

REVISED

State of Florida



## Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

**-M-E-M-O-R-A-N-D-U-M-**

---

**DATE:** November 23, 2004

**TO:** Director, Division of the Commission Clerk & Administrative Services (Bayó)

**FROM:** Office of the General Counsel (Stern)  
Division of Competitive Markets & Enforcement (Moses, McDonald)  
Division of Economic Regulation (Hewitt)

**RE:** Docket No. 991473-TP – Review and Revision of Rules 25-4.066 through 25-4.081 and Rule 25-24.840, F.A.C.

**AGENDA:** 12/07/04 – Regular Agenda – Rule Proposal – Interested Persons May Participate

**RULE STATUS:** Proposed Rule

**SPECIAL INSTRUCTIONS:** None

**FILE NAME AND LOCATION:** S:\PSC\GCL\WP\991473.RCM.DOC

---

### Case Background

In this recommendation, staff proposes changes to the service quality rules for incumbent local exchange companies (ILECs). The proposed rules are in Attachment A, and the Statement of Estimated Regulatory Costs (SERC) is in Attachment B. Attachment C contains the reporting forms that are incorporated into the rule by reference.

In 1999, staff opened this docket to revise the service quality rules. Three workshops were held with the industry to discuss technology changes in the industry that would necessitate amending the rules. Many ideas were discussed, however, the companies could not reach a consensus on the rule revisions. Staff considered all of the suggestions provided by the companies and incorporated some of the suggestions in the proposed rules.

### **Discussion of Issues**

**Issue 1:** Should the Commission propose the revisions shown in Attachment A to Rules 25-4.002, 25-4.003, 25-4.0185, 25-4.023, 25-4.038, 25-4.039, 25-4.066, 25-4.070, 25-4.072, 25-4.073, 25-4.0770, 25-4.080, and 25-4.085, Florida Administrative Code?

**Recommendation:** Yes, the Commission should propose the revisions. (Moses/McDonald/Stern)

**Staff Analysis:** The rule amendments proposed in this recommendation pertain to standards of customer service imposed upon ILECs. The process of amending this rule began at the request of the ILECs. In general, these proposed amendments eliminate rules that are no longer necessary, clarify ambiguous rules, and provide for a new option – a Service Guarantee Program – that the ILECs can elect as an alternative to the service standards in the proposed rules. In addition, the proposed rules would only apply to residential service, whereas the existing rules also apply to single line businesses.

Workshops on this rule were held on November 5, 1999, January 31, 2000, and March 19, 2004. Many methods of measuring the quality of customer service were discussed but a consensus was never reached. During the third workshop, staff suggested that the companies get together and propose rule changes to which they could all agree. The companies attempted this but were unable to come to any agreement.

The proposed amendments are described below and comments from the companies are included.

- 25-4.002      Application and Scope – Changes application of service quality standards to only apply to residential services.
  
- 25-4.003      Definitions – Eliminates references to the term “Extension Station” because it is no longer applicable. Clarifies the definition of a “Local Exchange Telecommunications Company” so it will not be confused with a competitive local exchange company. Also added is the definition of a “Subscriber Loop,” which is the same as “Access Line”. Because of ALLTEL’s concern as outlined in the SERC data request, the definition of “new construction” has been modified to include rearrangements or additions to existing facilities when an engineer work order is issued. In order to install new service, some complicated plant rearrangements require an engineer work order that should be classified as new construction since it could require more than three days to make the facilities available.
  
- 25-4.0185      Periodic Reports – Form PSC/CMP 28 ( /04) has been modified to incorporate the rule revisions (see Attachment C).
  
- 25-4.023      Report of Interruptions – Previous rule provided that the company was to report “major interruptions,” but did not define what constitutes a major interruption. This resulted in inconsistent reporting of outages by the companies. The revised

language defines the criteria as to when the companies should report outages to the Commission. This will make for more consistent reporting of significant outages.

25-4.038 Safety – Requires compliance with Articles 800.30 and 800.31 of the National Electric Code as they apply to proper grounding of subscriber loops to prevent harm to the public. Provides the companies with a reference for providing proper grounding.

25-4.066 Availability of Service – In exchanges of less than 50,000 lines, the companies at times have difficulty meeting 90 percent of all requests for installation of service within three days on a monthly basis due to the limited number of requests for new service. Missing one or two installations in a month could cause the companies to miss the objective. This revision allows the companies to aggregate the results over three months instead of only one month. Companies will be able to manage their resources in these small exchanges more efficiently. The revisions also outline the procedure for handling appointments and customer requests that cannot be satisfied within three days. The scheduled day will be counted as day three and will be treated the same as a regular installation. If the companies do not make the installation on the customer's scheduled date, the installation will be considered as being missed. Currently the companies track and report appointments as a separate category, and customer requests are excluded. This change will enable the companies to total appointments and customer requests with normal requests for reporting purposes. This will make reporting of the results easier for the companies.

BellSouth proposed that when companies offer a due date and a commitment to the customer and the customer accepts it, the commitment should be excluded from the three-day rule. In most cases, the companies would only be offering dates outside the three days when they were having scheduling problems and the customers would not know that they might have the choice of getting service sooner. As a result, staff did not recommend the suggestion.

25-4.070 Customer Trouble Reports - In exchanges of less than 50,000 lines, the companies at times have difficulty repairing 95% of all trouble reports for service interruptions within 24 hours (or 72 hours for trouble affecting service) on a monthly basis due to the lower number of trouble reports for small exchanges. Missing one or two in a month could cause the companies to miss the objective. This revision allows the companies to aggregate the results over three months instead of only one month. Companies will be able to manage their resources in these small exchanges more efficiently. The revisions also outline the procedure for handling appointments and customer requests. If the companies do not make the repair on the customer's scheduled date, the trouble will be considered as being missed. Currently the companies track and report appointments as a separate category, and customer requests are excluded from the results. This change will enable the companies to total appointments and customer requests

with normal requests for reporting purposes. This will make reporting of the results easier for the companies.

Staff explored the possibility of going to an average clearing time, but found that the average clearing time was 15-18 hours as compared to the present standard of 95 percent within 24 hours. The companies could not agree on what the average clearing time should be, and as a result staff retained the current rule.

In its response to a data request made for the SERC, BellSouth estimated an increase of approximately \$19 million in annual expenses and \$8 million in non-recurring costs. It is staff's opinion that these increased costs include costs to comply with the existing rules, not the proposed rules. BellSouth is currently not in compliance with the existing rules because it operates under a service guarantee program. See Initiation of show cause proceedings against BellSouth Telecommunications, Inc. for violation of service standards. Order No. PSC-01-1643-AS-TL, issued on August 13, 2001, in Docket No. 991378-TL. If BellSouth were in compliance with the existing rules, staff believes there would be a reduction, not an increase, in costs to comply with the proposed rules. The cost reduction would be due to the aggregated quarterly reporting requirements for small exchanges.

25-4.072      Transmission Requirements – Current language is too broad, difficult to interpret and difficult to enforce. This revision requires compliance with ANSI/IEEE Standard 820, which is the industry standard that defines the transmission requirements the companies should meet.

25-4.073      Answering Time – Changes the answering time requirement for calls reaching a menu driven system from 55 seconds after the last digit dialed, to 55 seconds after the caller requests to be transferred to a live attendant or fails to interact. This change should alleviate BellSouth's concern that changing the requirement to 30 seconds would increase its costs. This allows the caller to utilize the menu system prior to requesting a live attendant, which makes the measurement more equitable. Eliminated is the answering time requirement for Directory Assistance. These changes should result in reduced labor costs to the companies.

The existing rule requires answering 80 percent of the calls to the Business Office within 30 seconds for companies not using an integrated voice response unit. Staff initially proposed to increase the percentage of calls to 90 percent. Because this would increase some of the companies' costs, staff retained the existing 80 percent requirement. Staff considered changing the measurement to an average speed of answer, but the companies could not agree on the standard to use.

25-4.0770      Customer Appointments – Repeal. Currently the companies have to track and report appointments as a separate category. This change will enable the companies to total appointments with normal requests for reporting purposes. If

the appointment is kept the request will be counted as completed on time (as outlined in Rules 25-4.066 and 25-4.070).

- 25-4.080 Weighted Measurement of Service Quality – Repeal. In considering the adequacy of service provided by a local exchange company, the Commission formerly utilized a weighted index system developed by the Public Utility Research Center. Under this weighting system, companies exactly meeting all FPSC standards on all criteria would receive an overall satisfactory rating of 75 points. Using indices assigned to each criterion, adjustments to the base of 75 were made on all results that either exceeded or fell below the standards. This index was based on about 70 service quality standards. Many of these standards have been revised or repealed and the weighted index is no longer applicable.
- 25-4.085 Service Guarantee Program – Allows the option for the companies to have a Commission approved Service Guarantee Program which will relieve the companies from complying with each standard covered in the program.

In summary, the proposed rules do not impose requirements stricter than existing rules, in some cases the proposed rules are less strict than the existing rules, and in some cases existing rules are proposed to be eliminated. The SERC states that the costs to comply with this rule, industry wide, are \$41,126,205 million with \$16,004,800 million in non-recurring start-up costs. The majority of the cost increase is attributable to one company, BellSouth. Based on periodic reports containing company data, BellSouth is not in compliance with the existing rules, because it currently operates under a service guarantee program. See [Initiation of show cause proceedings against BellSouth Telecommunications, Inc. for violation of service standards. Order No. PSC-01-1643-AS-TL, issued on August 13, 2001, in Docket No. 991378-TL.](#) Staff believes that BellSouth would incur costs similar those above to come into compliance with the existing rules.

#### STATUTORY AUTHORITY

The specific legal authority for rulemaking is in Section 350.127(2), Florida Statutes. Each of the above rules implements a number of different statutes. In general, the primary statutes from which the Commission derives its authority to ensure that service quality is adequate are Sections 364.01, 364.025, and 364.03, Florida Statutes.

#### STATEMENT OF ESTIMATED REGULATORY COSTS (SERC)

Estimated transactional costs range from little or none by some companies to millions of dollars by BellSouth. Industry wide, total annual costs to comply with the proposed service standards are estimated to be \$41,126,205 million with \$16,004,800 million in non-recurring start-up costs. Of this amount \$40,047,005 million (recurring) and all of the non-recurring costs are attributable to a single company. The proposed rules would not impose additional costs on the Commission, and would confer a benefit by eliminating some reports and the need for their review. The complete SERC is contained in Attachment B to this recommendation.

REVISIONS MADE SINCE PREVIOUS FILING OF THIS RECOMMENDATION

This recommendation was filed for a previous agenda conference but was deferred. Since it was last filed, two types of changes were made: 1) the reporting forms in Attachment C were modified, as shown in the table below; and, 2) the definitions section, Rule 25-4.003, Florida Administrative Code, was modified to be consistent with changes made in Docket No. 041017-TI (modification to IXC rules to comply with statutory revisions). Both this rulemaking proceeding, and the rulemaking proceeding for Docket No. 041017-TI made changes to the definitions in Rule 25-4.003. The draft of Rule 25-4.003 attached to this recommendation includes changes needed for this docket and for Docket No. 041017-TI so that when both sets of rule revisions arrive at the Department of State they are consistent.

Staff has modified the individual schedules contained in Form PSC/CMP 28 to incorporate the proposed changes in the rules. Specifically, the changes are as follow:

<u>Schedule Number</u>	<u>Title</u>	<u>Changes</u>
<u>2</u>	<u>Summary of Completed Service Orders</u>	<u>Column 2 relabeled from "Total Requests" to "Total Orders."</u> <u>Column 3 relabeled from "Construction Required" to "Delayed for Const."</u> <u>Column 6 was relabeled from "90% Rule Satisfied" to "Standard Met."</u> <u>Column 9 was relabeled from "95% Rule Satisfied" to "Standard Met."</u> <u>Column 12 was relabeled from "100% Rule Satisfied" to "Standard Met." The remaining changes are clarification instructions on how to fill out each column.</u>
<u>3</u>	<u>Summary of Held Applications</u>	<u>Delete the reporting requirements for the period of 4-30 days and 2 to 6 months. The columns were modified to require reporting of 31-60 days and a column for any application held beyond 60 days.</u>
<u>4</u>	<u>Held Applications Aged Over 6 Months</u>	<u>This schedule was deleted and the information included in Schedule 3.</u>
<u>8</u>	<u>Access Line Data</u>	<u>Eliminated reporting of PBX trunks, LEC coin lines, LEC coinless lines, and IXC lines. The schedule was modified to report access lines for retail residential and business, resale, UNE-P, and Pay telephone.</u>
<u>11</u>	<u>Repair Service – Trouble Reports</u>	<u>Eliminated reporting troubles cleared the same day. This will be captured in the cleared within 24 hours column. Headings changed for citing</u>

		<u>the actual percentage in the rule to “standard met.”</u>
<u>13</u>	<u>Answer Time – Operator</u>	<u>Eliminated answer time for operators in the rule; therefore, this schedule has been deleted.</u>
<u>14</u>	<u>Answer Time – Directory Assistance</u>	<u>Eliminated answer time for directory assistance; therefore, this schedule has been deleted.</u>
<u>15</u>	<u>Answer Time – Repair</u>	<u>Schedule modified to reflect new rule requirements.</u>
<u>16</u>	<u>Answer Time – Business Office</u>	<u>This schedule has been modified to reflect the proposed rule.</u>
<u>17</u>	<u>Repair Service Appointments</u>	<u>This rule has been changed; therefore, this schedule is no longer necessary.</u>
<u>18</u>	<u>Service Order Appointments</u>	<u>The appointment rule was eliminated; therefore, this schedule has been deleted.</u>
<u>19</u>	<u>Central Office NXX Data</u>	<u>The reporting of CLLI codes, which identify the central office, was added. Otherwise, this schedule has not been significantly modified.</u>
<u>20</u>	<u>Equal Access and C.O.E.</u>	<u>This schedule has been deleted because the entire state of Florida has equal access.</u>

**Issue 2:** Should this docket be closed?

**Recommendation:** Yes, if no comments or requests for hearing are filed, the rule as proposed should be filed for adoption with the Secretary of State and the docket should be closed. (Stern)

**Staff Analysis:** Unless comments or requests for hearing are filed, the rule as proposed may be filed for adoption with the Secretary of State without further action by the Commission. The docket may then be closed.

MKS

Attachments