

**BEFORE THE
PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to
Evaluate Telecommunications
Corporations Service Quality
Performance and Consider Modification
to Service Quality Rules.

Rulemaking 11-12-001

**OPENING COMMENTS OF THE
COMMUNICATIONS WORKERS OF AMERICA, DISTRICT 9, ON THE
COMMUNICATIONS DIVISION'S STAFF REPORT**

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Pursuant to the Assigned Commissioner's Amended Scoping Memo and Ruling issued September 24, 2014, the Communications Workers of America, District 9 ("CWA"), respectfully submits the Opening Comments on the Communications Division's Staff Report ("Staff Report").

I. INTRODUCTION

The Communications Division's ("CD") Staff Report, issued on September 24, 2014, discusses the results of California wireline telecommunications carriers' service quality performance for 2010 through 2013, based on standards established in G.O. 133.¹ This Staff Report shows the continued failure of carriers, particularly California's two largest carriers—Verizon and AT&T, to meet the minimum standards of service quality measures. The Communications Division believes, and CWA fully agrees, that this ongoing failure warrants considering revising the

¹ Staff Report, p. 1.

current service quality measures and adopting penalty/incentive methodologies to motivate the carriers to improve performance.² CWA commends the Commission for finally undertaking a comprehensive and critical look at the continued deterioration of the carriers' service quality, and the carriers' practices that exacerbate the deterioration of service quality.

As CWA stated in its Reply Comments submitted March 12, 2012 in this proceeding,

[g]etting the service quality standards right for all telephone service providers is important. The Commission's attempt in GO 133-C was a reasonable first try. But it is now clear that the first try is inadequate. The Commission should now take the time to fully develop measures that will actually result in better service quality for all telephone service providers.³

II. THE COMMISSION SHOULD PURSUE THE STAFF REPORT'S RECOMMENDATIONS TO ADOPT PENALTY/INCENTIVE METHODOLOGIES TO MOTIVATE CARRIERS TO IMPROVE PERFORMANCE

The Staff Report makes several recommendations regarding options for developing new service quality standards and penalty/incentive methodologies. G.O. 133-C service quality measures and reporting requirements have failed to incent the carriers to meet even minimum service quality standards. CWA fully supports developing penalty/incentive mechanisms for wireline carriers. The Commission should develop these incentives expeditiously.

The Commission has considerable experience establishing service reliability standards for the electric utilities. Since the 1990s, the Commission has had

² Staff Report, p. 3.

³ R.11-12-001; Reply Comments of Communications Workers of America, District 9, March 1, 2012, p. 3.

G.O. 166, which establishes reliability standards for electric utilities, and several electric utilities have had performance incentives tied to their electric reliability. These performance incentives work. During the years when both San Diego Gas & Electric Company and Southern California Edison (“SCE”) were subject to performance incentives but Pacific Gas & Electric (“PG&E”) Company was not, reliability performance improved for the two utilities subject to incentives, but declined for PG&E, the one utility not subject to incentives.⁴ The Commission should draw on this experience to develop service quality standards for the telephone utilities that are based on service quality metrics.

The Staff Report shows that AT&T and Verizon have repeatedly failed to meet Out of Service (“OOS”) repair intervals and Answer Time standards.⁵ Each carrier’s corrective action report filed pursuant to G.O. 133-C filed between 2010-2013 addressing their inability to meet service quality standards has included the corrective action to increase overtime.⁶ Relying on increased overtime for employees has failed to adequately correct their service quality issues.

As CWA has commented previously in this proceeding, there is a direct connection between staffing and service quality issues. Currently, the carriers do not employ enough qualified technicians to perform all the work required to meet minimum service quality standards.⁷ The carriers have been steadily downsizing for five years. Indeed, AT&T has reduced its number of occupational employees

⁴ See Reply Brief of the Coalition of California Utility Employees, pp. 7-8 in SDG&E TY 2008 GRC, A.06-12-009.

⁵ Staff Report, p. 17.

⁶ *Id.*

⁷ R.11-12-001; Post Workshop Comments of CWA, District 9, filed February 28, 2012, p. 2.

represented by CWA by 35% since 2006 and Verizon by 49%.

Therefore, the Commission should also develop an incentive/penalty mechanism based on employee headcount and whether enough employees remain to provide adequate quality service. The Commission has the authority and experience in regulating a similar incentive mechanism for electric utilities. The Reliability Investment Incentive Mechanism (RIIM) has been approved in the last three SCE General Rate Cases and is comprised of two components: capital spending on grid reliability-related projects and activities; and hiring of field personnel directly working on reliability-related projects and programs.⁸ While any RIIM-type mechanism would need to be modified to reflect telecommunications-appropriate standards, it would help ensure that the carriers have sufficient staffing to maintain and improve minimum service quality standards. In addition to a service quality metric incentive, the Commission should develop an employee headcount metric incentive.

In searching for additional penalty/incentive mechanisms, the CD Staff asks for comment on several proposals and makes specific recommendations. First, the CD Staff does not recommend comparing AT&T and Verizon's G.O. 133-C results to their Wholesale Performance Measures as an alternative to the G.O. 133-C OOS measures because of longer reportable repair times for performance measures. CWA agrees.

Second, CD Staff recommends looking to other states for examples and comparisons of service quality measures and penalty/incentive methodologies.

⁸ D.12-11-015, p. 699; D.09-03-025, p. 323; D.06-05-016, p. 331.

CWA supports this recommendation and looks forward to responding to the CD's and other parties' findings in this area.

Third, CD Staff recommend that the Commission consider adopting a penalty methodology that takes into consideration the size of the carrier. CWA also agrees, as AT&T and Verizon operate approximately 88% of all working telephone lines.⁹ Monetary penalties that would actually penalize AT&T and Verizon are probably not appropriate for smaller carriers.

III. THE COMMISSION SHOULD SET A STANDARD FOR DETERMINING THE DURATION OF CATASTROPHIC EVENTS AND WIDESPREAD SERVICE OUTAGES AND METHODS FOR REPORTING THESE OUTAGES

Currently, G.O. 133-C is ambiguous in defining when a state of emergency and/or catastrophic event begins and ends. Staff initially recommends that the Commission eliminate exemptions from calculating OOS duration results.¹⁰ These exemptions include catastrophic events and widespread service outages, Sundays, and federal holidays. CWA agrees with this recommendation.

In the alternative, if the Commission continues to allow exemptions for calculating OOS duration results, the Staff Report recommends setting a standard for determining the duration of catastrophic events and widespread service outages to provide clarity as to when a state of emergency and/or catastrophic event begins and ends.¹¹ Additionally, the Commission should require each carrier to separately

⁹ *Id.*

¹⁰ Staff Report, p. 25.

¹¹ *Id.*

identify each outage that occurred during a catastrophic event with sufficient detail to support the calculation of G.O. 133-C outage duration results.¹²

In developing definitions, identification of outages, and reporting outages, the Commission can look at the electric reliability measures SAIDI (“System Average Interruption Duration Index”) and SAIFI (“System Average Interruption Frequency Index”) as models for both determining the duration and frequency of widespread outages and catastrophic events. The electric utilities have been using these models to report outage duration and frequency to the Commission for years. Again, the Commission can draw on its expertise from regulating electric utilities that report the same type of information on a regular basis.

IV. THE COMMISSION SHOULD ADOPT SERVICE QUALITY RULES FOR INTERCONNECTED VOIP AND WIRELESS CARRIERS

The Staff Report recommends that the Commission should consider adopting service quality rules to interconnected VoIP and wireless carriers so that all voice communications customers have safe and reliable service.¹³ CWA is pleased to see the Commission’s CD considering and recommending expanding service quality rules to VoIP and wireless carriers. The large carriers are rapidly moving to VoIP and wireless services. Indeed, AT&T has announced plans to complete the transition to an all-IP network by 2020 and is currently conducting FCC-supervised IP transition trials in Carbon Hill, Alabama and West Del Ray Beach, Florida. The Commission should strive to protect all California voice customers and provide technology-neutral service quality standards in light of this rapid transition.

¹² *Id.*

¹³ Staff Report, p. 21.

Furthermore, CWA, in support of TURN's Emergency Motion Urging the Commission to Take Immediate Action to Protect Verizon Customers and Prevent Further Deterioration of Verizon's Landline Network, provided evidence that Verizon is forcibly migrating wireline customers off of the regulated copper network and onto fiber.¹⁴ It is premature to forcibly migrate customers off of copper-based landlines and onto fiber, when the effects of the migration are unknown and the necessary consumer protections are not in place. Moreover, Verizon is engaging in deceptive practices, which may harm its customers and violates its statutory duties to provide adequate service.

The Commission should develop service quality rules for all voice customers, in accordance with Public Utilities Code Section 710 and other Commission decisions. It is necessary to protect service quality and public safety in light of the lack of clear service quality oversight by any authority and especially considering the deceptive practices some carriers are using to bypass Commission authority.

V. CONCLUSION

CWA appreciates the opportunity to comment on the Communications Division's Staff Report and respectfully requests that the Commission consider the proposals contained in these Opening Comments.

¹⁴ R.11-12-001, Amended Response of CWA, District 9, on the Emergency Motion of TURN Urging the Commission to Take Immediate Action to Protect Verizon Customers and Prevent Further Deterioration of Verizon's Landline Network, April 16, 2014.

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Respectfully submitted,

/s/

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