

ITEM NO. 1

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: May 29, 2018

REGULAR CONSENT EFFECTIVE DATE Upon Approval

DATE: April 20, 2018

TO: Public Utility Commission

FROM: Stephen Hayes 

THROUGH: Jason Eisdorfer, Bryan Conway, and Bruce Hellebuyck  

SUBJECT: QWEST CORPORATION: (Docket No. UM 1836) Extension of Approved Service Quality Performance Plan

STAFF RECOMMENDATION:

Staff recommends that the Commission effectively extend the previously approved performance plan of Qwest Corporation dba CenturyLink (Qwest or Company) with the second six-month performance plan to begin June 1, 2018 and end November 30, 2018, allowing the Company until January 15, 2019 to report its results for November 2018.

DISCUSSION:

Issue

Whether the Commission should extend Qwest's existing performance plan, by allowing the Company to execute another six month performance plan to bring specific retail service quality metrics into compliance.

Applicable Rule or Law

The Commission establishes minimum service quality standards to ensure safe and adequate services for all telecommunications carriers pursuant to Oregon Revised Statute (ORS) 759.450. Under Section (5) of this statute, the Commission is required to direct a telecommunications carrier, utility or competitive provider that is not meeting the minimum service quality standards to submit a plan for improving performance to meet the standards. The Commission is further required to review and approve or disapprove the plan. If the carrier, utility or provider does not meet the goals of its improvement

plan within six months, the Commission may assess civil penalties against the carrier, utility or provider.

Oregon Administrative Rule (OAR) 860-023-0055 provides the statutorily required retail service quality standards for large telecommunications utilities and also mirrors much of the relevant statute ORS 759.450. The relevant standards are:

1. **Provisioning and Held Orders for Lack of Facilities** per OAR 860-023-0055(4) (At least 90 percent of commitments for service must be met; Held orders for lack of facilities must not exceed the larger of two per wire center per month or five per 1,000 inward orders; Primary held orders for lack of facilities in excess of 30 days past the initial commitment date must not exceed 10 percent of total monthly held orders due to lack of facilities within the utility's Oregon service territory).
2. **Trouble Reports** per OAR 860-023-0055(5) (Monthly trouble report rate may not exceed two or three per 100 working access lines per wire center more than three times during a sliding 12-month period, depending on number of access lines per wire center).

Analysis

Background

On May 16, 2017 the Commission required Qwest by Order No. 17-175 to submit a service quality performance plan to meet the minimum service quality standards for held orders for lack of facilities, repair clearing times and trouble reports within 45 days. Qwest timely filed its Service Quality Performance Plan ("Performance Plan") on June 29, 2017.

On July 27, 2017, Order No. 17-288, the Commission approved the plan submitted by Qwest to bring three of its service quality metrics into compliance with the standards.

1. **Provisioning and Held Orders for Lack of Facilities** per OAR 860-023-0055(4) (At least 90 percent of commitments for service must be met; Held orders for lack of facilities must not exceed the larger of two per wire center per month or five per 1,000 inward orders; Primary held orders for lack of facilities in excess of 30 days past the initial commitment date must not exceed 10 percent of total monthly held orders due to lack of facilities within the utility's Oregon service territory).

2. **Trouble Reports** per OAR 860-023-0055(5) (Monthly trouble report rate may not exceed two or three per 100 working access lines per wire center more than three times during a sliding 12-month period, depending on number of access lines per wire center).
3. **Repair Clearing Time** per OAR 860-023-0055(6) (90 percent of all trouble reports within 48 hours of report for each repair center, with a weekend exception; use best efforts to complete out-of-service restorations for business customers; use best efforts to complete out-of-service restorations for residential customers who either have a medical necessity or no access to an alternative means of voice or E-911 communications).

Performance Plan Progress Review

Repair Clearing Time – Under the first performance plan, the Company achieved marked improvement in the repair clearing time metric; bringing it within Standard by the end of the performance plan six-month review period. This metric remained within standard for all eight repair centers from June 2017 through January 2018 the last month reported. Staff views this as a major result. The two remaining metrics needing to be brought into compliance are: held orders for lack of facilities; and trouble reports.

Held Orders - This metric has two components: (1) Held Orders not meeting the six-day minimum service initiation requirement and (2) Held Orders held over 30-days. Qwest has not been out of compliance with the standard for the first category, Held Orders but made progress never-the-less in bringing down that measurement from 89 in February 2017, to 23 in January 2018. And, in September 2017, the Company brought the Held Orders Over 30-days within standard to just four (4). There is a perverse result at work making it harder to achieve the standard for Held Orders Over 30-days when the performance on the other component improves significantly because the standard is a percent of the Held Order measurement; an issue that requires consideration, which Staff intends to address in a future rulemaking. For example, in January 2018, the held order component was 23 which made a result over 2.3 out of standard for held orders over 30 days. Qwest's January 2018 result was four held orders over 30 days which according to rule is an out-of-standard result.

Trouble Reports - Qwest had success in bringing the two initial outlier wire centers within standard for trouble reports. However, two other wire centers are now out of compliance with the standard: Adair and Junction City. The Company has 82 Oregon wire centers, 81 of which report service quality results. Consequently it is not uncommon for one or two wire centers to experience difficulties during a particular month. To be considered out of standard the wire center has to miss the rule's

threshold for four (4) months out of a twelve (12) month sliding time period; the relevant period for the initial performance plan is February 2017 – January 2018.

The Required Commission Performance Plan Review

In an effort to reduce regulatory burden Staff's proposal does not ask the Commission to require Qwest to submit a new performance plan. Since Qwest has achieved marked improvement, Staff requests that the Commission consider the existing performance plan with the following objective; bring two service quality metrics into compliance with Commission service quality standards:

1. **Provisioning and Held Orders for Lack of Facilities** per OAR 860-023-0055(4) (At least 90 percent of commitments for service must be met; Held orders for lack of facilities must not exceed the larger of two per wire center per month or five per 1,000 inward orders; Primary held orders for lack of facilities in excess of 30 days past the initial commitment date must not exceed 10 percent of total monthly held orders due to lack of facilities within the utility's Oregon service territory).
2. **Trouble Reports** per OAR 860-023-0055(5) (Monthly trouble report rate may not exceed two or three per 100 working access lines per wire center more than three times during a sliding 12-month period, depending on number of access lines per wire center).

Staff's review of Qwest's Performance Plan yields similar results to its initial review:

1. Qwest previously submitted a Performance Plan that may result in remedying the retail service quality standard deficiencies if allowed more time to work.
2. The Company's previously submitted Performance Plan provided enough information to indicate that it has taken steps and has plans that have the potential to return its service quality metric results to meeting Commission established standards. This is evidenced by the progress achieved to date.
3. Staff's opinion is not unqualified in major part because the Company does not make clear how it will allocate the additional resources it identifies in its plan (110 technicians and 4 supervisors) between regulated and unregulated customers and facilities to correct problems. However, the Company has made progress.
4. The Performance Plan does not correct or identify how the company will address the resource allocation dilemma that the company faces, and that may prevent it from being successfully implemented.

Consistent with its review of Qwest's initial performance plan Staff clarifies that while the Performance Plan is intended to remedy compliance with two specific metrics; held

orders for lack of facilities and trouble reports, Staff will continue to monitor all other metrics during the Performance Plan review period and take any necessary action to remedy deficiencies. Staff encourages the Company to review the elements of its plan and make improvements that will be sufficient to bring its service quality metrics into compliance. The existence of a performance plan shouldn't prevent any company from taking steps to improve its service quality performance.

Conclusion

Staff concludes that Qwest has made progress toward the goal of improving its retail service quality under the terms of its first six-month performance plan. And an additional amount of time could help Qwest to remedy the remaining retail service quality standard deficiencies. Under these circumstances and given the nature of the compliance issues, Staff does not recommend that the Commission pursue civil penalties for failure to meet the remaining metrics.

However, the Commission must require a performance plan when a utility fails to meet service quality performance standards. Staff has conferred with the Company, which is willing to undertake a second six-month plan with the same performance improvement terms for Held Orders Over 30-days and for Trouble Reports.

Staff further concludes that it would be beneficial for the Commission to establish the objective measurement of Company progress by setting the beginning and ending month of the six-month performance plan review period, and the due date for final reporting.

PROPOSED COMMISSION MOTION:

Require Qwest to complete a second six month performance plan with approval of a plan with the same performance improvement requirements for Held Orders Over 30-days and for Trouble Reports to begin June 1, 2018 and end November 31, 2018, allowing the Company until January 15, 2019 to report its results for the plan.