Ruth Nettles

000121C-TP

From: Scobie, Teresa A (TERRY) [terry.scobie@verizon.com]

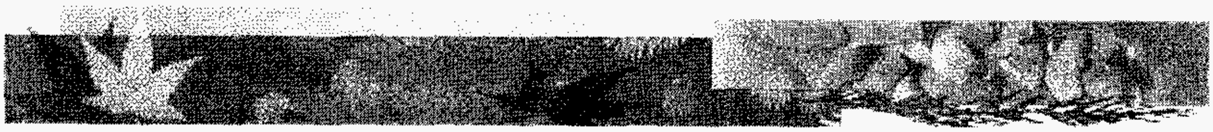
Sent: Friday, October 23, 2009 2:57 PM

To: Filings@psc.state.fl.us

Cc: Adam Teitzman; Carolyn Marek; David Christian; David Konuch; De O'Roark; Demetria Clark; Frank App; Greg Follensbee; Gregory Diamond; Peter Dunbar; Sonia Daniels; Vicki Kaufman

Subject: Docket No. 000121C-TP - Verizon Florida LLC's Wholesale Metrics - Response to PSC Inquiry

Attachments: 000121 VZ FL Wholesale Metrics-Response to PSC Inquiry-10-23-09.pdf



The attached is submitted for filing in Docket No. 000121C-TP on behalf of Verizon Florida LLC by

Dulaney L. O'Roark III
P. O. Box 110, MC FLTC0007
Tampa, Florida 33601-0110
(678) 259-1449
de.oroark@verizon.com

The attached document consists of a total of 11 pages - cover letter (1 page), Response (9 pages) and Certificate of Service (1 page).

Terry Scobie
Legal Secretary II
Verizon Legal Department
P. O. Box 110 - MC FLTC0007
Tampa, Florida 33601-0110
813-483-2610 (tel)
813-204-8870 (fax)
terry.scobie@verizon.com

Dulaney L. O'Roark III
Vice President & General Counsel, Southeast Region
Legal Department

verizon

5055 North Point Parkway
Alpharetta, Georgia 30022

Phone 678-259-1449
Fax 678-259-1589
de.oroark@verizon.com

October 23, 2009 – **VIA ELECTRONIC MAIL**

Ann Cole, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 000121C-TP
Investigation into the establishment of operations support systems permanent performance measures for incumbent local exchange telecommunications companies. (VERIZON FLORIDA TRACK)

Dear Ms. Cole:

The attached is submitted for filing in the above-referenced matter in response to a Commission Staff inquiry dated August 25, 2009. If there are any questions regarding this filing, please contact me at (678) 259-1449.

Sincerely,

s/ Dulaney L. O'Roark III

Dulaney L. O'Roark III

tas

Enclosure

VERIZON WHOLESALE METRICS

RESPONSE TO FLORIDA PSC STAFF INQUIRY

October 23, 2009

By letter dated August 25, 2009, Staff requested Verizon to address its wholesale performance reported in several of its performance metrics. Staff subsequently extended the time for response to October 23, 2009. Verizon has investigated Staff's concerns and reports its findings below. Verizon first addresses several issues concerning the interpretation and reporting of its performance data and then discusses the performance results for each of the metrics in question.

INTERPRETATION AND REPORTING OF PERFORMANCE DATA

As discussed in the Analysis of Performance Data section below, Verizon delivered good performance to its wholesale customers from January to June 2009. Verizon draws different conclusions than Staff from the performance data in part because of the methodology Staff has used to interpret the results. Because Staff has evaluated Verizon's performance based on the percentage of submetrics met for each metric, in some cases it has reached conclusions that fail to take into account Verizon's overall performance. Moreover, Verizon's investigation has uncovered several issues relating to data collection and reporting that have caused Verizon's performance to be understated. Verizon also has identified instances where inherent differences in retail and wholesale processes have affected performance results through no fault of Verizon. Each of these issues is discussed below.

Submetric Tracking

Staff identified metrics that Verizon should investigate by determining the metrics for which Verizon met fewer than 90% of submetrics for three of the six months from January to June 2009. Verizon's wholesale plan has 478 submetrics that roll up to 30 metrics. More than half of the submetrics have no performance data in a given month and many have low volumes, which means that focusing on the percentage of submetrics met can lead to erroneous conclusions. For example, if Verizon meets five submetrics with volumes of 10,000, performing at the 99% level, and misses five submetrics with volumes of 10, performing at the 90% level, the percentage of submetrics met is 50% even though the overall performance level is high (99.9%).

The impact of submetric tracking is most pronounced for metrics OR-1, OR-2, OR-5, and PR-7. For example, from January to June 2009, Verizon met the OR criteria for 356,899 of 360,020 orders, or more than 99% percent. Yet by Staff's reckoning Verizon's performance over the six-month period for OR-1, OR-2 and OR-5 was 67.7%, 66.3%, and 61.1% respectively. This difference arises because submetric tracking gives undue weight to submetrics with small volumes and, as in the case of these metrics, can significantly distort actual performance results.

Data Collection and Reporting

Verizon's investigation determined that in some cases the manner in which data is collected and reported is skewing performance results, understating Verizon's performance and causing Verizon to miss certain submetrics, particularly submetrics rolling up to the MR-2, MR-4, MR-5, PR-4 and PR-6 metrics. As discussed below, Verizon is taking steps to correct this problem.

Internal Processes

For certain metrics, inherent differences between retail and wholesale processes can make it difficult if not impossible for Verizon to meet the applicable performance standards. For example, retail billing involves only the end user's billing cycle, whereas wholesale billing involves two billing cycles – the end user's and the CLEC's – which means it can take longer for a charge to make its way to the end user bill of a wholesale customer than it does for a Verizon retail customer. This inherent difference affects the results reported for metrics BI-7 and BI-8, but does not reflect a performance deficiency on Verizon's part.

ANALYSIS OF PERFORMANCE DATA

Verizon discusses below its performance for each of the metrics identified by Staff and as appropriate provides a root cause analysis and a remedial action plan. Remedial action plans have been communicated to the appropriate work groups within the company.

Metrics MR-2 (Customer Trouble Report Rate), MR-4 (Average Time to Restore), MR-5 (Frequency of Repeat Troubles in 30-day Period) and PR-6 (% Troubles in 30 Days for Special Service Orders)

As summarized below, the data reported for these metrics reflects good performance from January to June 2009:

- MR-2: Verizon met 76.5% of the submetrics. Most of the submetrics that were not met involved differences between retail and wholesale performance of less than a percentage point.
- MR-4: Verizon met 90.4% of the submetrics and only missed two of the submetrics for more than one month.
- MR-5: Verizon met 92% of the submetrics and only missed one submetric for more than one month.
- PR-6: Verizon met 92.1% of the submetrics and only missed three submetrics for more than one month.

Verizon is addressing one issue that should help diminish the relatively small differences that exist in some instances between retail and wholesale performance. Verizon has found that CLECs frequently submit more than one trouble ticket on multi-line accounts and sometimes as many as one for each line, which is not the correct procedure. In contrast, Verizon's retail representatives are trained to submit only one trouble ticket for multi-line accounts. When CLEC representatives submit more trouble tickets than necessary, the number of CLEC trouble tickets is inflated and performance data is skewed, giving the false appearance of a discrepancy between retail and wholesale performance.

When the performance data is adjusted to account for CLECs' submission of multiple trouble tickets on multi-line accounts, the percentage of submetrics met for the six months in question increases substantially:

- MR-2: 84.7%
- MR-4: 93.4 %
- MR-5: 98%
- PO-6 92.5%

Another factor skewing the data is the retail analog used for the UNE Loop xDSL Capable submetrics. ISDN BRI is used as the retail analog, but it is a mature product that seldom requires maintenance and repair. As a result, submetrics that measure volumes of troubles for xDSL (MR-2-01 & PR-6-01) tend to reflect better retail performance (based on ISDN BRI) than wholesale performance (based on xDSL). When these submetrics are excluded, the adjusted percentage of submetrics met for MR-2 increases to 91.1% and for PO-6 increases to 94.5%.

Remedial Action Plan for MR-2, MR-4, MR-5 and PR-6:

As discussed above, the data reported in these metrics reflects good performance. Reported performance should improve as Verizon addresses the issue of multiple trouble tickets being submitted on multi-line CLEC accounts, which concerns data and reporting rather than performance.

Verizon circulated "Flash documents" to its Wholesale group in March and September 2009 with a reminder and instructions on how to handle multiple trouble tickets. Follow-up notices will be issued to ensure the process is being followed. Moreover, a new control point has been created to ensure that multiple trouble tickets are consolidated when a common cause is present. (This control point will be phased out once Verizon determines that the correct process is consistently being followed.) Verizon also will continue to educate CLECs on the proper way to submit multiple trouble tickets so the problem is corrected at its source.

All four of these metrics are expected to show improvement beginning in November 2009 as a result of these data and reporting changes.

Metrics OR-1 (FOC/LSC Notice Timeliness), OR-2 (Reject Timeliness – Flow Through) and OR-5 (% Flow Through Orders – Received Electronically)

At the aggregate level, Verizon's performance for each of these metrics was high from January to June 2009 – 99% or better in each case. Staff's reliance on the percentage of submetrics met, which is in the 60-70% range, does not reflect the overall performance level. Rather, the lower percentage of submetrics met is a function of the low order volumes reported in many of the submetrics. For example, June data shows the following for the missed submetrics:

- OR-1: Of the seven missed submetrics, one had an order volume of 317, four had order volumes of less than 100 and two had order volumes of less than 10. (In comparison, two submetrics that Verizon met had volumes exceeding 10,000 orders.)
- OR-2: Of the five missed submetrics, two had order volumes of less than 100 and three had order volumes of less than 10. (In comparison, one submetric that Verizon met had volumes exceeding 9,000 orders.)
- OR-5: The one missed submetric had an order volume of less than 1,000 and flow-through success for that volume was above 90%, although it missed the 95% benchmark. (In comparison, one submetric that Verizon met had volumes exceeding 20,000 orders.)

The low volumes associated with these submetrics has a dramatic impact on the met/miss calculations and highlights why reliance on the percentage of submetrics met is not a good measure of overall performance. For example, June data shows how these low volume submetrics caused the metric to be scored as a "miss" using the submetric tracking approach despite overall strong performance:

- The OR-1 metric was counted as a miss because Verizon met the 95% benchmark for 14 of 21 submetrics (66.7%), even though the seven missed submetrics accounted for only 2.2% of total orders processed, 557 out of 25,805 orders. Verizon's overall performance for the OR-1 metric in June was 99.0%.

- The OR-2 metric was counted as a miss because Verizon met the 95% benchmark for 12 of 17 submetrics (70.6%), even though the five missed submetrics accounted for only a tiny fraction of the total orders processed -- 7/10ths of one percent, or 78 out of 10,920 orders. Verizon's overall performance for the OR-2 metric in June was 99.6%.

- The OR-5 metric was counted as a miss because Verizon met the 95% benchmark for 2 of 3 submetrics (66.7%), even though the one missed submetric accounted for only 3.8% of total orders processed, or 973 out of 25,227 orders. Verizon's overall performance for the OR-5 metric in June was 98.1%.

Although the overall performance under the OR-5 metric was high, Verizon has determined that improvement may be possible because an account profile issue may have been causing orders to fall out of the flow-through process and into the National Market Center ("NMC") for manual handling. The root cause of the problem appears to be that some profiles had a code that had not been updated to reflect the type of services on the customer's account, causing the order to fall out for manual processing. The IT group completed updates this week and will be watching to see if they eliminate the fallout. If so, the updates should improve results going forward by increasing the percentage of valid electronically received orders successfully processed on a flow-through basis.

Remedial Action Plan for OR-1, OR-2 and OR-5:

Although overall performance under the OR-1 and OR-2 metrics has been good, Verizon will continue to seek improvement by increasing the focus on the small number of orders that fall out of the flow through processes and require manual handling. Because Verizon's service levels have been high, further remedial action should not be required.

Verizon's OR-5 performance also has been high, and as noted it has made recent changes that may produce even better results.

Metric PO-1 (Average Response Time – Due Date Availability)

Verizon's performance reports show that it met 49 of the 51 PO-1 submetrics (96.1%) during the six-month period in question. Based on these results, Verizon respectfully submits that no remedial action is necessary with respect to this metric.

Metric PO-3 (Center Responsiveness)

The PO-3 metric on center responsiveness includes submetrics for repair and order calls. Verizon met the repair benchmark each month from January to June 2009. Performance for ordering did not meet the benchmark during this period, but answer times remained far below the level reached in late 2008 when CLECs expressed concern about Verizon's performance in this area.

In its March 2, 2009 filing on wholesale service quality, Verizon discussed how events in 2008 and early 2009 affected center responsiveness and the actions it took to reduce call answer time. The transition of work from Verizon's NMC located in Coeur d'Alene, Idaho to its East Coast centers along with multiple systems issues drove increased call volumes into the centers. Verizon fixed its systems issues, added staff, conducted training and implemented changes to its callback process, which substantially reduced call hold times by the end of 2008.

Verizon has changed its call answering process twice in the last year. In October of 2008, Verizon modified its call answering process to address the increase in call hold times. Verizon introduced a callback process in which a Verizon representative would take information from a CLEC and then work the issue offline and call the CLEC back with the resolution. This new process reduced call hold times, but some CLECs complained that it was not working well because they had to wait for simple issues to be addressed.

In response to CLECs' concerns, Verizon changed the call answering process a second time, effective February 1, 2009. CLECs now call into the centers and if the issue does not require extensive research, the Verizon representative works the issue with the CLEC on the phone, while complex issues that require investigation continue to be worked off-line. The new process thus was designed to balance CLECs' need for access to NMC representatives and the complex nature of some of the issues being raised.

Remedial Action Plan for Order Answer Time:

Verizon actively monitors its call centers and shifts resources as needed to address the current volume of orders, incoming calls and trouble tickets. This approach keeps center resources focused and responsive to the overall work flow. Verizon will review the current call answering procedures to determine if adjustments are needed and will review procedures used to rebalance center resources to ensure that optimization of those resources is achieved.

Verizon further notes that it will realign its call centers in October and November and will seek to minimize any short-term affect this may have on center operations.

Metric PR-4 (% Missed Appointments and Held Order Interval)

The PR-4 metric includes submetrics that measure the percentage of installation due dates missed and that measure how long it takes to complete service orders that are not provisioned by the original due date, otherwise known as the held order interval.

During the period in question, Verizon met 90% of the PR-4 submetrics. Verizon met 93.5% of the installation submetrics, and, better still, met 99.56% of its provisioning dues dates for CLECs. Verizon met 83.6% of the held order interval metrics and in the aggregate provided a substantially lower held order interval for CLECs than for Verizon's retail customers.

Verizon has determined that it can improve its reported performance for the held order interval submetrics by addressing a recordkeeping issue that has included data for some CLEC orders shown as pending that in fact have long since been provisioned. For example, Verizon found some records reflecting that orders had been held 200-300 days past the committed due date when in fact they already had been completed.

Continuing to include data for pending orders that have already been provisioned artificiality inflates the average held order interval. At the end of each month the total number of days past due for all pending orders is accumulated and then divided by the total number of pending orders to get an average number of days past due. In June, "Resale POTs–Residential" shows 8816 cumulative days past due for 53 CLEC orders representing an average past due interval of 166 days, which mistakenly resulted in a miss.

This reporting problem arises because records can remain in pending status when something in the record is either incorrect or not fully complete and the record is sent to an off-line queue for manual completion or updating that has not occurred (although service has been provisioned and is not affected). Pending orders that remain in the data continue to accumulate days past due and distort the average until the order is manually removed or closed.

Remedial Action Plan for PR-4:

Verizon will review long-standing open records and work with the NMC to have them completed and out of pending status. Resolving this record keeping issue should improve results for the held order interval submetrics. The process of closing out orders is also under review and established procedures will be reinforced.

Metric PR-7 (Percentage of Orders Jeopardized and Percentage of Timely Jeopardy Notices)

The PR-7 metric includes submetrics that measure the percentage of orders that result in a jeopardy (a situation where the order will not be completed by the original due date) and submetrics that measure the percentage of jeopardy notices that were sent within the required interval.

At the aggregate level, Verizon met 87.9% of the PR-7 submetrics from January to June 2009. Performance for the individual submetrics over the six month time-frame was as follows:

- Percentage of Orders Jeopardized: Verizon met 56 out of 66 submetrics (85%). The percentage of orders resulting in a jeopardy was substantially below 1% in the aggregate for both CLECs and Verizon retail customers and overall wholesale performance was in parity with retail.

- Percentage of Timely Jeopardy Notices: Verizon met 24 out of 25 submetrics (96%).

Verizon has determined that it can improve its performance for the percentage of orders jeopardized by addressing a system error that is causing some CLEC orders to be improperly formatted. When the orders are not formatted correctly, they fall out for manual processing, which can delay them and lead to jeopardies.

Remedial Action Plan for PR-7:

A trouble ticket for the system error has been opened and the IT group is determining how to solve the problem.

<u>Metrics BI-7and BI-8 (Recurring and Non-Recurring Charge Completeness)</u>

As summarized below, the data reported in these metrics reflects good performance from January to June 2009:

- BI-7: Verizon met 9 of 12 submetrics (75%) for the Resale and UNE submetrics. In the aggregate Verizon's wholesale performance for these submetrics exceeded parity with retail. Although Verizon met 3 of the 6 facilities interconnection submetrics (50%), in the aggregate it exceeded the 90% benchmark.

- BI-8: Although Verizon missed most of the Resale and UNE submetrics, its combined performance level was 91.4%. Verizon met the Facilities Interconnection submetric each month and exceeded the 90% benchmark, performing at a 99.5% level.

Misses for the BI-7 and BI-8 submetrics are due primarily to inherent differences in retail and wholesale billing processes:

- Retail: All recurring and non-recurring charges incurred during the customer's billing cycle are accumulated and appear on the next available bill. For example, assume a customer incurs a charge for a new service added on September 6 and the customer's billing cycle runs from September 5 to October 4 (the bill date). That charge will appear on the customer's October 4 bill, so the effective date of the charge would be 28 days from the bill date (September 6 to October 4) and would fall within the 30 day interval required by this metric.

- Wholesale: CLECs have bill cycles like retail customers, but have many end users each with their own individual bill cycles that do not coincide with the CLEC's bill cycle. Assume a CLEC's master bill date is November 1 and the end user in the retail example above is now the CLEC's customer with the same September 5 to October 4 bill cycle. Verizon would bill the CLEC for all charges incurred during the end user customer's billing cycle (ending October 4) when Verizon sends the CLEC its master bill on November 1. As a result, the CLEC would receive the end user's September 6 charge 56 days after it was incurred, outside the 30-day interval called for by the BI-7 and BI-8 metrics. This scenario can arise whenever end users have bill cycles that do not coincide with the CLEC's bill cycle.

Remedial Action Plan for BI-7 and BI-8: The BI-7 and BI-8 performance reports reflect good performance even before taking into account the inherent retail and wholesale process differences described above. As a result of those process differences, however, the BI-7 and BI-8 metrics understate Verizon's performance, resulting in some missed submetrics despite timely wholesale billing service. For these reasons, no remedial action should be required.

CONCLUSION

Verizon delivered good wholesale performance to CLECs from January to June 2009 and continues to look for ways to improve its service. Verizon has begun to implement its remedial action plans, which should lead to improved performance results in several areas over the next several months. In the meantime, Verizon would be pleased to meet with Staff at its convenience to discuss the results of Verizon's investigation and any questions or concerns Staff may have.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that copies of the foregoing were sent via electronic mail on October 23, 2009 to the following:

Adam Teitzman, Staff Counsel
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850
ateitzman@psc.state.fl.us

Tracy Hatch
c/o Gregory Follensbee
150 South Monroe Street, Suite 400
Tallahassee, FL 32301-1561
greg.follensbee@att.com

Sonia Daniels
1230 Peachtree Street, #400
Atlanta, GA 30309
soniadaniels@att.com

Gregory T. Diamond
7901 Lowry Blvd.
Denver, CO 80230-6906
gdiamond@covad.com

David A. Konuch
246 E. 6th Avenue, Suite 100
Tallahassee, FL 32303
dkonuch@fcta.com

Vicki Gordon Kaufman/Jon C. Moyle, Jr.
118 North Gadsden Street
Tallahassee, FL 32301
vkaufman@kagmlaw.com

Peter Dunbar
P.O. Box 10095
Tallahassee, FL 32301
Pete@penningtonlawfirm.com

Carolyn Marek
% Time Warner Telecom
233 Bramerton Court
Franklin, TN 37069-4002
carolyn.marek@twtelecom.com

s/ Dulaney L. O'Roark III