

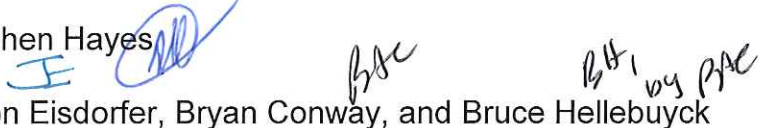
PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: September 25, 2018

REGULAR CONSENT EFFECTIVE DATE Upon Approval

DATE: September 11, 2018

TO: Public Utility Commission

FROM: Stephen Hayes 

THROUGH: Jason Eisdorfer, Bryan Conway, and Bruce Hellebuyck 

SUBJECT: FRONTIER COMMUNICATIONS NORTHWEST INC.: (Docket No. UM 1855) Extension of Approved Service Quality Performance Plan

STAFF RECOMMENDATION:

Staff recommends that the Commission effectively extend the previously approved performance plan of Frontier Communications Northwest, Inc. (Frontier or Company) with the second six-month performance plan to begin October 1, 2018 and end March 31, 2019, allowing the Company until May 15, 2019 to report its results for March 2018.

DISCUSSION:

Issue

Whether the Commission should extend Frontier'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. **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).
2. **Access to Utility Representatives** per 860-023-0055(8) (80 percent of calls must be answered within 20 seconds or measure an average speed of answer time of 50 seconds or less. Frontier has opted to measure the average speed of answer time).

Analysis

Background

On August 24, 2017 the Commission required Frontier by Order No. 17-328 to submit a service quality performance plan to meet the minimum service quality standards for trouble reports, repair clearing times and access to Utility Representatives within 45 days. Frontier filed its Service Quality Performance Plan ("Performance Plan") on October 9, 2017.

On October 24, 2017, by Order No. 17-427, the Commission approved the plan submitted by Frontier to bring three of its service quality metrics into compliance with the standards.

1. **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. Two trouble reports per 100 working access lines for wire centers with 1,000 or more lines and three trouble reports per 100 working access lines for wire centers with less than 1,000 lines).
2. **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).

- 3. Access to Utility Representatives** per 860-023-0055(8) (80 percent of calls must be answered within 20 seconds or measure an average speed of answer time of 50 seconds or less. Frontier has opted to measure the average speed of answer time. Failure to provide access to representatives can affect the other metrics that require contacting the company. Cable company franchises can also require minimum average answer time).

Performance Plan Progress Review

Trouble Reports - Frontier had success in immediately bringing the two initial outlier wire centers within standard for trouble reports. Those two wire centers, Gaston and Scholls, remained within standard for the duration of the plan. The Grand Island wire center was out of standard in November but returned to compliant status the following month. The Company has 58 Oregon wire centers. 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 November 2017 – April 2018. Frontier has achieved compliance with this standard.

Repair Clearing Time – Initially, under the first performance plan, the Company struggled to bring their six repair centers within standard. However, February brought marked improvement in the repair clearing time metric; bringing five repair centers within standard. At the conclusion of the performance plan period, five out of six repair centers were within standard with the sixth missing by 2.5 percent. Staff views this as a major improvement. This metric measures in part the availability of repair personnel. The Company indicates that recruiting for technicians is difficult.

Access to Utility Representatives – This metric has a history of being a difficult standard for Frontier to meet. Except for January 2018, the Company showed continuous progress toward reducing the average business office answer wait time over the plan. By the end of the Performance Plan monitoring period, the average wait time seconds fell from a high of 473 seconds in January to 146 seconds in April. In May (just past the end of the plan monitoring period) the Company continued the improvement to 75 seconds. The standard for this metric is 50 seconds average answer time.

The Required Commission Performance Plan Review

In an effort to reduce regulatory burden, Staff's proposal does not ask the Commission to require Frontier to submit a new performance plan. Since Frontier has achieved marked improvement under its plan, Staff requests that the Commission consider continuing under the provisions of the existing performance plan to address the two metrics for which it has yet to achieve compliance:

1. **Access to Utility Representatives** per 860-023-0055(8) (80 percent of calls must be answered within 20 seconds or measure an average speed of answer time of 50 seconds or less. Frontier has opted to measure the average speed of answer time).
2. **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).

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

1. Frontier 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. The effectiveness of the Company's plan and execution is evidenced by the progress achieved to date.
3. Staff's opinion is not unqualified in major part because 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.

Staff clarifies that the Performance Plan is intended to remedy compliance with two specific metrics; Access to Utility Representatives and Repair Clearing Time. However, 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 Frontier has made progress toward the goal of improving its retail service quality under the terms of its first six-month performance plan. Additional amount of time could help Frontier 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 has requested¹ an extension of its existing plan and is willing to undertake a second six-month plan with the same performance improvement terms for Access to Utility Representatives and for Repair Clearing Time.

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 Frontier 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 October 1, 2018 and end March 31, 2017, allowing the Company until May 15, 2019 to report its results for the plan.

UM1855.Extend.Frontier.Service.Quality Performance Plan

¹ Email from Carl E Erhart, VP-Regulatory & Government Affairs, Frontier Communications, dated August 10, 2018.