

M E M O R A N D U M

August 24, 2000

TO: DIVISION OF RECORDS AND REPORTING

FROM: DIVISION OF LEGAL SERVICES (CHRISTENSEN) *W*

RE: DOCKET NO. 991377-TP - INITIATION OF SHOW CAUSE PROCEEDINGS AGAINST SPRINT-FLORIDA, INCORPORATED FOR VIOLATION OF SERVICE STANDARDS.

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Please place the attached letter from Charles J. Rehwinkel, Esquire, dated August 15, 2000, in the above-referenced docket file.

PAC/lw

Attachment

cc: Division of Competetive Services (Howell, Kennedy)

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**VIA HAND DELIVERY**

August 15, 2000

Ms. Cathy Bedell  
General Counsel  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

Re: Docket No. 991377-TP

Dear Ms. Bedell:

Thank you and Ms. Davis for taking the time Friday to sit down with Charlie Beck and me to discuss issues that Commission Staff has raised regarding the Stipulation and Settlement that the Office of the Public Counsel and Sprint – Florida (“parties”) have filed in the matter. We are impressed with the thoughtfulness of Staff’s questions and hope that our responses are equally well received. In our discussion you raised several issues that either required explanation, assurance and/or further detail. You have asked for a response to these matters so that a recommendation can be prepared for the Commissioners. The joint response of the Parties is provided below.

1. The Staff has raised a concern about the sentence in the Waiver Petition portion of the Stipulation and Settlement, which states:

It is further the intent of the Parties that the waiver will be effective as to any amendments to the subject rules.

Staff has raised the valid concern that the Commission may not be able to grant a waiver of a rule that has not yet been adopted. The parties wish to clarify that the sentence is only intended to state the desire of the parties that the Commission be apprised that if and when any revision to the relevant rules occurs during the life of the Service Guarantee Plan (SGP), that the parties would like for the waiver to be extended. Certainly whether a

waiver would continue would depend on the factors before the Commission at that time. The provision is not intended to bind a future Commission. The parties felt it would be best to indicate to the Commission up front our desire that if the SGP is producing real net benefits to the customers and company alike, it should be allowed to continue. We recognize that any future revision to the relevant rules will inevitably impact the extension of the SGP.

2. The Staff inquired as to the base of customers eligible for the credits for delayed installation and repair of service. The intent of the parties, as expressed in the SGP, is that the same customer base that is covered in the existing rules is covered in the SGP. The Commission's current rules generally govern the provision of service to basic service customers. Furthermore, Rule 25-4.066(2) establishes an objective that (on an exchange level) service for primary lines shall be installed within 3 working days, in 90% of the instances. Consequently, per the SGP, credits will be given to basic service customers whose primary service installation takes longer than 3 days.

In the same vein, the current rule requires that (on an exchange level) 95% of all interruptions of service shall be repaired (or the customer informed if it is his problem) within 24 hours. Under the SGP, the same customer base will be entitled to receive credits where restoral or customer information exceeds 24 hours.

As you can see, the SGP fully tracks the existing customer base for repair as well as service installation. The same customer that the existing rule is intended to cover will be eligible for credits under the SGP.

3. The Staff has inquired as to the definition of "service interruption" with respect to service that when it is found to "test OK" or, when "found OK", a repeat trouble is reported. It is fully the intent of the parties that the parameters defining when an interruption is corrected or the customer is informed shall be exactly as those used for purposes of calculating rebates pursuant to Rule 25-4.110(2).<sup>1</sup> Sprint will consider interruptions that "test OK" and are "found OK" as eligible for SGP credits in the identical way that these interruptions are considered for rebates currently. Likewise the duration associated with repeat (i.e. new) reports of an out-of-service condition coming within 72 hours of a cleared (including "test OK" or "found OK") out-of-service trouble report will be bridged to the time associated with the immediately previous condition for purposes of SGP credit-eligibility the same as is done today for rebate purposes. It has been the intent throughout the process of developing the SGP that, except as provided on pp. 5-6 of the Stipulation and Settlement where Sundays and Holidays are excluded in determining SGP credits (but not refunds), the intervals for credit eligibility would be determined the same as in the current refund environment.

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<sup>1</sup> Please note that the most recent reference to one portion of the rebate rule is 25-4.110(6). Contemporaneous with the negotiation of the Stipulation and Settlement the Commission revised the numbering from 25-4.110(2) to 25-4.110(6). The actual service rule provision only refers to Rule 25-4.110 with no reference to subsection.

4. The Staff has inquired about the answer time provisions and whether a customer who would be reported as answered could encounter a message that Sprint could not answer the call or otherwise be "blocked". The answer is no. Except for network busies (discussed below), any blockage that would occur due to high volume (or any other reason) would occur before a call could be measured for purposes of determining ASA. In Section C.2, the definition of ASA precludes a "blocked" call from being in either the numerator or the denominator. A blocked call does not access the queue and therefore will not be reported as answered.

A blocked call is included in the denominator in calculating Accessibility, however. As provided for in C.1, the denominator for purposes of calculating Accessibility is all calls exiting the IVRU and directed by the customer to a particular queue. The key difference is the term "accessing" in the ASA definition in C.2. The blockage that reduces Accessibility (and generally involves the message) occurs between the IVRU and the ACD. A blocked call does not access the queue and therefore will not count toward achieving an ASA. That blocked call will count against Sprint by reducing Accessibility. Please note that ASA and Accessibility are independent measures and Sprint is subject to graduated penalties for failure to achieve either or both. The "blocked" calls referred to here are not the busies that can occur up to the standard engineering design level of P.01 (as defined in Section C.6.), prior to the call entering the IVRU.

5. Staff has asked whether credits will continue to be made pursuant to the SGP when suspension of the Safe Harbor occurs pursuant to Sections C.10 and D(3). The answer is that the parties intended that the payment of the credits will continue even where the Commission has the ability to impose sanctions where service has fallen below the 80% trigger point. In an earlier draft of the Stipulation and Settlement, a clause was included that provided that suspension of the SGP would have relieved Sprint of making credits for any aspect of service for which the Safe Harbor would be suspended. This provision was ultimately not agreed to, so the parties consider the silence on the issue to require that credits continue. The parties hereby reaffirm this intent.

6. The Staff asked what would change with respect to the reporting that occurs today. The answer is that Sprint would continue to file the same quarterly reports that it files today, plus the monthly reports that would detail the credits made. In other words, Sprint would report on a dual track. Such reporting would allow the Commission to make a comparative analysis of results on a traditional basis and under the SGP. The only change the parties might propose to the quarterly reports is to *add* a column on Schedules (2), (11), (15) and (16) to indicate whether the Safe Harbor suspension is triggered. This would ease the administrative burden on Staff in monitoring the SGP. Sprint will add such a column unless it proves technically infeasible to do so.

7. The Staff also asked whether the reference to "a quarterly basis" in the last complete sentence on page 14 (section D.4) evinced any intent to average results for purposes of the Safe Harbor threshold. The answer is no. The intent is that suspension of the Safe Harbor (or restoration of the Safe Harbor) will be made based on the quarterly

reports as currently filed. There will be no averaging. Each month's results stand alone for purposes of calculations under Section C.10.

8. The Staff has expressed some concern about the inclusion of the Community Service Fund (CSF) in the amount of \$100,000 in lieu of a fine. Your question was how it relates to quality of service and whether it was appropriate as part of the SGP. The parties believe that together with the financial "penalty" discussed below, the expenditure of the \$100,000 is appropriate. Instead of a non-specific contribution to the general fund, the payment directly relates to telephone service. It will benefit Sprint's customers by educating existing customers about the availability of Lifeline service and holds the possibility of bringing more customers on line, thus enhancing the value of all customers' services. In addition, the Commission's approval of the expenditure will be consistent with Section 364.0252 which requires the Commission to undertake efforts to "inform[] customers concerning the availability of Lifeline and Link-Up..."

9. The Staff also inquired as to why a fine (i.e. payment to the State of Florida General Fund) was not included. It appears that the Staff inquiry was premised in the notion that the provisions of the plan are prospective only. To this end, the Staff has delivered a letter to Ben Poag requesting certain information. (See attached Letter from Rick Moses to Ben Poag, dated August 11, 2000). The parties respectfully submit that the provisions of the SGP do impose a penalty upon Sprint in that hundreds of thousands of dollars in credits will be made even where Sprint is providing service that meets and/or exceeds Commission's current objectives.

In response the Mr. Moses' letter, Sprint offers the total number of qualifying service orders and the total number of qualifying trouble tickets for the latest twelve months of available data (July 1999 - June 2000) as an indicator of current volumes. When current (most recent 12 months) volume of service orders and trouble tickets are measured against the available results from the year (1997) with the lowest number of service order and trouble tickets missing the objective (6% for service orders and 3.6% for repair), the penalty (including the CSF) to Sprint over the two year life of the SGP would be \$1,160,844. This amount is calculated by multiplying the expected volume times the relevant percentage times the minimum payment (\$20 for service orders and \$10 for out-of-service tickets) times the number of years of the SGP, like so:

**Service Orders:**

$$278,965 \times .06 \times \$20 \times 2 = 669,516$$

**Out-of-Service Tickets:**

$$543,512 \times .036 \times \$10 \times 2 = 391,328$$

**CSF:**

	<u>100,000</u>
<b>Total Penalty</b>	<b>\$1,160,844</b>

This is a conservative impact since it assumes credits at the minimum levels only and does not consider the impact of business rates or longer duration delays. Furthermore, if Sprint were to provide service at the objectives in all exchanges at the current volume, the minimum impact calculated the same way (but using 5% for out-of-service tickets and 10% for service orders) for the two-year life of the SGP period would be \$1,759,372. Attached for Staff's consideration are spreadsheets showing the calculation in more detail and a summary of the volumes for service orders and out-of-service tickets since January 1, 1997.

Clearly, the cost to Sprint for past results will be material. The impact of this "atonement" for past service deficiencies was certainly considered by the parties in the design of the SGP.

The parties have considered Staff's concerns about the Lifeline related purposes of the CSF and the supposed "lack" of any fine and, in light of the demonstrable impact on Sprint, believe resolutely that the Commission should evaluate the entire settlement for its overall customer and public interest benefits.

10. The Staff has also inquired about the determination of the implementation date with respect to the finality of any Commission order approving the Stipulation and Settlement and the SGP. We agree that the language leaves some room for interpretation. The intent of the parties can best be gleaned from reading the Stipulation and Settlement together with the Joint Motion for Expedited Consideration and Approval of Stipulation and Settlement (Joint Motion). In the Joint Motion, the parties contemplate that the Petition for Waiver embedded in the Stipulation and Settlement would likely be dealt with as a Notice of Proposed Agency Action (PAA). We therefore expressly requested that the effective date of the final order approving the settlement of the docket be synchronized with the issuance of a Consummating order on the PAA. See Joint Motion at pp.2-3. Section B.1 of the SGP establishes the required implementation date of the SGP at the later of January 1, 2000 or six months after the final order approving the Stipulation and Settlement. The term "final order" in that section should be read to mean the effective date of such order. Thus, if the final order contains an effective contingent upon the Consummating order date, the implementation date will be six months after the date of the Consummating order.

The parties hope these responses address Staff's concerns. We respectfully urge that the Staff give favorable consideration to the Stipulation and Settlement and these additional explanations, clarifications and assurances and to recommend the Stipulation and Settlement favorably to the Commission.

I am authorized to state that the Office of the Public Counsel concurs in this letter. Please call Charlie Beck at 850/488-9330 or Charles Rehwinkel at 850/847-0244 if you

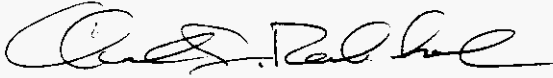
August 15, 2000

Bedell Letter

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have any questions or concerns regarding these responses.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles J. Rehwinkel". The signature is fluid and cursive, with a large initial "C" and "R".

Charles J. Rehwinkel

Attachments

cc: Charlie Beck  
Noreen Davis