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State of Florida



Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

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RECORDS AND REPORTING

DATE: OCTOBER 7, 1999

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

FROM: DIVISION OF LEGAL SERVICES (CLEMONS) *PML*
DIVISION OF COMMUNICATIONS (BIEGALSKI, TRUBELHORN) *AK/KB* *msd for BK*

RE: DOCKET NO. 991378-TL - INITIATION OF SHOW CAUSE PROCEEDINGS AGAINST BELL SOUTH TELECOMMUNICATIONS, INC. FOR VIOLATION OF SERVICE STANDARDS.

AGENDA: 10/19/99 - REGULAR AGENDA - PROPOSED AGENCY ACTION - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\CMU\WP\991378.RCM

CASE BACKGROUND

- BellSouth is required to file periodic reports with the Commission regarding quality of service.
- February 11, 1994 - Order No. PSC-94-0172-FOF-TL was issued approving stipulation between BellSouth Telecommunications, Inc. (BellSouth), Office of Public Counsel (OPC), and the Attorney General's (AG's) Office.
- September 10, 1999 - Based on self reported failures of the Commission rules, staff opened this docket to require BellSouth to show cause.
- September 14, 1999 - Staff met with BellSouth to discuss its concerns regarding the quality of service reports.

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

- September 17, 1999 - Office of Public Counsel filed a notice of intervention.
- September 17, 1999 - BellSouth filed its offer of settlement. (Attachment A, Pages 6-8).
- September 27, 1999 - Meeting held with staff, OPC and BellSouth to discuss BellSouth's pending settlement offer and OPC's pending discovery.

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission accept the settlement offer proposed by BellSouth in lieu of a show cause proceeding for apparent violation of the service standards?

RECOMMENDATION: Yes. (Biegalski)

STAFF ANALYSIS: BellSouth submits quarterly reports to the Commission. The quarterly reports demonstrate BellSouth's measure of its quality of service. During January 1998 through June 1999, BellSouth's quarterly reports indicate that it has 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, states:

Service Interruption: 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.

BellSouth's quarterly reports demonstrate that since January 1998, BellSouth has not complied with this rule. Staff's evaluation of four BellSouth exchanges during August 1998 through October 1998 also demonstrates that BellSouth has not complied with the rule. Staff concluded that BellSouth performed at a level of 80.9% versus the standard of 95%.

In its settlement letter, BellSouth states that it measured and reported its performance for out of service restorations based on the time when the report was closed in its computer system and

not when the customer's service was actually restored. BellSouth's method of reporting quality of service was defined in a stipulation agreement executed by BellSouth, OPC, and the Attorney General on February 11, 1994. Although BellSouth acknowledges this is no excuse for incorrectly reporting out of service restorations to the Commission, it caused BellSouth to possibly underreport its quality of service in regard to out of service restorations within 24 hours.

Based on information in BellSouth's quarterly reports and the results of staff's evaluation of four BellSouth exchanges, staff is concerned that BellSouth's inability to meet the service standard may be due to understaffing of the installation and repair portions of its business.

Additionally, BellSouth has not met the established standard for answer time in the repair and business offices. Rule 25-4.073, Florida Administrative Code, Answering Time, states in pertinent part:

(1)(d) ... 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's reports indicate that at least since January 1998, it has not complied with this rule. BellSouth does not state a particular reason why it has not met the answer time standard. Staff's concern is that BellSouth's failure to meet the answer time standard may be indicative of insufficient staffing within its business and repair office.

Because a large number of BellSouth exchanges failed to meet the standards set forth in the Commission's rules, staff opened this docket to initiate show cause proceedings for apparent service standard violations. Prior to filing the recommendation, BellSouth came forth to discuss staff's concerns and on September 17, 1999, submitted its offer of settlement. In its settlement offer, BellSouth agrees to 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.

BellSouth has previously attempted to address its concerns with the service standards via rulemaking in 1995. However, BellSouth's petition advocated making customer surveys the sole gauge for measuring quality of service. Order No. PSC-99-1109-FOF-TL, issued June 2, 1999, stated that, although customer surveys do have merit, other factors should also be considered when measuring quality of service. That docket was closed. As a result of the issues raised in this docket, staff opened Docket No. 991473-TP, on September 29, 1999, to initiate review and revision of the quality of service standards. Working together, staff and the industry will develop new or recommend amending existing rules to ensure that all companies consistently measure and report service quality data and these data accurately reflect industry's performance.

On September 17, 1999, the OPC filed a notice to intervene in this proceeding. Since that time, OPC, independent of Commission staff, has initiated its own investigation and conducted meetings with BellSouth representatives. OPC has not indicated agreement with the settlement offer as proposed by BellSouth, nor has OPC indicated agreement with staff's recommendation that the Commission accept BellSouth's settlement offer outlined in this recommendation.

Staff believes that BellSouth's settlement demonstrates BellSouth's commitment to resolve staff's concerns of understaffing and its commitment to provide quality service in Florida. In addition, staff believes that \$125,000 represents an equitable settlement for missing the service standards and for cooperation in moving forward to ensure quality service to its customers.

ISSUE 2: Should this docket be closed?

RECOMMENDATION: No. If no person whose substantial interests are affected by the Commission's decision files a protest within 21 days of the issuance of the proposed agency action order, this docket should remain open upon issuance of a Consummating Order, pending the remittance of the \$125,000 voluntary contribution. Upon remittance of the settlement payment, this docket should be closed. If the company fails to pay in accordance with the terms of the Commission Order, the company's certificate should be canceled administratively, and this docket should be closed. **(Clemons)**

STAFF ANALYSIS: If no person whose substantial interests are affected by the Commission's decision files a protest within 21 days of the issuance of the proposed agency action order, this docket should remain open upon issuance of a Consummating Order, pending the remittance of the \$125,000 voluntary contribution. Upon remittance of the settlement payment, this docket should be closed. If the company fails to pay in accordance with the terms of the Commission Order, the company's certificate should be canceled administratively, and this docket should be closed.



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:

Mr. Walter D'Haeseleer
September 17, 1999
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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.

Mr. Walter D'Haeseleer
September 17, 1999
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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