PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**Communications Division RESOLUTION T-17721**

**Carrier Oversight and Program Branch December 17, 2020**

**R E S O L U T I O N**

**RESOLUTION T-17721 Approving AT&T California (U-1001-C) Advice Letter 48205A, setting forth General Order 133-D fines for failing to meet service quality performance standards in Year 2019.**

**SUMMARY**

This Resolution approves AT&T California’s (U-1001-C) Tier II Advice Letter 48205A, which details the carrier’s proposed General Order 133-D, Section 9.6 fine of $3,222,000 for its substandard service quality performance in the Year 2019. AT&T’s proposed fine was calculated using the prescribed method in General Order 133-D for each month AT&T CA failed to meet the Commission-adopted minimum standard reporting level for the *Out of Service Repair Interval* and *Answer Time* standards. AT&T CA shall pay the $3,222,000 fine to the Commission within 30 days of the Commission approving this resolution.

**BACKGROUND**

Since 1972, the Commission has ordered public utility telephone corporations to provide service that meets minimum service quality standards set forth in the General Order 133 series.[[1]](#footnote-1) General Order 133-C established a minimum set of service quality standards and measures for installation, maintenance, and operator services for local exchange telephone service in California.

On August 29, 2016, in D.16-08-021, the Commission adopted current GO 133-D.[[2]](#footnote-2) While GO 133-D maintained the five service quality measurements adopted in GO 133-C, it expanded a number of GO 133-C’s provisions, including establishing monetary penalties for violating any of its five service quality measures.[[3]](#footnote-3)

The five service measures are as follows:

**Service Measure Type of Service**

Installation Interval Installation

Installation Commitments Installation

Customer Trouble Reports Maintenance

Out of Service Repair Interval Maintenance

Answer Time Operator Services

General Order 133-D requires telephone corporations to report, on a quarterly basis, their monthly performance results for each of the five service quality metrics[[4]](#footnote-4) using a standardized form developed by Commission staff (known as a “Service Quality Standards Report Card”).[[5]](#footnote-5) These quarterly reports are published on the Commission’s website.[[6]](#footnote-6)

**GENERAL ORDER 133-D PENALTIES**

Carrier performance determines a GO 133-D fine amount. General Order 133-D, Section 9, sets forth the service quality fines, which apply only to carriers of traditional voice telephone service.[[7]](#footnote-7) Section 9.6, Advice Letter Tabulating Fine, requires a telephone corporation who fails to meet the mininmum standards to calculate and report the applicable fine imposed by GO 133-D, stating:

The performance of any telephone corporation that does not meet the minimum standards shall submit annually, by February 15 of the following year, a Tier II Advice Letter that shows by month each Service Quality measurement that it did not meet the minimum standards and the applicable fine.

The advice letter shall contain detailed calculations using MS Excel spreadsheets (or a format specified by the Communications Division) with explanations of how each fine was calculated and assumptions used in the calculation. CD will prepare a resolution for the Commission annually, and if the resolution is adopted, then fines shall be payable to the California Public Utilities Commission for deposit to the California General Fund.[[8]](#footnote-8)

Section 9.7 allows carriers to make alternative proposals for corrective action in lieu of paying a Section 9.6 fine, but in that instance the carrier must invest no less than twice the fine amount in projects to measurably improve service quality in a measurable way within two years.[[9]](#footnote-9)

Each of the five service quality metrics have an assigned “Minimum Standard Reporting Level ” that must be met in order to be in compliance with GO 133-D. When a carrier’s performance falls below any of the minimum standards, the carrier is deemed to be out of compliance and must report this information to the Commission.[[10]](#footnote-10)

**AT&T ADVICE LETTERS**

AT&T CA submitted Advice Letter (AL) 48205 on February 18, 2020. In AL 48205, AT&T CA summarized its total year 2019 service quality performance results and included fine calculations for the minimum standards that the company failed to meet, as GO 133-D, Section 9.6 requires.

AT&T CA calculated a total fine amount of $3,222,000. In lieu of paying this fine, AT&T CA’s advice letter proposed to invest no less than twice the amount of their fines in projects to improve service quality in a measurable way, pursuant to Section 9.7. Specfically, AT&T CA proposed to invest $6,444,000 in projects to improve communications infrastructure used to provide traditional telephone service. Rather than discuss specific projects, however, AT&T CA stated that the proposed investments would primarily focus on rehabilitating existing copper facilities.[[11]](#footnote-11)

Staff voiced concerns to AT&T CA about its proposed investment plan because it was unclear whether the plan would result in improved performance and consistent compliance with the service quality metrics in the long term. These concerns were based on AT&T CA’s continued failure to meet the minimum *Out of Service Repair Interval* standard in every month over the past two years, despite proposing to spend over $11,800,000 as part of its two previous GO 133-D investment plans, which were approved in November 2018[[12]](#footnote-12) and May 2019.[[13]](#footnote-13) After Staff discussed these concerns with AT&T CA, the company filed AL Supplement 48205A on November 12, 2020, which stated that AT&T CA was no longer proposing an alternative proposal for mandatory corrective action pursuant to GO 133-D, Section 9.7. AT&T CA would pay the $3,222,000 fine for 2019 that it previously calculated in AL 48205.

**NOTICES/ PROTESTS**

On March 9, 2020, The Utility Reform Network (TURN) and the Commission’s Public Advocates Office (PAO) filed protests against AT&T CA’s AL 48205. TURN’s protest stated that GO 133-D is not sufficient to ensure that carriers meet the current service quality standards and provide customers with safe and reliable service.[[14]](#footnote-14) PAO’s protest similarly described the GO 133-D standards and penalties as insufficient in providing a minimum level of service.[[15]](#footnote-15) PAO also stated that AT&T CA’s proposed projects would likely fail to improve service quality and not be funded in excess of the company’s existing business as usual construction budget.[[16]](#footnote-16) Staff shares similar concerns, as described above and further below.

**DISCUSSION**

Throughout 2019, AT&T CA submitted quarterly service quality reports for the *Customer Trouble Reports*, *Out* *of Service Repair Intervals*, and *Answer Time* standards in accordance with GO 133-D, Section 3.[[17]](#footnote-17) A carrier’s monthly service quality data compared to the minimum performance standards determines whether a carrier is subject to fines.[[18]](#footnote-18)

These results and a unique scaling factor determines how a carrier’s fines are calculated, as described below.

1. **2019 Scaling Factor**

GO 133-D assigns fine amounts using base values specified in Sections 9.3, 9.4, and 9.5, adjusted through a formula expressing the relative size of the carrier within the California market.[[19]](#footnote-19) The scaling factor formula is expressed below, with results shown in the table:

(Carrier’s Access Lines / Total CA Access Lines) = **Carrier’s Scaling Factor**

(Carrier’s Scaling Factor) x (Monthly Base Fine per Measure) x (Number of Months in Chronic Failure) = **Fine**

|  |  |  |
| --- | --- | --- |
| **2019 Working Lines and Scaling Factor for Carriers Paying Fines, Under GO 133-D** | | |
| **Carrier** | **2019 Lines** | **Scaling Factor** |
| AT&T CA | 1,800,386 | 35.8% |

**B. GO 133-D Standards**

This Resolution addresses five GO 133-D standards as discussed in the following sections A through D. [Appendix A](#_APPENDIX_A) also lists these standards and shows each wireline carrier’s performance in meeting these standards for the years 2016 through 2019.

1. ***Out of Service Repair Interval***

The *Out of Service Repair Interval,* defined in § 3.4, measures the average interval between the time a carrier responds to out of service trouble reports and the restoration of the customer’s service. A carrier measures its average interval by dividing the number of out of service repair tickets restored within 24 hours by the number of reports received. The Minimum Standard Reporting Level for the *Out of Service Repair Interval* is 90% of outages restored within 24 hours or less.

The fine structure for this standard is calculated using the following criteria:

|  |  |  |
| --- | --- | --- |
| **Base *Out of Service Repair Interval* Fine,**  **GO 133-D, Section 9.3** | | |
|  | **1 or 2 Consecutive Months of Standard Not Met** | **3 or more Consecutive Months of Standard Not Met** |
| **Fine**  (per day) | $0 per day | $25,000 per day |
| **Days in a Month**  (for all months) | 30 days | 30 days |
| **Fine**  (per month) | $0 | $750,000 per month |

AT&T CA failed to meet the *Out of Service Repair Interval* standard for all twelve months of 2019[[20]](#footnote-20):

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **2019 Reporting for *Out of Service Repair Interval***  **GO 133-D, Section 3.4 – 90% minimum** | | | | | | | | | | | |
|  | **Jan** | **Feb** | **Mar** | **Apr** | **May** | **Jun** | **July** | **Aug** | **Sept** | **Oct** | **Nov** | **Dec** |
| **AT&T CA** | 36.8% | 36.9% | 48.2% | 61.3% | 53.8% | 42.5% | 43.7% | 36.5% | 47.8% | 52.5% | 57.7% | 26.6% |

AT&T CA did not meet the standard from January through December 2019. Prior to this, the carrier also failed to meet the *Out of Service Repair Interval* standard in every month since 2009, when the Commission adopted GO 133-C.[[21]](#footnote-21) As a result, AT&T CA has been in “chronic failure status” and incurring fines for each month of its substandard service quality performance in the year 2019.[[22]](#footnote-22)

AT&T CA calculated its fine based on being in “chronic failure status” while not meeting the *Out of Service Repair Interval* standard for all the twelve months from January through December 2019.

Staff therefore agrees with AT&T CA’s fine calculations in AL 48205, as show below.

**Fine** = (Carrier’s Scaling Factor 35.8%) X (Monthly Base Fine per Measure $750,000) X (Number of Months in Chronic Failure 12) = **$3,222,000**

1. ***Customer Trouble Reports***

The *Customer Trouble Reports* standard, defined in Section 3.3, measures the number of reports a carrier receives from its customers regarding their dissatisfaction with telephone company services. The Minimum Standard Reporting Level for the *Customer Trouble Reports* measurement varies based on the number of working lines per reporting unit.

AT&T CA met the *Customer Trouble Reports* standard from January through December of the year 2019.

1. ***Answer Time for Trouble Reports and Billing and Non-Billing Inquiries***

The *Answer Time* standard, defined in Section 3.5, measures the amount of time it takes for an operator to answer the phone when customers call a business office for billing and non-billing inquiries or a repair office for trouble reports.[[23]](#footnote-23) The value is calculated as an average answer time of a sample of the answering interval of calls to business and repair offices that is representative of the reported period.

The Minimum Standard Reporting Level for *Answer Time* is 80% of calls answered by an operator within 60 seconds when speaking to a *live* agent, or 80% of calls answered within 60 seconds when speaking to a live agent after completing an interactive voice response or automatic response unit system.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Base Answer Time Fine,**  **GO 133-D, Section 9.5** | | | | | |
|  | **1 or 2 Consecutive Months** | **3 to 5 Consecutive Months** | **6 to 8 Consecutive Months** | **9 to 11 Consecutive Months** | **12 or More Consecutive Months** |
| **Fine (per day)** | $0 per day | $500 | $1,000 | $1,500 | $2,000 |
| **Days in a Month** | 30 days | 30 days | 30 days | 30 days | 30 days |
| **Fine**  (per month) | $0 | $15,000 | $30,000 | $45,000 | $60,000 |

AT&T CA met the *Answer Time* minimum standard for nine out of twelve months in the year 2019.

The *Answer Time* results for AT&T CA are as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **2019 Reporting for *Answer Time,***  **GO 133-D Section 3.4 – 80% minimum** | | | | | | | | | | | | |
|  | **Jan** | **Feb** | **Mar** | **Apr** | **May** | **Jun** | **July** | **Aug** | **Sept** | **Oct** | **Nov** | **Dec** |
| **AT&T CA** | 84% | 85% | 86% | 91% | 93% | 88% | 88% | 63% | 79% | 84% | 89% | 69% |

AT&T CA did not miss the standard for more than two consecutive months in the year 2019 and thus did not incur any fines for the *Answer Time* standard.

1. ***Installation Interval and Commitments***

The standards for *Installation Interval* and *Installation Committments,* asdefined in Section 3.1, apply only to the GRC ILECs. As a result, AT&T CA is not subject to these standards and thus did not submit data for them.

1. **Total Fine Amount per Carrier**

Based on the scaling factors and the number of months AT&T CA failed to meet the minimum service quality performance standards, AT&T CA is subject to the following fine for the year 2019:

|  |  |
| --- | --- |
| **Service Quality Standard** | **AT&T CA**  **(U-1001-C)** |
| Out of Service Repair Interval | $3,222,000 |
| Answer Time | $0 |
| **Total** | **$3,222,000** |

AT&T CA shall make payment for the assessed fine of $3,222,000 to the Commission, as specified in ALs 48205 and 48205A, within 30 days of the Commission’s approval of this Resolution. The Commission will deposit the payment into the California General Fund.

Fines must be paid by a check or money order payable to the California Public Utilities Commission, and mailed or delivered to:

California Public Utilities Commission

Fiscal Office

505 Van Ness Avenue, Room 3000

San Francisco, CA 94102

Carriers should write on the face of the check or money order: “For deposit to the State of California General Fund, per Resolution T-17721.”

**STAFF’S FURTHER CONCERNS**

AT&T CA’s advice letters here underscores staff’s and protesting parties’ need for the Commission to concerns about the efficacy of the current standards and penalty meachnisms in GO 133-D. Accordingly, staff recommends that the Commission consider initiating an Order Instituting Rulemaking (OIR) to review GO 133-D, particularly with regards to the *Out of Service Repair Interval* standard, as well as the fine and alternative re-investment mechanisms. A potential OIR should assess why large carriers such as AT&T CA have consistently failed to meet these standards, as well as to consider adopting new or modify existing standards and increased or other penalty mechanisms to better incentivize carriers who fail to meet the Commission’s standards.

**SAFETY CONSIDERATIONS**

Failure to meet GO 133-D service quality standards limits customers’ ability to contact  
9-1-1 and other emergency services, and also restricts public safety personnel from communicating with each other during emergencies or disasters.

**CONCLUSIONS**

Staff recommends Commission approval of these advice letters for the year 2019. Staff also recommends levying GO 133-D fines in accordance with the calculations discussed in this Resolution. The total amount of fines for the year 2019 payable from AT&T CA is **$3,222,000**. Additionally, Staff recommends that the Commission consider initiating an OIR to evaluate the GO 133-D standards and its penalty mechanism.

# COMMENTS

In compliance with Public Utility Code § 311(g), the Commission emailed a notice letter on November 16, 2020 informing all parties on the general service list of the availability of this Resolution for public comments at the Commission’s website [www.cpuc.ca.gov](http://www.cpuc.ca.gov).   
The notice letter also informed parties that the final conformed resolution adopted by the Commission will be posted on the same website.

# FINDINGS

1. General Order 133-D, Section 9.6 directs any telephone corporation whose service quality performance does not meet the minimum standards, to submit annually by February 15 of the following year, a Tier II Advice Letter that shows by month, each service quality measurement that it did not meet the minimum standards and the applicable fine.
2. AT&T CA has failed to meet the *Out of Service Repair Interval* standard in every month since the adoption of General Order 133-C in 2009.
3. On February 18, 2020, AT&T California (U-1001-C) filed Advice Letter 48205, which calculated fines applicable to AT&T CA for missing the *Out of Service Interval* standard for the year 2019 pursuant to GO 133-D, Section 9.6.
4. AT&T California Advice Letter 48205 also included a proposal for AT&T CA to invest no less than twice the fine amounts in service quality improvement projects, pursuant to GO 133-D, Section 9.7.
5. AT&T California’s total calculated fine is as follows:

|  |  |
| --- | --- |
|  | **AT&T California**  **(U-1001-C)** |
| **Total Service Quality Fines** | **$3,222,000** |

1. Staff reviewed the carriers’ advice letters and agrees to the proposed fines which are calculated based on the methodology defined in General Order 133-D, Section 9.
2. Despite proposing to spend over $11,800,200 in two previously approved GO 133-D reinvestment plans, AT&T CA has failed to meet the minimum *Out of Service Repair Interval* standard every month over the past two years.
3. On November 12, 2020, AT&T California filed Advice letter Supplement 48205A, in which it no longer proposed an investment plan pursuant to GO 133-D, Section 9.7 and instead would pay the $3,222,000 fine reported in AL 48205 concerning its failure to meet the minimum *Out of Service Interval* standard for every month in 2019.
4. AT&T California shall remit the $3,222,000 fine to the Commission within 30 days of the Commission’s approval of this Resolution. The Commission will deposit the fine payment into the California General Fund.
5. Based on concerns about AT&T California’s past service quality performance and the overall effectiveness of GO 133-D, Staff recommends the Commission consider initiating an Order Instituting Rulemaking (OIR) to review GO 133-D, particularly with regards to the *Out of Service Repair Interval* standard, as well as the fine and alternative re-investment mechanisms.
6. On November 16, 2020,the Commission emailed a draft of this Resolution to all parties in the general service list for public comments.

# THERFORE, IT IS ORDERED that:

1. The California Public Utilities Commission approves AT&T California (U-1001-C) Advice Letters 48205, as supplemented by Advice Letter 48205A, in which AT&T CA calculated the General Order 133-D fine applicable to AT&T California for the Year 2019 in the total amount of $3,222,000.
2. AT&T California shall pay the fine set forth in this Resolution.
3. AT&T California shall pay the fine of $3,222,000 to the California Public Utilities Commission in accordance with this Resolution and as specified in their advice letters within 30 days of Commission approval of this Resolution. The Commission shall deposit the fine payment into the California General Fund.
4. Fines shall be paid within 30 days from the effective date of this Resolution by a check or money order, payable to the California Public Utilities Commission, and mailed or delivered to:

California Public Utilities Commission

Fiscal Office

505 Van Ness Avenue, Room 3000

San Francisco, CA 94102

The telephone corporation should write on the face of the check or money order:

“**For deposit to the State of California General Fund, per Resolution T-17721**.”

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the California Public Utilities Commission at its regular meeting on\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. The following Commissioners approved it:

\_\_\_ \_\_\_

Rachel Petersen

Acting Executive Director

# APPENDIX A – Carrier Service Quality Performance 2016-2019

A-1

1. *See* Pub. Util. Code § 2896 (“The [C]omission shall require telephone corporations to provide customer service to telecommunication customers that includes, but is not limited to,…(c) Reasonable statewide service quality standards, including but not limited to, standards regarding network technical quality, customer service, installation, repair, and billing. …”); *see* also GO 133-D, § 1.1(a). [↑](#footnote-ref-1)
2. D.16-10-019 corrects minor errors in the original version of GO 133-D. [↑](#footnote-ref-2)
3. GO 133-D, § 2.1. [↑](#footnote-ref-3)
4. *See* §§ 3.1(e), 3.2(e),3.3(e), 3.4(e), and 3.5(e) in both GO 133-C and GO 133-D. [↑](#footnote-ref-4)
5. *See* GO 133-C, Rule 8 (“8. FORM The attached form is a template for reporting GO 133-C Service Quality Standards. The staff may change this form as necessary.”; *see* also GO 133-D, Rule 10 (“10. FORM The attached form is a template for reporting GO 133-D Service Quality Standards. The staff may change this form as necessary. Additional information can be found on the Commission’s website.”) The form can be found at <https://www.cpuc.ca.gov/General.aspx?id=1011>. [↑](#footnote-ref-5)
6. *See* <https://www.cpuc.ca.gov/General.aspx?id=1107>. The Commission’s Communications Division posts on its webpage all reporting carriers’ Quarterly Service Quality Reports (*i.e*.*,* service quality report cards) from 2010 to present. [↑](#footnote-ref-6)
7. GO 133-D defines time division multiplexing (TDM)-based voice service as “traditional telephone service.” [↑](#footnote-ref-7)
8. GO 133-D, § 9.6. Section 9.6 became effective January 1, 2017. [↑](#footnote-ref-8)
9. GO 133-D, § 9.7 states: “In support of a request to suspend the fine, carriers may propose, in their annual fine filing, to invest no less than twice the amount of their annual fine in a project (s) which improves service quality in a measurable waywithin 2 years. The proposal must demonstrate that 1) twice the amount of the fine is being spent, 2) the project (s) is an incremental expenditure with supporting financials (e.g. expenditure is in excess of the existing construction budget and/or staffing base), 3) the project (s) is designed to address a service quality deficiency and, 4) upon the project (s) completion, the carrier shall demonstrate the results for the purpose proposed. Carriers are encouraged to review their service quality results to find appropriate target projects to invest funds.” [↑](#footnote-ref-9)
10. See *Appendix A* for a list of all carriers annualized reported service quality data, 2016-2019. [↑](#footnote-ref-10)
11. AT&T CA Advice Letter 48205, p.2. [↑](#footnote-ref-11)
12. AT&T CA Resolution T-17625 was approved on November 8, 2018. [↑](#footnote-ref-12)
13. AT&T CA Resolution T-17655 was approved on May 30, 2019. [↑](#footnote-ref-13)
14. Protest of The Utility Reform Network of AT&T CA Advice Letter 48205, page 1. Filed March 9, 2020. [↑](#footnote-ref-14)
15. Protest of the Public Advocates Office of AT&T CA Advice Letter 48205, page 1. Filed March 9, 2020. [↑](#footnote-ref-15)
16. Protest of Public Advocates Office of AT&T CA Advice Letter 48205, pp. 1 & 4. [↑](#footnote-ref-16)
17. Only General Rate Case (GRC) Incumbent Local Exchange Carriers (ILECs) are required to report data for the *Installation Interval* and *Installation Commitment* standards, §§ 3.1 and 3.2, respectively. [↑](#footnote-ref-17)
18. General Order 133-D Section 9.1 [↑](#footnote-ref-18)
19. Annually, the Communications Division prepares a list of the total number of working telephone access lines in California from carriers subject to GO 133-D requirements. Based on carrier size relative to the number of access lines it serves at the end of June in the reporting year, a carrier receives its unique Scaling Factor, the percentage of its customers relative to all California telephone customers. The table of carriers, working lines, and the percentage of working lines served by each carrier appears as a PDF document titled *Total Number of Access Lines in California for June 2019 from Carriers Reporting Under G.O. 133-D* found under *Reference Information* at <http://www.cpuc.ca.gov/General.aspx?id=1107>. (site last visited March 1, 2020.) [↑](#footnote-ref-19)
20. For the month(s) that did not meet the minimum standard, the percentage is represented in red. For the month(s) that incurred a fine, the percentage is represented in red with an underline. [↑](#footnote-ref-20)
21. The Commission adopted GO 133-D in D.0907019 on July 9, 2009. [↑](#footnote-ref-21)
22. According to GO 133-D § 9.1, “A carrier will begin incurring a fine for these measures when it reaches a “chronic failure status,” which is failure to meet the minimum standard for three consecutive months. No fines will be assessed for missing the first two months… The fine does not end and restart when the calendar reporting year ends and a new year begins. A carrier exits chronic failure status after it meets the standard for two consecutive months.” [↑](#footnote-ref-22)
23. § 3.5 for the *Answer Time* standard applies to Time Division Multiplexing-based voice services provided by GRC ILECs, facilities-based URF carriers with 5,000 or more customers, and any URF carrier with fewer than 5,000 customers that is a carrier of last resort. [↑](#footnote-ref-23)