

State of Florida



Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

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

DATE: December 21, 2005

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

FROM: Division of Competitive Markets & Enforcement (Moses)
Office of the General Counsel (Scott)

RE: Docket No. 050918-TL – Supplemental service quality commitment by Sprint-Florida, Incorporated under Service Guarantee Program.

AGENDA: 01/05/06 – Regular Agenda – Proposed Agency Action - Interested Persons May Participate

COMMISSIONERS ASSIGNED: All

PREHEARING OFFICER: Administrative

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\CMP\WP\050918.RCM.DOC

Case Background

Sprint is currently operating under a Service Guarantee Program (SGP) filed pursuant to Rule 25-4.085; Service Guarantee Program, whereby it is relieved of the requirements of each service rule covered by the SGP. Under the SGP, Sprint credits customers when the service rule objective is missed. Using the rule requirements as a benchmark for comparing Sprint's service prior to the implementation of the SGP and afterward, it appears that the service quality has declined.

Staff initiated discussions with Sprint about its service quality. As a result, Sprint has proposed supplemental commitments to improve installation and repair intervals.

Discussion of Issues

Issue 1: Should the Commission accept Sprint's proposed commitment to improve installation and repair intervals?

Recommendation: Yes. The commitment as proposed on Attachment A should be incorporated into the existing Service Guarantee Program effective June 30, 2006. (Moses)

Staff Analysis: Sprint is currently operating under a Service Guarantee Program whereby it is relieved of certain service rules, but credits the customer when the service rule objective is missed. The pertinent portions of Sprint's SGP is below.

Rule 25-4.066, F.A.C.; Requires installation of primary residential service within 3 days of application. (Language below substitutes this requirement under the SGP)

If Sprint fails to install primary local service on the date Sprint and the customer have agreed upon, a credit in the amount of \$25 will be automatically applied to the customer's account. The credit will be automatically issued if service is not installed within three work days should the customer request that service be installed within three work days from the date of the completed application. Saturdays, Sundays, and holidays are excluded for determining a commitment date.

Rule 25-4.070(3)(a), F.A.C.; Requires primary residential service be restored within 24 hours of customer reporting the trouble. (Payments are made as allocated below in lieu of the rule requirement under the SGP)

| <u>Duration of Interruption</u> | <u>Credit</u> |
|---------------------------------|---------------|
| 24 to 48 hours | \$11 |
| 2 to 5 days | \$15 |
| Over 5 days | \$40 |

Using the rule requirements as a benchmark for comparing service quality prior to the SGP and after its implementation, it appears that Sprint's performance has declined since the SGP was implemented. The following table shows Sprint's performance for 5 years prior to the SGP and the performance during the SGP. The table shows the monthly average of the number of exchanges that failed the installation rule, which requires installation of 90% of all new primary service be completed within 3 days. The repair rule requires repair of 95% of all reported out-of-service troubles within 24 hours.

Number of Exchanges Failing the Service Standards Out of a
 Total of 104 Exchanges

| | Service Orders (3 days) Rule 25-4.066 | | Repair (24 hr OOS) Rule 25-4.070 | |
|-------------------------------|--|--|---|--|
| 1996 | 5 | | 27 | |
| 1997 | 0 | | 14 | |
| 1998 | 1 | | 21 | |
| 1999 | 15 | | 25 | |
| 2000 | 8 | | 12 | |
| 2001 (first 5 months w/o SGP) | 1 | | 2 | |
| 2001 (SGP started 6/1/01) | 1 | SGP credits \$571,040 | 7 | SGP credits \$445,300 |
| 2002 | 6 | SGP credits \$1,156,580 | 8 | SGP credits \$737,973 |
| 2003 | 52 | SGP credits \$871,660 | 32 | SGP credits \$647,512 |
| 2004 | 91 | SGP credits \$530,325 | 68 | SGP credits \$727,484 |
| 2005 | 82 | SGP credits \$451,100 (First half of 2005) | 99 | SGP credits \$1,375,747 (First half of 2005) |

During 2004, Sprint claimed Force Majeure due to hurricanes starting August 13, 2004, through November 30, 2004. Staff has excluded the data for those months from the calculation of failures in the table above.

As a result of discussions with Sprint about its service quality, Sprint filed a commitment letter on December 15, 2005 (Attachment A). Staff believes the commitment should improve the installation of basic residential service and repair of out-of-service trouble reports within 24 hours.

The commitment letter will operate under the existing Service Guarantee Program (SGP). Enforcement of the SGP requires the Commission to terminate the SGP and then use data on a going forward basis as the criteria for determining compliance. The service quality commitments contained in Sprint's letter are enforceable without terminating the SGP, and can be brought before the Commission for appropriate action if necessary. The Commission continues to have service quality oversight authority under Section 364.03, Florida Statutes.

Accordingly, staff recommends that the Commission accept Sprint's commitment letter and incorporate the commitments as part of the existing SGP. The new commitments will be effective June 30, 2006.

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Issue 2: Should this docket be closed?

Recommendation: If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, this docket should be closed upon the issuance of a consummating order. (Scott)

Staff Analysis: If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, this docket should be closed upon the issuance of a consummating order.