

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Initiation of show cause proceedings against GTE Florida Incorporated for violation of service standards.

DOCKET NO. 991376-TL
ORDER NO. PSC-99-2501-PCO-TL
ISSUED: December 21, 1999

The following Commissioners participated in the disposition of this matter:

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

ORDER REJECTING OFFER OF SETTLEMENT AND
SETTING DOCKET FOR HEARING

BY THE COMMISSION:

Pursuant to Rule 25-4.0185, Florida Administrative Code, GTE Florida, Incorporated (GTE) is required to file with the Commission quarterly reports which demonstrate its measure of its quality of service. During January 1998 through September 1999, GTE's quarterly reports indicate that it has consistently not met the 95% performance standard for restoration of interrupted service within 24 hours of report. 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, the company shall provide an explanation with its periodic report to the Commission.

GTE's quarterly reports demonstrate that since January 1998, GTE has not complied with this rule for eighteen out of twenty-one months. For example, in September 1999, GTE reported a range of exchanges that did not meet the service standard from 76.1% in Englewood to 94.9% in Lake Wales. In addition, our evaluation of four GTE exchanges during October 1998 through December 1998 shows that GTE has not complied with the rule, albeit by a very narrow margin. As a result of that evaluation, we concluded that GTE performed at a level of 94.9% versus the standard of 95%.

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Additionally, GTE has not met the established standard for installation of primary service within 3 working days. Rule 25-4.066, Florida Administrative Code, Availability of Service, states in pertinent part:

(2) Where central office and outside plant facilities are readily available, at least 90 percent of all requests for primary service in any calendar month shall normally be satisfied in each exchange or service center within an interval of three working days after receipt of application when all tariff requirements relating thereto have been complied with, except those instances where a later installation date is requested by the applicant or where special equipment or services are involved.

GTE's reports indicate that since January 1998, it has not complied with this rule for nine out of twenty-one months. We note that for four of those nine months that GTE did not comply with the rule, 100% of the exchanges failed. GTE states that it did not meet this service standard due to an unusual amount of rainfall in the area. GTE did, however, meet this service standard during our evaluation from October 1998 through December 1998.

Based upon the information in GTE's quarterly reports and the results of our own evaluations, we were concerned that GTE's inability to meet the service standards may be due to understaffing of the installation and repair portions of its business. Accordingly, on September 10, 1999, we opened this docket to initiate show cause proceedings against GTE for apparent service standard violations.

On September 17, 1999, the Office of Public Counsel (OPC) filed a Notice of Intervention in this proceeding. Since that time, OPC, independent of the Commission, has initiated its own investigation, including serving discovery requests, and conducted meetings with GTE representatives.

On October 13, 1999, members of our staff met with GTE and OPC to discuss the concerns regarding GTE's quality of service reports and OPC's pending discovery. In a letter dated October 29, 1999,

GTE submitted its offer of settlement. In its settlement offer, GTE agrees to the following:

- GTE has hired 100 employees this year and will hire an additional 200 employees by next year, with additional plans to augment during peak periods.
- GTE will review its dispatch strategy, force distribution, and appointment clock intervals to address installation intervals and performance in small exchanges.
- GTE will make a settlement payment to the General Revenue Fund in the amount of \$50,000.

At our November 30, 1999, Agenda Conference, OPC opposed the Commission's acceptance of GTE's offer of settlement. OPC argued that it would be inappropriate to accept the settlement offer when GTE was still not in compliance with the service standards rules. According to OPC, GTE's problems are ongoing. Additionally, OPC argued that GTE's proposed settlement payment amount of \$50,000 is too low. OPC stated that with 562 repair violations and 192 installation violations, the \$50,000 settlement offer amounted to just \$66 per violation. Therefore, OPC requested that the matter be set for hearing, and that we take note of the fact that GTE's service problems coincided with the beginning of price cap regulation.

GTE responded that it believed the offer of settlement was more than adequate to remedy the service violations. It stated that the violations represented only two of 75 service quality measures. It further argued that GTE surpassed the Commission's standards on an overall basis and scored the highest of all the incumbent local exchange companies. With regards to installation, GTE stated that it implemented a new system, which caused problems with its reporting. Therefore, it stated, the recorded results do not accurately reflect the actual results. Further, GTE argued,

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the recorded results, contrary to OPC's argument, represent peaks and valleys caused by extraordinary circumstances, and have nothing to do with the beginning of price cap regulation. GTE stated that they experienced extraordinary amounts of rainfall and lightning strikes over the past few years, in addition to an unusually high amount of retirements. However, GTE complained that it has already hired 100 new employees, and plans to hire an additional 200.

Upon consideration, there appear to be issues of fact which require further exploration. Accordingly, GTE's settlement proposal shall not be accepted at this time, and this matter shall be set for hearing.

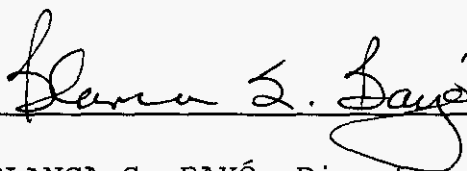
Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that GTE Florida, Incorporated's offer of settlement is hereby rejected. It is further

ORDERED that this docket shall be set for hearing. It is further

ORDERED that this Docket shall remain open pending the outcome of the hearing.

By ORDER of the Florida Public Service Commission this 21st day of December, 1999.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

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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 or judicial review of Commission orders that is available under Sections 120.57 or 120.68, 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 or judicial review 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.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.0376, Florida Administrative Code, if issued by a Prehearing Officer; (2) reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, if issued by the Commission; or (3) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Director, Division of Records and Reporting, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.