

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**Communications Division
Carrier Oversight and Program Branch**

**RESOLUTION T-17768
June 02, 2022**

R E S O L U T I O N

Resolution T-17768 Approval of advice letters setting forth a total of \$177,750 in fines for telephone service providers that failed to meet required service quality performance standards in the Year 2021 pursuant to General Order 133-D.

SUMMARY

This Resolution approves the advice letters of Frontier California (U-1002-C) and Happy Valley Telephone,¹ detailing their proposed combined fine calculation of \$177,750 resulting from substandard service quality performance in the year 2021, pursuant to the California Public Utilities Commission's (Commission's) General Order (GO) 133-D. The carriers calculated their fines by applying the prescribed method for each month they failed to meet specific minimum levels for the *Installation Interval* under Section 3.1, *Installation Commitment* under Section 3.2, and *Out of Service Repair Interval* under Section 3.4. Submission of these fines for the year 2021 complies with the directions specified in Section 9.6 of General Order 133-D and is a consequence of poor performance by these facilities-based wireline carriers in serving their customers.

BACKGROUND OF THE GENERAL ORDER

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

¹ Frontier California (U-1002-C) AL # 12876 and Happy Valley Telephone (U-1010-C) AL # 396.

series.² General Order 133-C³ established a minimum set of service quality standards and reporting requirements for the installation, maintenance, and operator services for local exchange telephone service in California.

In March 2011, Staff issued a report detailing substandard levels of service quality reported by carriers for 2010. In response, the Commission opened Rulemaking (R.)11-12-001 to review carriers' performance, to assess the relevancy and effectiveness of the GO 133-C measures, and to determine the need for penalties for substandard performance.

On August 29, 2016, the Commission issued Decision (D.) 16-08-021, which adopted the current General Order (GO) 133-D.⁴ While maintaining the service quality standards, GO 133-D expanded upon a number of GO 133-C's provisions and established an automatic fine mechanism that applies to carriers who fail to meet any of the service quality standards for three consecutive months.⁵

GENERAL ORDER 133-D SERVICE QUALITY REPORTING STANDARDS

GO 133-D stipulates that public utility telephone corporations must meet the minimum reporting standards for the five telephone service quality measures. The five measures are as follows:

<u>Service Measure</u>	<u>Type of Service</u>
Installation Interval	Installation
Installation Commitments	Installation
Customer Trouble Reports	Maintenance
Out of Service (OOS) Repair Interval	Maintenance
Answer Time	Operator Services

Each measure has an assigned Minimum Standard Reporting Level. GO 133-D requires telephone corporations to report, on a quarterly basis, their monthly performance results

² See Pub. Util. Code § 2896 (“The [C]ommission 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).

³ The Commission approved GO 133-C in Decision (D).09-07-019 (July 9, 2009).

⁴ D.16-10-019 corrects minor errors in the original version of GO 133-D.

⁵ GO 133-D, § 9.1.

for each of the five service quality metrics⁶ using a standardized form developed by Commission staff (known as a “Service Quality Standards Report Card”).⁷ These quarterly reports are published on the Commission’s website.⁸ 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.

GENERAL ORDER 133-D FINES

While GO 133-D was adopted in August 2016, GO 133-D Section 9 (Fines), became effective on January 1, 2017. Section 9 sets forth the service quality fines, which apply only to carriers of traditional voice telephone service.⁹ A carrier’s performance, size, and duration of noncompliance are factors in calculating the GO 133-D fine amount. A carrier will begin incurring a fine for these service quality measures when it reaches “chronic failure status,” which means a failure to meet the minimum standard for three consecutive months.¹⁰ A carrier in chronic failure status will be fined a specific amount, as detailed in Sections 9.3 to 9.5, for each day that it failed to meet the minimum monthly standard. These fines do not reset at the end of a calendar year, but rather are based on a carrier’s continuous service quality performance from one year to the next.¹¹ A carrier will continue to incur fines until after it meets the standard (s) for two consecutive months and exits chronic failure status.

Section 9.6, Advice Letter Tabulating Fine, requires a telephone corporation that fails to meet the minimum standards to calculate and report the applicable fine imposed by GO 133-D on an annual basis, 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

⁶ 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.

⁷ 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>.

⁸ 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.

⁹ GO 133-D defines time division multiplexing (TDM)-based voice service as “traditional telephone service.”

¹⁰ GO 133-D, § 9.1.

¹¹ *Ibid.*

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. The Communications Division (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.¹²

ADVICE LETTERS

As required by GO 133-D Section 9.6, the two carriers shown in the table below submitted Advice Letters (ALs) on February 10, 2022, and February 15, 2022. In these ALs, carriers summarized their total year 2021 service quality performance results and included fine calculations for the minimum standards they did not meet.

Advice Letter No.	Filed By	Utility No.	Date Filed	Proposed Fine
12876	Frontier California	U-1002-C	2/15/2022	\$173,850
396	Happy Valley	U-1010-C	2/10/2022	\$3,900
TOTAL PROPOSED FINES				\$177,750

The Commission did not receive protests for these advice letters.

DISCUSSION

Throughout the year 2021, Frontier California (Frontier CA) and Happy Valley Telephone (Happy Valley), submitted their quarterly service quality reports for *Customer Trouble Reports, Out of Service Repair Intervals, Answer Time, Installation Interval, and Installation*

¹² GO 133-D, § 9.6. Section 9.6 became effective January 1, 2017.

Commitment standards in accordance with GO 133-D, §3.¹³ A carrier's monthly service quality data compared to the minimum performance standards demonstrates whether a carrier is subject to fines.¹⁴

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

1.

2

019 Scaling Factor

General Order 133-D assigns fine amounts using base values specified in Sections 9.3 to 9.5, adjusted through a formula expressing the relative size of the carrier within the California market.¹⁵

The scaling factor formula is expressed below, with results shown in the table:

$$\begin{aligned} &(\text{Carrier's Access Lines} / \text{Total CA Access Lines}) = \text{Carrier's Scaling Factor} \\ &(\text{Carrier's Scaling Factor}) \times (\text{Monthly Base Fine per Measure}) \times (\text{Number of} \\ &\text{Months in Chronic Failure}) = \text{Fine} \end{aligned}$$

2021 Working Lines and Scaling Factor for Carriers Paying Fines Under GO 133-D		
Carrier	2021 Lines	Scaling Factor
Frontier CA	465,792	11.59%

¹³ Only GRC ILECs are required to report *Installation Interval* and *Installation Commitment*, §§ 3.1 and 3.2, respectively. Happy Valley and Hornitos are GRC ILECS.

¹⁴ GO 133-D Section 9.1

¹⁵ 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 2021 from Carriers Reporting Under GO 133-D* found under *Reference Information* at: june-30-2021-go-133-d-carrier-line-counts.pdf

Happy Valley	1,863	.04%
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2. Fines for the GO 133-D Standards

A. *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
Base Fine per Month	\$0	\$750,000 per month

Frontier CA and Happy Valley failed to meet the *Out of Service Repair Interval* standard for the following months in 2021¹⁶:

2021 Reporting for <i>Out of Service Repair Interval</i> GO 133-D, Section 3.4 – 90% Minimum (*in chronic failure status)												
	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec

¹⁶ For the month that incurred a fine, the percentage is represented in red with an underline.

	2021 Reporting for <i>Out of Service Repair Interval</i> GO 133-D, Section 3.4 – 90% Minimum <i>(*in chronic failure status)</i>											
Frontier California	<u>86.5%*</u>	<u>88.3%*</u>	92.0%	95.4%	94.0%	94.6%	<u>89.4%</u>	<u>86.5%</u>	92.0%	90.2%	91.3%	91.0%
Happy Valley	<u>86.7%</u>	<u>80.8%</u>	100.0%	94.1%	100.0%	100.0%	100.0%	<u>79.5%</u>	<u>87.5%</u>	100.0%	<u>80.0%</u>	<u>68.7%</u>

Frontier CA failed to meet the standard in January, February, July, and August of 2021. As a result of its substandard performance the previous year, Frontier CA was in “chronic failure status” and incurred fines for its performance in January and February of 2021.

Frontier CA exited “chronic failure status” as a result of its performance in March through June 2021 but failed to meet the minimum standard again in July and August 2021. However, because its performance was above the minimum 90% standard in September 2021 and onwards until the end of the year 2021, Frontier CA did not incur additional fines for the *Out of Service Repair Interval* standard. Consequently, Frontier CA calculated its fine based on its failure to meet the *Out of Service Repair Interval* standard in January and February 2021. Staff agrees that Frontier CA’s fine calculation proposed in its advice letter AL 12876 is accurate. Frontier CA’s fine is calculated as follows:

$$(\text{Carrier's Scaling Factor } 0.1159 \times (\text{Monthly Base Fine per Measure } \$750,000) \times (\text{Number of Months in Chronic Failure } 2)) = \$173,850$$

Happy Valley failed to meet the minimum standard during January and February, August and September, as well November and December of 2021. However, based its performance from the previous year in 2020, Happy Valley entered “chronic failure status” for only February 2021. Staff agrees that Happy Valley’s fine calculation in AL 396 for the *Out of Service Repair Interval* standard is accurate.

The fine calculation is as follows:

$$(\text{Carrier's Scaling Factor } 0.0004) \times (\text{Monthly Base Fine per Measure } \$750,000) \times (\text{Number of Months in Chronic Failure } 1) = \$300$$

B. 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.

In 2021, Frontier CA and Happy Valley both met the *Customer Trouble Reports* standard.

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

The *Answer Time* standard, defined in § 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. 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.

Frontier CA met the *Answer Time* standard in all twelve months of 2021. However, Happy Valley does not submit *Answer Time* data because it serves less than 10,000 working lines, which is the minimum required specifically for Answer Time reporting under GO 133D.¹⁷

D. *Installation Interval*

The standard for *Installation Interval*, defined in § 3.1, describes the amount of time to install basic telephone service from the time a customer requests service until it is established. It measures the average number of business days between when a service order was placed and when the service became operational, divided by the total number of service orders a carrier received during a reporting period. The standard applies only to GRC ILECs. Thus, it is applicable to Happy Valley, but not to Frontier CA.

Happy Valley failed to meet the standard in ten months of 2021 and was in “chronic failure status” for the months of September through December of 2021. Staff agrees that Happy Valley’s fine calculations in AL 396 are accurate. The fine calculation is as follows:

$$\text{(Carrier's Scaling Factor } \underline{0.0004}) \times \text{(Monthly Base Fine per Measure } \underline{\$750,000}) \times \text{(Number of Months in Chronic Failure } \underline{4}) = \underline{\$1,200}$$

¹⁷ § 3.5(d) Reporting Unit: Each traffic office serving 10,000 or more lines and handling calls to the business office for billing and non-billing inquiry calls and to the repair office for trouble report calls.

Happy Valley’s *Installation Interval* results for 2021 are as follows:

2021 Reporting for <i>Installation Interval</i> , GO 133-D Section 3.4 – 5 Business Days (*in chronic failure status)												
	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept*	Oct*	Nov*	Dec*
Hornitos	<u>9.22</u>	<u>8.92</u>	3.11	<u>5.36</u>	<u>6.43</u>	1.57	<u>8.17</u>	<u>5.50</u>	<u>7.67</u>	<u>13.00</u>	<u>7.13</u>	<u>5.5</u>

E. *Installation Commitments*

The standard for *Installation Commitments*, defined in § 3.2, describes a carrier’s ability to meet their commitments to fulfill customers’ requests to establish basic telephone service. It measures the monthly count of commitments and the number of commitments missed. The standard applies only to GRC ILECs. Thus, it is applicable to Happy Valley, but not to Frontier CA.

The Minimum Standard Reporting Level for *Installation Commitments* is 95% of commitments met.

Happy Valley failed to meet the standard in nine months of 2021, from January through May, July, and September 2021. Apart from January 2021, the company was in “chronic failure status” in each of these months, for a total of 8 months. Staff agrees that Happy Valley’s fine calculation in AL 396 is accurate. The fine calculations are as follows:

$$(\text{Carrier's Scaling Factor } 0.0004) \times (\text{Monthly Base Fine per Measure } \$750,000) \times (\text{Number of Months in Chronic Failure } 8) = \$2,400$$

Happy Valley’s *Installation Commitments* results for 2021 are as follows:

2021 Reporting for <i>Installation Commitment</i> , GO 133-D Section 3.4 – 95% (*in chronic failure status)												
	Jan	Feb*	Mar*	Apr*	May*	Jun	July*	Aug	Sept*	Oct*	Nov*	Dec
Happy Valley	<u>78%</u>	<u>67%</u>	<u>78%</u>	<u>91%</u>	<u>86%</u>	100%	<u>67%</u>	100%	<u>50%</u>	<u>50%</u>	<u>88%</u>	100%

3. Total Fine Amount per Carrier

Based on the scaling factors and the number of months the two carriers failed to meet the minimum service quality standards, the total fines for these carriers' service quality performance in the Year 2021 are as follows:

Service Quality Standard	Frontier California (U-1002-C)	Happy Valley Telephone (U-1010-C)
Out of Service Repair Interval	\$173,850	\$300
Installation Interval	-	\$1,200
Installation Commitment	-	\$2,400
Total	\$173,850	\$3,900

Within 30 days of this Resolution's adoption date, 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-17768."

SAFETY CONSIDERATIONS

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

CONCLUSIONS

Staff recommends Commission approval of these advice letters filed by Frontier California and Happy Valley, because of their respective performance with the General Order 133-D minimum service quality standards and reporting requirements for the Year 2021. The total amount of GO 133-D fines for the year 2021 payable from these two carriers is **\$177,750**.

COMMENTS

In compliance with Public Utility Code § 311(g), the Commission emailed a letter on April 29, 2022, notifying 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. This letter also informed parties that the final conformed resolution adopted by the Commission will be posted and available on this same website.

The Commission received no public comments on this Resolution.

FINDINGS

1. General Order 133-D, Section 9.6 directs any telephone corporation whose performance does not meet the minimum standards to submit annually by February 15 of the following year a Tier II Advice Letter showing each month's service quality measurement that it did not meet the minimum standards and the applicable fine.
2. Frontier California (U-1002-C) filed an advice letter with proposed fines for their failures to meet the *Out of Service Interval*.
3. Happy Valley Telephone (U-1010-C) filed an advice letter with proposed fines for its failure to meet the *Out of Service Interval*, *Installation Interval*, and *Installation Commitment* standards.
4. Each company met the *Customer Trouble Reports* and *Answer Time* standards in 2021.
5. Frontier California failed to meet the *Out of Service Repair Interval* standard in January, February, July, and August of 2021, and was in "chronic failure status" for the months of January and February.
6. Happy Valley failed to meet the *Out of Service Repair Interval* standard for six months in 2021 but entered "chronic failure status" for only February 2021.

7. Happy Valley failed to meet the *Installation Interval* standard for ten months of 2021 and was in “chronic failure status” for the months of September through December 2021.

8. Happy Valley failed to meet the *Installation Commitment* standard for nine months of 2021 and was in “chronic failure status” for each of these months, apart from January 2021.

9. Frontier California and Happy Valley Telephone should pay their assessed fines based on their respective failures to meet the minimum General Order 133-D service quality standards for the *Out of Service Interval*, *Installation Interval*, and/or *Installation Commitment*. The total calculated fines for each carrier are as follows:

Service Quality Standard	Frontier California (U-1002-C)	Happy Valley Telephone (U-1010-C)
Out of Service Repair Interval	\$173,850	\$300
Installation Interval	-	\$1,200
Installation Commitment	-	\$2,400
Total	\$173,850	\$3,900

10. Staff reviewed the carriers’ advice letters and accepted their respective proposed fine calculations, based upon the methodology defined in General Order 133-D, Section 9.
11. The carriers should remit their fines to the Commission within 30 days of this Resolution’s adoption date. The Commission will deposit the fine payments into the California General Fund.
12. On April 29, 2022, the Commission emailed a draft of this Resolution to all parties in the general service list for public comments. The Commission received no public comments.

THEREFORE, IT IS ORDERED THAT:

1. The California Public Utilities Commission approves the Advice Letters from Frontier California (U-1002-C) and Happy Valley Telephone (U-1010-C), which calculate their respective service quality fines under General Order 133-D for the Year 2021. The carriers are required to pay fines as set forth in this Resolution.

2. The carriers shall pay their assessed fines to the California Public Utilities Commission as specified in their advice letters within 30 days of this Resolution's adoption date. The California Public Utilities Commission shall deposit the fine payments into the California General Fund.
3. 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-17768."

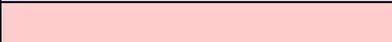
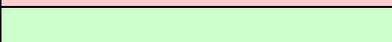
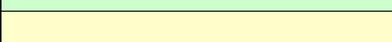
This Resolution is effective today.

I certify that the foregoing Resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on _____, the following Commissioners voting favorable thereon:

Rachel A. Peterson
Executive Director

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