ITEM NO. 1

## PUBLIC UTILITY COMMISSION OF OREGON STAFF REPORT <br> PUBLIC MEETING DATE: August 22, 2017

REGULAR X CONSENT $\qquad$ EFFECTIVE DATE
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DATE: July 25, 2017
TO: Public Utility Commission
FROM: Stephen Hayes flt t
THROUGH: Jason Eisdorfer, Bryan Conway, and Bruce Hellebuyek
SUBJECT: FRONTIER COMMUNICATIONS NORTHWEST INC. (Docket No. UM 1855): Service Quality Performance Plan for Repair Clearing, Trouble Reports, and Access to Utility Representatives.

## STAFF RECOMMENDATION:

Staff recommends that the Commission require Frontier Communications Northwest Inc. (Frontier) to submit a service quality performance plan to meet the Commission's minimum service quality standards for repair clearing times, trouble reports and access to utility representatives within 45 days.

## DISCUSSION:

## Issue

Whether the Commission should require Frontier to submit a service quality performance plan to meet the Commission's minimum service quality standards.

## Applicable 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

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meet the standards. The Commission is further required to review and approve or disapprove the plan.

Frontier is currently regulated under a Price Plan, which simplifies regulation, while maintaining the appropriate balance between regulation and competition. The Price Plan was approved by the Commission in Order No. 14-290 dated August 18, 2014 (Docket UM 1677). The Commission found that the current Price Plan "provides Frontier with pricing flexibility in more competitive markets, but installs price cap or customer notification protection for market segments with fewer options." One of the Price Plan's objectives is to "ensure that the quality of existing telecommunications services will stay at or above current levels."

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. 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 the number of access lines per wire center.
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.

The remaining service quality standards address: Provisioning and Held Orders for Lack of Facilities, Blocked Calls, Interruption of Service Notification, Customer Access Line Testing, Customer Access Lines and Wire Center Switching Equipment, Special Service Access Lines, and Large Telecommunications Utility Interconnectivity.

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## Analysis

Background
There have been two instances in which the Commission required submission of a service quality performance plan under 759.450(5). The Commission found at its June 19, 2001 public meeting that a telecommunications utility (Qwest) was required to file a plan to improve its business office access performance. This resulted in the Commission adopting a Memorandum of Understanding (MOU) between Staff and Qwest on July 24, 2001, and approval of Qwest's Performance Plan. ${ }^{1}$ And, at its May 16, 2017 public meeting, the Commission required Qwest Corporation dba CenturyLink QC to submit a service quality performance plan. ${ }^{2}$

In addition to submitting monthly reports, Staff routinely works with companies to improve service quality. For example, Staff works to promote service quality by conducting onsite visits of central offices and outside plant facilities and conducting field reviews where customer complaints indicate reliability problems. Further, Staff shares information collected from Consumer Services and from field observations with Company officials. Staff processes monthly service quality information provided by companies as required by OAR 860-0023-0055 up to 45 days after the month end and posts selected information on the Commission website. ${ }^{3}$

In some cases, Staff has also worked to relax some service quality standards as warranted. For example, Staff supported and the Commission approved a decrease in the 48-Hour Repair Metric from 95 percent to 90 percent complete within 48 hours and allowed for a weekend exemption along with some added safety-net protections. ${ }^{4}$

Finally, Staff conducted an all-provider service quality workshop on January 15, 2015, with the goal of raising awareness and improving service quality. Staff took further steps to assist Frontier on May 11, 2016, by requesting and conducting a meeting with its company representatives regarding deteriorating service quality.

In summary, Staff has been working with Frontier for over a year in an attempt to improve service quality on several metrics. On April 7, 2016, Staff sent a preperformance plan letter of warning to Frontier and met with Company officials to discuss assigning more resources to resolving service quality issues. (Attachment No. 1).

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Initially Staff felt that Frontier was making progress, but its efforts have not corrected the underlying issues.

## Failure to Meet Service Quality Measurement Standards

Frontier has failed to meet the following service quality standards for a prolonged period of time:

## I. Trouble Report Standard (Attachment No. 2)

- A utility's 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 the number of access lines per wire center. Frontier is not meeting this standard. Four months out of the last twelve Frontier has failed to meet this standard for the Scholls wire center.

A performance plan will help ensure the Company's commitment to restore reliable service to areas like Scholls are completed and durable.
II. Repair Clearing Time Standard (Attachment No. 3)

- Ninety percent of all trouble reports must be cleared within 48 hours. Frontier's performance has failed to meet this standard for 22 months out of the past 24 months in at least one repair center. Frontier has failed to meet this standard in at least five of its six repair centers in each of the last seven months.
- The utility must use best efforts to complete out-of-service restorations for businesses and residential customers who either have a medical necessity or no access to an alternative means of voice or E-911 communications (safety-net provisions). The Commission's Consumer Services Section received 19 complaints from customers between December 1, 2015 and June 30, 2017 who apparently did not receive consideration under the safety-net provisions.

While seasonality influences some service quality results the 11-Year, 48-Hour Repair Clearing Graph below shows some monthly results since February 2015 at a level well below the 90 percent minimum standard; the poorest results in a decade.

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## III. Access to Utility Representatives Standard

- Frontier has opted to measure its average answer time, which must be 50 seconds or less for both business office and repair service access. Frontier's performance has failed to meet this standard for nine months out of the last twelve. Frontier made progress toward meeting this standard in 2015 and 2016 but the performance failed to meet standard for 20 months out of the last 24 months. If customers cannot reach the company it can affect other metrics such as the trouble report rate.


Business Office Access
(seconds)

|  | 2016 | 2017 |
| :---: | :---: | :---: |
| January |  | 340 |
| February |  | 177 |
| March |  | 84 |
| April |  | 34 |
| May |  | 21 |
| June | 102 |  |
| July | 193 |  |
| August | 301 |  |
| September | 275 |  |
| October | 101 |  |
| November | 50 |  |
| December | 224 |  |

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Frontier's most recent retail service quality results are available on the Commission website. ${ }^{5}$ Except for customer complaint data, Staff has used company reported results through the May data month in this report. It is possible that the results could be better or worse at the time the Commission acts on Staff's recommendation.

The following graph shows how Frontier's statewide service related complaints ${ }^{6}$ filed with the Commission's Consumer Services Section have increased during its current Price Plan even as line counts decrease.


## Conclusion

Staff concludes that Frontier has persistently failed to meet three service quality standards, for repair clearing times, trouble reports and access to utility representatives and that informal efforts and outreach to the Company have not rectified the issue.
ORS 759.450(5) states that the Commission shall require a telecommunications utility that is not meeting the minimum service quality standards to submit a plan for improving performance. Staff concludes that it is necessary for Frontier to be required to submit such a plan for Commission consideration.

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## PROPOSED COMMISSION MOTION:

Require Frontier Corporation dba Frontier (Frontier) to submit a service quality performance plan to meet the Commission's minimum service quality standards for repair clearing times, trouble reports, and access to utility company representatives within 45 days.

Kim Douglas
Manager, Compliance
503-373-7394
Frontier Communications
805 Central Expressway South, Suite 200
Allen, Texas 75013

## Dear Ms. Douglas:

The Oregon Public Utility Commission (Commission) is required by ORS 759.450 to both establish minimum retail service quality standards (MSQ Standards) and to require telecommunication utilities that do not meet these standards to submit a plan for improving performance to meet the established standards (Performance Plan). Because certain MSQ Standards are not being met, as discussed below, Staff provides this notification that it intends to request that the Commission order Frontier Communications Northwest Inc. (Frontier or Company) to submit a Performance Plan related to Access to Large Telecommunications Utility Representative, Commitments Met, and Repair Clearing Time if changes in performance are not forthcoming.

Access to Large Telecommunications Utility Representatives. OAR 860-023-0055(8) requires measurements of answering time of customer calls to business office and repair service center representatives. The Rule sets the following objective service levels: (1) no more than 1 percent of calls to the large telecommunications utility business office or repair service center may encounter a busy signal, and (2) the large telecommunications utility representatives must answer at least 80 percent of calls within 20 seconds or have an average speed of answer time of 50 seconds or less. Frontier elects to report using the 50 second average answering time. Refer to Tables 1 and 2 for the most current reported results.

Table 1


Table 2


Table 3


Commission Staff has been working with Frontier over the last year to bring carrier inquiry response times into compliance. The Company engaged in this effort and implemented measures to bring the
response times down closer to standard. The largest increase in response times occurred during the time that AT\&T Connecticut, an acquired telecommunications property, was brought online. At that time, the Company provided information about how it was working to bring its performance back into standard in its monthly service quality reports. Those mitigation efforts appeared to be working but took several months to bring the response times back into or near minimum standards. The Repair Service Access Time metric edged closer to standard in January 2016 while the Business Office Access Time metric appears to be increasing again.

Commitments Met. OAR 860-023-0055(4) requires large telecommunications utilities to calculate the monthly percentage of commitments met for service, based on the initial commitment date, across the utility's Oregon service territory, with an exception for commitments missed for reasons solely attributable to customers, another telecommunications utility, and competitive telecommunications providers. The Rule establishes that the objective service level for commitments met is at least 90 percent of the large telecommunications utility's commitments for service. Refer to Table 3 for the most current reported results.

Repair Clearing Time. OAR 860-023-0055(6) requires large telecommunications utilities to calculate the percentage of trouble reports cleared within 48 hours of receiving a report for each repair center, or alternatively, the large telecommunications utility may use certain weekend exceptions to calculate the percentage for trouble reports cleared for those reports that are received between 12 pm on Friday until 5 pm on Sunday. The Rule establishes that the objective service level for repair clearing time is at least 90 percent of all trouble reports must be cleared within 48 hours of receiving a report for each repair center, or alternatively, for reports received between 12 pm on Friday and 5 pm on Sunday, the large telecommunications utility may use certain weekend exceptions to calculate the percentage for trouble reports cleared. Specifically, 90 percent of all trouble reports received between 12 pm Friday and 5 pm Saturday must be cleared by the following Monday for each repair center, and 90 percent of all trouble reports received between 5 pm Saturday and 5 pm Sunday must be cleared by 5 pm the following Tuesday for each repair center. Refer to Table 4 for the most current reported results.

Table 4
Frontier Repair Clearing Time

| Repair Center | Feb-15 | Mar-15 | Apr-15 | May-15 | Jun-15 | Jul-15 | Aug-15 | Sep-15 | Oct-15 | Nov-15 | Dec-15 | Jan-16 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Beaverton | 84.7\% | 92.7\% | 92.0\% | 91.0\% | 91.9\% | 90.0\% | 84.1\% | 84.1\% | 92.7\% | 73.6\% | 65.9\% | 67.9\% |
| Coastal | 93.9\% | 94.1\% | 92.3\% | 91.2\% | 94.7\% | 97.2\% | 96.9\% | 95.6\% | 96.7\% | 95.5\% | 84.0\% | 86.2\% |
| Gresham | 90.4\% | 90.6\% | 91.6\% | 93.4\% | 91.6\% | 90.4\% | 90.1\% | 88.4\% | 86.5\% | 74.7\% | 63.2\% | 68.0\% |
| LaGrande | 91.9\% | 90.7\% | 96.6\% | 96.3\% | 95.0\% | 94.6\% | 93.2\% | 96.6\% | 98.6\% | 94.6\% | 95.9\% | 93.5\% |
| McMinnville | 88,0\% | 78.9\% | 90.2\% | 90.5\% | 88.3\% | 91.0\% | 91.2\% | 79.3\% | 88.2\% | 75.9\% | 70.5\% | 64.5\% |
| Tigard | 81.5\% | 88.4\% | 85.2\% | 93.8\% | 84.5\% | 91.7\% | 78.7\% | 78.1\% | 72.8\% | 62.4\% | 56.1\% | 78.4\% |
| Statewide | 85.4\% | 90.0\% | 90.8\% | 92.2\% | 90.9\% | 92.1\% | 88.9\% | 86.1\% | 88.4\% | 76.0\% | 70.3\% | 73.8\% |
| OAR Standard: Through January 2014 -95\% -- Beginning February 2014 - $00 \%$DID NOT MEET STANDARD |  |  |  |  |  |  |  |  |  |  |  |  |

Staff requests that the Company meet with Staff on April 27 in the afternoon to explain why Staff should not request that the Commission place the Company on a Performance Plan pursuant to ORS 759.450(5), including a discussion of detailed plans for meeting the MSQs identified above in a timely manner. Additionally, in order to assist Staff in understanding the measures the Company
proposes and has proposed to remedy, Staff requests that the Company be prepared to provide a detailed explanation of how the calculations are made for answering time, and identify the source(s) of the information used explaining what is captured in the data. Staff also requests a full, detailed explanation of how the Company provides customer's access to its representatives. If the way the Company provides access to Company representatives will change when the California, Florida and Texas customers are incorporated, please be prepared to provide that information as well.

Staff appreciates in advance the Company's willingness to meet and discuss mitigating out-of-standard service quality metrics.

Sincerely,


Bryan Conway
Administrator
Telecommunications and Water Division
Oregon Public Utility Commission
PO Box 1088
Salem, Oregon 97308-1088
cc: Jack Phillips, Director Regulatory \& External Affairs
Steve Crosby, Senior Vice President, Regulatory \& External Affairs
Trent Anderson, Senior Vice President, General Manager
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 | Large Wire Center Count |
| :--- |
| Small Wire Center Count ${ }^{3}$ |



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Attachment No 2.
Frontier Trouble Report Rate Table - Expanded to 24 Months

> calculation method to aid comparability.
NOTE 5: Cells with green fill and red numbers indicate the months for those wire centers where the measurements exceeded the threshold applicable for that wire center at the time of the measurement. It does not indicate that the wire center failed to meet standard.
NOTE 6: Cells with emboldened borders indicate where a wire center transitioned from a large wire center to a small wire center due to line losses.
NOTE 7: Only cells with values that would have been considered as failing to meet standard at any time during the 24 month period have yellow fill.
NOTE 8: The far right column is a simple conditional formating using a color range to highlight the median rate over the 24 months. Occasionally the conditional formating shows that a wire center that may not have had any months when a threshold was exceeded $m$ mi
the cases of Amity, Dayton, Detroit, and Yamhill.
 The expanded view reveals chronic service quality problems that prompted staff to warn Frontier in April 2016. Additional explanatory notes follow the table.

The wire centers served by the six repair centers are shown in the table to the left. Failures occur from time to time and it tends to be
seasonal. One problem with the failure to meet the repair clearing standard shown in this table is that some measurements since September 2015 are worse than other missed standards in the previous eleven years. This is depicted in the Graph on page 5 of Staff's report.
The table includes a statewide average row. This is somewhat helpful but it is not recognized as a standard. Staff's experience is that whenever service quality measurements are aggregated the results do not accurately reflect what is going on at the granularlevel. Consequently staff does not advocate rolling up the measurements into an aggregate. The State-wide average row in the table illustrates how aggregated results can mask actual experience.

| TIGARD |
| :--- |
| Bull Mountain |
| Newberg |
| Scholls |
| Sherwood |
| Stafford |
| Tigard |
| Tualatin |
| Wilsonville |

 BEAVERTON BEAVERTO
Beaverton Corest Grove Gaston Somerset West

 | LAGRANDE |
| :--- |
| Cove |
| Elgin |
| Enterprise |
| Imbler |
| Imnaha |
| Joseph |
| LaGrande |
| Lostine |
| Union |
| Wallowa |


[^0]:    ${ }^{1}$ Commission Order No. 01-689, Docket UM 1026.
    ${ }^{2}$ Commission Order No. 17-175, Docket UM 1836.
    ${ }^{3}$ Link to Frontier's latest service quality report information.
    ${ }^{4}$ Commission Order No. 14-016, Docket No. AR 575, signed January 21, 2014.

[^1]:    ${ }^{5} \mathrm{http}: / / w w w$. puc.state.or. us/telecom/squality/large/Frontier.pdf
    ${ }^{6}$ Billing complaints are an example of complaints not included.

