative Code, BellSouth Telecommunications, Inc. (BellSouth), is required to file with the Commission quarterly reports which demonstrate its measure of its quality of service. Additionally, by Order No. PSC-94-0172-FOF-TL, issued February 11, 1994, in Docket No. 920260, we approved a stipulation between BellSouth, Office of Public Counsel (OPC), and the Attorney General's (AG's) Office, which addresses BellSouth's quality of service, among other things.

Rule 25-4.070(3)(a), Florida Administrative Code, relating to service interruption, states:

Restoration of interrupted service shall be scheduled to insure at least 95 percent shall be cleared within 24 hours of report in each exchange as measured on a monthly basis. For any exchange failing to meet this objective,

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the company shall provide an explanation with its periodic report to the Commission.

BellSouth submitted quarterly reports which indicate that from January 1998 through June 1999, BellSouth has not met the 95% performance standard for restoration of interrupted service within 24 hours of report, as required by Rule 25-4.070(3)(a), Florida Administrative Code. Additionally, our staff's evaluation of four BellSouth exchanges during August 1998 through October 1998 also demonstrates that BellSouth has not complied with the rule. Our evaluation indicates that BellSouth performed at a level of 80.9%.

Additionally, Rule 25-4.073(1)(d), Florida Administrative Code, relating to answering time, states in pertinent part:

For subscribers electing the option of transferring to a live assistant, except for business office calls, at least ninety-five (95%) percent of all calls shall be transferred by the system to a live attendant prepared to give immediate assistance within fifty-five (55) seconds after the last digit of the telephone number listed in the directory for the company's service(s) was dialed. Eighty-five (85%) percent of all such calls directed to any business office shall be transferred by the system to a live attendant within fifty-five (55) seconds after the last digit is dialed.

BellSouth submitted quarterly reports which indicate that, at least since January 1998, it has not complied with Rule 25-4.073(1)(d), Florida Administrative Code.

On September 10, 1999, we opened this docket to require BellSouth to show cause why it should not be fined for failure to meet our quality of service standards set forth in Rules 25-4.070(3)(a) and 25-4.073(1)(d), Florida Administrative Code. On September 14, 1999, our staff met with BellSouth to discuss our mutual concerns. BellSouth raised several issues regarding the quality of service standards, and as a result, Docket No. 991473-TP was opened on September 29, 1999, to initiate review and revision of the standards. We believe that working together with the industry, we can develop new or amend existing rules to ensure that all companies consistently measure and report service quality data that accurately reflects the industry's performance.

On September 17, 1999, OPC filed a Notice of Intervention. Also on September 17, 1999, BellSouth filed its offer of settlement, which is appended as Attachment A and incorporated herein by reference.

In its settlement letter, BellSouth states that it measured and reported its performance for out of service restorations based on the time the report was closed in its computer system and not when the customer's service was actually restored. This method of reporting was agreed upon by the parties in the February 1994 stipulation agreement between BellSouth, OPC, and the AG's Office, which was approved by the Commission in Order No. PSC-94-0172-FOF-TL. BellSouth believes that this method may have understated its actual out of service restorations response time. However, based upon our own evaluation of four BellSouth exchanges, we are concerned that BellSouth's inability to meet the service standard may be due to understaffing in BellSouth's installation and repair departments. With respect to the answering time standard, BellSouth did not provide a particular reason why it has not met that service standard. Here again, we are concerned that BellSouth's failure to meet this standard is indicative of insufficient staffing within its business and repair office.

In its offer of settlement, BellSouth agrees to do the following:

- BellSouth will develop and review with staff a valid sampling methodology for extrapolating service restored time for reports from November 1999 and forward.
- BellSouth will review and manage its dispatch strategy, force distribution, and appointment clock intervals to address installation intervals and performance in small exchanges.
- BellSouth will adopt the Commission's methodology for measuring the current answer time rule effective with BellSouth's November 1999 report.
- BellSouth has eliminated the use of the automated answering device from the TDD bureau. In addition, BellSouth has

completed and distributed customer education materials to reduce the number of misdirected calls by hearing customers to that number.

- BellSouth will monitor its performance and manage its force to meet service expectations.
- BellSouth will review and manage its dispatch strategy, force distribution, and appointment clock intervals to address installation intervals and performance in small exchanges.
- BellSouth has added 921 employees in Florida to its Network organization. Two-thirds of these are specifically focused on improved performance in installation and repair intervals.
- BellSouth has added 842 employees in Florida to its business office operations.
- BellSouth will make a settlement payment to the General Revenue Fund in the amount of \$125,000.

Since its intervention on September 17, 1999, OPC initiated its own investigation into this matter, and conducted meetings with representatives of BellSouth. OPC has not indicated agreement with the settlement offer as proposed by BellSouth, nor has OPC indicated agreement with our decision to accept the offer. However, we believe that BellSouth's settlement offer demonstrates its commitment to resolve our concerns of understaffing and its commitment to provide quality service in Florida. In addition, we believe that the \$125,000 voluntary contribution represents an equitable settlement for failing to achieve the service standards.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the offer of settlement by BellSouth Telecommunications, Inc., which is

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appended hereto as Attachment A and incorporated herein by reference, is hereby approved. It is further

ORDERED that BellSouth Telecommunications, Inc. shall remit the \$125,000 voluntary contribution to the Commission within ten business days from the issuance date of this Order and shall identify the docket number and company name. This voluntary contribution shall be forwarded to the Office of the Comptroller for deposit in the State General Revenue Fund, pursuant to Section 364.285(1), Florida Statutes. It is further

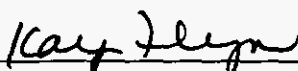
ORDERED that if BellSouth Telecommunications, Inc. fails to pay in accordance with the terms of the offer of settlement, the company's certificate shall be canceled administratively, and this docket shall be closed. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that in the event this Order becomes final, this docket shall remain open pending remittance of the \$125,000 voluntary contribution. Upon remittance, this docket shall be closed administratively.

By ORDER of the Florida Public Service Commission this 9th day of November, 1999.

BLANCA S. BAYÓ, Director
Division of Records and Reporting



Kay Flynn, Chief
Bureau of Records

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing that is available under Section 120.57, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on November 30, 1999.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.



BellSouth Telecommunications, Inc. 850 224-7798
Suite 400 Fax 850 224-5073
150 South Monroe Street
Tallahassee, Florida 32301-1556

Marshall M. Criser III
Regulatory Vice President

September 17, 1999

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

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Dear Mr. D'Haeseleer:

Service standards and Commission rules have been an ongoing dialogue between BellSouth and the Florida Public Service Commission. BellSouth has worked closely with the Staff and communicated reporting issues that we have been dealing with for some time.

As you know, in the early 1990's, BellSouth initiated changes to how we gathered data for several commission service reports. The intent of these changes was to create an audit trail by eliminating any manual intervention. The unintended consequence of these changes was to significantly underreport the quality of our service. We had initially hoped to address these issues in Docket No. 950778TL, which was a response to our request for rulemaking. Unfortunately, due to the press of other issues and the rapid pace of changes in our industry, this docket was closed in May of this year, with the expectation that a new docket would be opened in order to recognize and review issues surrounding current rules and to consider issues related to changes in our industry. It is our understanding that this rulemaking docket will be opened in October. The Commission, however, has also opened Docket No. 991378 as the procedural vehicle to address BellSouth Telecommunications service standards performance.

BellSouth believes that our internal and external measurements, including customer complaints and independent service quality recognition, indicate that we provide quality customer service. However, previous inquiries from Staff and our own review of our measurement and reporting for the FPSC's service performance rules have identified issues which we intend to address. We also believe that the best interests of our customers are served by moving forward with rulemaking to identify and incorporate the service priorities for the future of our industry. To that end, we offer the following discussion and corrective action to resolve and close Docket No. 991378:

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Based on the previously referenced changes, BellSouth has measured and reported our performance for Out of Service (OOS) and Service Affecting (SA) trouble reports on the basis of the time when the report is closed, referred to as Final Status Time (FST). In comparison to reporting when the service is restored (when the trouble is cleared), referred to as Cleared and Customer Advised (CCA), the FST also includes activities such as restoring the work area to its original condition, reloading equipment, and the processing time between the field technician and the dispatch center. In order to reconcile our procedure with the Commission's current rule, BellSouth will develop and review with Staff a valid sampling methodology for extrapolating service restored time for reports from November 1999 forward. We will continue to measure FST time and will make customer rebates on the basis of that measurement. We would rather err on the side of the customer on this issue.

BellSouth is also attentive to ensuring that our force compliments our service requirements in Florida as a whole, as well as within the individual exchanges within the state. As committed to in April, 1998, we have reinstated the practice of prioritizing Out of Service reports. We have also added 921 employees to our Network organization. Fully two-thirds of these are specifically focused on improved performance in installation and repair intervals. The remaining forces are focused on improving infrastructure. As we address the reporting issue, BellSouth will review and manage its dispatch strategy, force distribution, and appointment clock intervals to address installation intervals and performance in small exchanges.

Further, as reflected in our letter to Staff dated September 15, 1999, BellSouth has reviewed the methodologies being employed for recording and reporting answer time performance. From that review, we have identified that we are using two separate methodologies to measure our performance between our Consumer and our Business organizations. In an effort to ensure that we do not overstate our performance, both methodologies have evolved to a system that underreports our performance. Further, neither is consistent with the Commission's method of measurement. To resolve this conflict and ensure consistent data between our reports and the Commission's evaluations, BellSouth will adopt the Commission's methodology for measuring the current answer time rule effective with our November 1999 report. In addition, BellSouth has added 842 employees to its business office operations. Again, as we address the reporting issues, we will monitor our performance and manage our force to meet service expectations.

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As identified in our response to the Commission's most recent service evaluation, BellSouth has also addressed the issue of answer time in our TDD Bureau. We eliminated the automated answering device from the TDD bureau. We have also completed and distributed customer education materials to reduce the number of misdirected calls by hearing customers to that number. In recognition of the Commission's continued attention to this issue, BellSouth has reemphasized in its TDD bureau procedures that an automated answering system is not compatible with the bureau's mission.

We believe we are providing superior service to our customers, as evidenced by the steady decline in Public Service Commission complaints, the lack of service complaints raised at public hearings, independent surveys of customer opinions about our service, and numerous other internal measures we use to monitor customer service. For example, in 1994, our performance in PSC infractions per 1000 access lines was .094. Today it is .0085.

While we believe that our measuring and reporting procedures have underreported our performance, we also recognize our responsibility to provide accurate reporting to the Commission, as well as good service to our customers. As previously communicated to the Commission, we are earnest in our desire to satisfactorily address the Commission's concerns and to participate in a rulemaking procedure which will allow the Commission to identify the service priorities and measurements which reflect the current and future nature of our industry. In order to resolve service performance issues and proceed with a rulemaking proceeding, BellSouth offers to make a settlement payment of \$125,000. We will also implement the corrective action identified in this letter.

Sincerely,



Marshall M. Criser III
Regulatory Vice-President