

1 PARTICIPATING:

2 CHARLES J. REHWINKEL and F. B. (BEN) POAG,
3 representing Sprint-Florida, Incorporated.

4 BETH SALAK and RICK MOSES, representing the Florida
5 Public Service Commission Staff.

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CHAIRMAN EDGAR: Item 5.

MR. MOSES: Rick Moses with the Commission staff.

Commissioners, Item 5 is staff's recommendation regarding Sprint's commitment letter to improve its service quality under its existing Service Guarantee Program. And I believe Mr. Rehwinkel is here to address any questions you may have from the company, and staff is prepared to answer any questions you may have.

CHAIRMAN EDGAR: Okay. Mr. Rehwinkel.

MR. REHWINKEL: Good morning, Madam Chairman. We're in support of the staff's recommendation. And I'm here with Ben Poag; we're here to answer any questions the Commissioners may have.

CHAIRMAN EDGAR: Thank you. Commissioners, questions or discussion?

COMMISSIONER DEASON: Madam Chairman, I have a few questions.

CHAIRMAN EDGAR: Please, Commissioner Deason.

COMMISSIONER DEASON: Okay. Staff, could you just explain for a moment the relationship between the Service Guarantee Program and how that relates to our service standards that are contained in rule?

MR. MOSES: The existing Service Guarantee Program in lieu of these rule requirements there essentially have a waiver

1 of the rule requirements. In lieu of that, they make payments
2 to the customer whenever they miss the benchmarks that are
3 listed in the rule.

4 For instance, on the out of service, the requirement
5 is 95 percent within 24 hours. The 24 hours is the benchmark.
6 If they miss that, then that's when they make a payment to the
7 customers.

8 This modification that we're making now puts a
9 standard back into the Service Guarantee Program, and they have
10 made a commitment to make 90 percent of that. Does that answer
11 your question?

12 COMMISSIONER DEASON: Yeah. Well, the rule
13 requirement and what's contained in the Service Guarantee Plan
14 are not the same; is that correct?

15 MR. MOSES: That's correct. The rule requirement is
16 just a benchmark to trigger the payments in the Service
17 Guarantee Program. They're not to -- they're not held to those
18 standards.

19 COMMISSIONER DEASON: And -- okay. Now contrast the,
20 the standard for a payment and then the standards that are
21 contained in the commitment letter. Are they the same or are
22 they different?

23 MR. MOSES: The percentage that is in the rule is
24 essentially thrown out the window. The percentage that is in
25 the commitment letter would be what they are committing to

1 passing.

2 As far as the payment to the customer, that
3 percentage has no relevance whatsoever. It's strictly when
4 they miss that 24-hour time period, they're going to be paying
5 the customer a credit. So the percentages really doesn't have
6 any, any weight on that whatsoever.

7 COMMISSIONER DEASON: So it's on -- and obviously for
8 each individual it's customers on a customer-specific basis.
9 And the commitment letter is overall averages, which we're
10 going to -- the company is committed to, to obtain those; is
11 that correct?

12 MR. MOSES: It's customer specific. But it's not
13 averages, it's a peg count.

14 COMMISSIONER DEASON: Okay. Well, let's look at Page
15 2 of the recommendation, at the bottom of that page. You know,
16 you mentioned an installation of 90 percent of all new primary
17 service to be completed within three days. And then, and then
18 there's the -- you also cite the requirement for 95 percent of
19 all out of service troubles to be, to be cleared within 24
20 hours; correct?

21 MR. MOSES: That's correct.

22 COMMISSIONER DEASON: Okay. Now I'm just trying to
23 ascertain whether we're -- what are we gaining by the
24 commitment, put it that way, in terms of what's required in the
25 rule?

1 MR. MOSES: Okay. The commitment is that you're
2 going to get more exchanges that are going to be passing a
3 higher service quality. Right now they do not have to meet --
4 excuse me, I'll learn how to talk here in a minute -- they do
5 not have to meet any of the percentage requirements that are in
6 the existing rules. All the rule does is take the time period
7 that is listed in the rule and triggers the payments.

8 So right now they could come down to meeting, say,
9 25 percent of the out of service within 24 hours, and as long
10 as they paid those customers where they missed that 24-hour
11 period, they're fine. And they have been doing that. But we
12 believe that the service quality has dropped in doing so; that
13 it's a lot cheaper to be paying these customers a small amount
14 each time they miss it than it is to get the technicians
15 necessary to get the service quality up. Sprint has come in
16 and made a commitment that they're going to get that service
17 quality back up. And in the installation, 90 percent is what
18 was in the rule requirement before, and the 95 percent --
19 they're offering 90 percent, which is relatively close to what
20 the rule requirement was before the Service Guarantee Program.

21 So I think what we've done, we've gotten the best of
22 both worlds. We've essentially got their service quality back
23 up to where our rule requirements were, plus we're getting the
24 consumers a credit each time those commitments are missed.

25 COMMISSIONER DEASON: Can you refer to Page 5 of the

1 recommendation, which is the, the letter dated December the
2 15th? And under "Repair," the first item there, in parentheses
3 it states, "Basic residential service only." What's the
4 significance of that?

5 MR. MOSES: It mirrors the rule requirements after we
6 modified the service rules that those rules only are pertaining
7 to residential service, primary service.

8 COMMISSIONER DEASON: And then in Paragraph 2 under
9 "Repair" there's a reference to 90 percent of the small
10 exchanges. What is the significance of that?

11 MR. MOSES: We were concerned that because this is a
12 peg count method, that if they're looking at a statewide
13 service level, that they could commit their resources to the
14 higher density levels where it's much easier to meet the
15 commitments because the travel distance is less. So we
16 negotiated with them on that to make sure that the small
17 exchanges do not suffer a lesser grade of service. And as long
18 as they don't miss this two months in a row, we think they're
19 going to get equivalent service.

20 COMMISSIONER DEASON: And so with this language, you
21 believe that there's a commitment to the small exchanges and
22 that we would see, actually see an improvement of the quality
23 of service that's being provided currently in the small
24 exchanges?

25 MR. MOSES: Yes, sir.

1 COMMISSIONER DEASON: And then still looking at the,
2 the letter under installation, the first item there is a
3 reference to five business days; whereas, the rule is three
4 days; correct?

5 MR. MOSES: That's correct.

6 COMMISSIONER DEASON: Okay. Why the difference
7 there?

8 MR. MOSES: Under the existing Service Guarantee
9 Program there was, again, no requirement whatsoever. The
10 three-day went out the window because essentially they had a
11 waiver of it. What we found was happening is when somebody
12 would call in, they would be told a date, say, approximately
13 two weeks, just using that as a figure. It was a negotiable
14 date, but the customer didn't know it was a negotiable date.
15 And the customers normally don't know anything about our
16 service rules, so they accept it thinking that the workload is
17 excessive and that's as soon as the company could possibly get
18 to them.

19 So we negotiated with the company to get the initial
20 offering at least at five days, which significantly reduces the
21 amount of time for installation, and that's still a negotiable
22 date if the customer wants it lesser.

23 COMMISSIONER DEASON: And then in Paragraph 3, which
24 is on the second page of the letter, there's a reference to an
25 open audit capability of Sprint's service installation

1 negotiations. Is that what you were referring to before about
2 the ability of customers to negotiate a shorter time frame for
3 installation?

4 MR. MOSES: Yes. And what that language does is
5 allows staff to go in and monitor these calls without the
6 person that's the representative of the company knowing we're
7 on the calls to make sure that they're offering what they have
8 committed to.

9 COMMISSIONER DEASON: Is there going to be any
10 attempt to educate customers about their ability to negotiate
11 more favorable installation times or no?

12 MR. MOSES: I believe Sprint is, prior to this had
13 offered some language that they were modifying their scripts,
14 and I can't remember exactly what that language says. And I
15 think Mr. Rehwinkel might be able to elaborate on that. But --

16 CHAIRMAN EDGAR: Mr. Rehwinkel?

17 MR. REHWINKEL: Yes, Commissioner. What Mr. Moses is
18 referring to is, is a change in the protocol that would
19 actually have the customer understand -- actually confirm and
20 understand that they have a choice in the negotiation. In
21 other words, we heard back from kind of anecdotal sources that
22 customers were under the impression that it was a
23 take-it-or-leave-it situation. And we have gone in and made
24 sure that that's not communicated and that the customer
25 understands that they have the right to negotiate. Under the

1 Service Guarantee Plan, if the customer insists on having it
2 done in three days, then three days it is. And that's what,
3 that's what their -- that's what we measure our make or miss
4 under the SGP for.

5 I don't have specific scripting with me, but --
6 (inaudible.) But the scripts have been modified so that there
7 will be no take-it-or-leave-it message communicated either
8 directly or indirectly to the customer.

9 COMMISSIONER DEASON: Do you plan to share the script
10 with staff for their review?

11 MR. REHWINKEL: We'd be glad to do that when they
12 wish it. And, of course, they -- I think the proof would be in
13 the pudding when they do any live monitoring to see what's been
14 said. And, of course, if they have any concerns about when
15 they monitor, we would work with them to make sure we meet
16 their, their satisfaction on that.

17 COMMISSIONER DEASON: Madam Chairman, that's all the
18 questions I have.

19 CHAIRMAN EDGAR: Commissioners? Commissioner
20 Arriaga.

21 COMMISSIONER ARRIAGA: I have a couple of questions
22 for Mr. Rehwinkel. Okay. Please turn to Page 2 of the
23 recommendations. The last paragraph of Page 2 is a phrase or
24 sentence by staff that says, "Using the rule requirements as a
25 benchmark for comparing service quality prior to the SGP

1 implementation, it appears that Sprint's performance has
2 declined since the SGP was implemented."

3 During the last two Agenda Conferences the issue of
4 quality of service with Sprint has come up, and Commissioner
5 Deason raised this question and that's why we're discussing it
6 today.

7 Where has it declined and why? And if it has,
8 according to staff, what makes you think that a more stringent
9 condition that you're proposing today you will be able to
10 comply with?

11 MR. REHWINKEL: Chairman, I mean, Commissioner
12 Arriaga, the -- I think one of the key words in here is that it
13 says, "It appears."

14 One of the things that it's given, this appearance,
15 is that service standards are measured under the Commission's
16 rules on an exchange-by-exchange basis, which is kind of a --
17 it's a meaningful measure, but then again it may not have as,
18 as much meaning as is important. When you put a Service
19 Guarantee Plan in that supplants the strict provisions of the
20 rule, our relationship is more directly with the customer than
21 with the regulatory body as far as how we're expected to
22 perform and how we're sanctioned. When we miss the commitment
23 to the customer or the deadline to the customer, we pay them
24 automatically instead of being after or post hoc reviewed and,
25 you know, go through the show cause process.

1 So it's very hard to compare apples to apples when
2 you're in an SGP environment versus a strict after-the-fact
3 evaluation under the Commission's rule. I'm not going to sit
4 here and say that service is, even measured on the way we think
5 it ought to be measured, is, is, has maintained over time. But
6 I also would say to you that, for instance, the last 16 months,
7 you can't tell what our real service levels are because we've
8 been in meteorological turmoil and we've been digging out from
9 that almost constantly in that time frame.

10 We are -- we think that the 90 percent number that's
11 in the commitment is a -- it's an absolute floor that is
12 sanctionable while we're still under the Service Guarantee
13 Plan. So there's actually another dimension and another
14 protection that the Commission has with this commitment that's
15 in place for the customers, and it's another tool that they
16 have to make sure their service levels are at what they
17 consider to be -- you consider to be an acceptable level.

18 Previously -- well, before this commitment goes into
19 effect, we can pay the customer and we're done with it. We
20 don't really have that added dimension of this statewide
21 service level. We think that the statewide number, the
22 90 percent number, is a reasonable approximation of the
23 exchange-by-exchange requirements of 95 percent. 95 percent is
24 difficult for us or the exchange-by-exchange standard is
25 difficult for us because we have 104 exchanges throughout the

1 state. Some of them are very small and some of them are very
2 statistically subject to failure by one miss; whereas, it might
3 take 40 or 50 misses in a larger exchange to fail that measure.

4 So we think that this, this commitment gives the
5 Commission a floor, a safety net there to ensure that service
6 doesn't decline anymore. Why we think that we can meet this
7 commitment -- we've looked at, at where our workload is now,
8 we've looked at what we need to do to get out from under the
9 damage we suffered in Dennis, Wilma and Katrina, because we got
10 hit in our territory by all three of those storms, and those
11 storms actually delayed our recovery from the four storms in
12 2004. We think that by the end of the first quarter or early
13 in the second quarter of this year our work forces, absent any
14 other storm events, should be returning to normal. We're
15 hiring new forces; we've hired over 100 since 2004. We're
16 hiring close to that number this coming year. We're ramping up
17 to get this work done. It'll take a little while because we're
18 still repairing, like I said, from '05 and even '04, but by the
19 first -- the beginning of the third quarter of 2006 we believe
20 we'll have the resources in place to meet this and to continue
21 going forward to provide the level of service that the staff
22 expects and that you expect us to have.

23 COMMISSIONER ARRIAGA: Thank you. And does this
24 satisfy staff, this kind of explanation?

25 MR. MOSES: Yes, sir.

1 COMMISSIONER ARRIAGA: Okay. And one last question
2 to staff. Thank you, Mr. Rehwinkel.

3 What is the OPC position on this whole issue?

4 MR. MOSES: I don't believe they've taken any
5 official position. I know my director has spoken with them and
6 they're comfortable with the recommendation, but they have not
7 intervened or taken any official position that I'm aware of.

8 COMMISSIONER ARRIAGA: Okay. Thank you. Thank you,
9 Madam Chairman.

10 COMMISSIONER DEASON: Madam Chairman, may I follow up
11 on that?

12 CHAIRMAN EDGAR: Commissioner Deason.

13 COMMISSIONER CARTER: If I may.

14 CHAIRMAN EDGAR: Commissioner Carter.

15 COMMISSIONER DEASON: That's fine.

16 COMMISSIONER CARTER: I think that Beth checked with
17 OPC and they said they supported this. One of our staff people
18 checked with them and said that OPC supports this. I just
19 wanted to, just wanted to -- is that right, Beth?

20 MS. SALAK: Yes, sir.

21 CHAIRMAN EDGAR: Ms. Salak.

22 MS. SALAK: Beth Salak with staff. I did call a
23 member of the Office of Public Counsel who had been in prior,
24 previous years' meetings with, on the Service Guarantee Plan,
25 and they said that they were happy to see that we had gotten

1 additional elements to the plan.

2 CHAIRMAN EDGAR: Commissioner Deason.

3 COMMISSIONER DEASON: Well, yes. Thank you. I was
4 just going -- historically Public Counsel's office has been in
5 support of the concept of Service Guarantee Plans; correct?

6 MS. SALAK: Yes, sir.

7 CHAIRMAN EDGAR: Commissioners, do we have a motion
8 or further questions?

9 COMMISSIONER DEASON: I can move staff's
10 recommendation, Madam Chair.

11 CHAIRMAN EDGAR: Do I have a second?

12 COMMISSIONER ARRIAGA: Second.

13 CHAIRMAN EDGAR: All in favor, say aye. Opposed?
14 (Unanimous affirmative vote.)

15 CHAIRMAN EDGAR: Okay. Let's show item 5 approved.
16 (Discussion on Agenda Item 5 concluded.)

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CERTIFICATE OF REPORTER

I, LINDA BOLES, RPR, CRR, Office of Hearing Reporter Services, FPSC Division of Commission Clerk and Administrative Services, do hereby certify that the foregoing proceedings, Pages 3 through 15, were transcribed from cassette tape.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorneys or counsel connected with the action, nor am I financially interested in the action.

DATED THIS 6TH DAY OF JANUARY, 2006.



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