California Public Utilities Commission
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CPUC TO EVALUATE TELEPHONE SERVICE PERFORMANCE STANDARDS

SAN FRANCISCO, December 1, 2011 - The California Public Utilities Commission (CPUC), citing reports of substandard telephone customer service among certain telephone companies in 2010, today said it will review the adequacy of existing rules and whether there should be penalties for substandard service quality performance.

The CPUC unanimously approved taking this action based upon the recommendations in a CPUC staff report that noted numerous problems in telephone service carriers' compliance with service quality rules under the CPUC's General Order 133-C, including:

- Carriers regularly failing to meet the service restoration time and trouble ticket answer time standards, which are the most important standards because they relate to public safety; and

- While a large majority of 250,000 landline customers who lost service during the December 2010 and January 2011 severe winter rainstorm outages and flooding in Southern California had their service restored within days, a few thousand customers waited from one to four weeks before telephone service was partially or fully restored.

In its July 2009 decision adopting General Order 133-C, the CPUC noted its statutory duty to ensure that telephone corporations provide customer service that includes reasonable statewide service quality standards. General Order 133-C lists five standards for wireline telephone carriers: 1) Service installation time (within 5-days); 2) Meeting installation commitments 95 percent of the time; 3) Percentage of trouble reports per number of lines; 4) Out-of-Service restoration time (90 percent within 24 hours) or out of service repair interval for outages that were within the control of the utility; and, 5) Answer time to reach a live operator (80 percent of calls in less than 60 seconds). All five standards apply to the small telephone companies regulated under rate of return regulation and standards three through five apply to the larger facilities based telephone companies and competitive local telephone companies regulated under the CPUC's Uniform Regulatory Framework with 5,000 or more customers.

Some of the notable issues identified by CPUC staff in its Telephone Service Carrier Quality Report for 2010 (issued March 29, 2011), are:

- Only one of the four major carriers (SureWest) met standard number four; AT&T, Verizon, and Frontier never attained the 90 percent standard.

- None of the four large carriers were able to meet the answer time goal of routing callers to a live operator within 60 seconds for each quarter of the year. SureWest achieved the goal three out of four quarters in 2010; Citizens and AT&T achieved the goal two of four quarters; and Verizon did not meet the standard in any quarter.

- The rainstorms in late-December 2010 and early-January 2011 in Southern California caused severe flooding in the service areas of AT&T and Verizon and more than 250,000 people lost telecommunications service. States of Emergency were declared in 12 counties. The time that it took to restore service in these areas was not reflected in AT&T's and Verizon's out-of-service restoration time statistics because these outages are considered to be outside of the control of the companies and excluded from the calculation under General Order 133-C. CPUC staff determined that there are differing interpretations for the treatment of excluded events in calculating Out-of-Service intervals, particularly during States of Emergency.

"The CPUC has a statutory responsibility to ensure that telephone companies provide quality customer service," said CPUC President Michael R. Peevey. "Through this proceeding we will evaluate whether companies met our service quality performance standards in 2010, and assess whether the existing service quality standards meet the goals of the CPUC and are relevant to the current regulatory environment and market."

Added Commissioner Timothy Alan Simon, "The best solution for improving service quality is to promote competition in the communications marketplace. As regulators, our role is to bring the benefits of robust competition, where possible. This proceeding should promote high quality communications service for Californians in deregulated communications markets."

"The CPUC has a statutory duty to ensure that telecommunications companies provide reasonable service quality to their customers," said Commissioner Mike Florio. "The consequences of inadequate system maintenance can be serious, including public safety concerns and the continued viability of the network that is essential to California's economy."

Said Commissioner Catherine J.K. Sandoval, “The CPUC strives to maintain a balance between promoting competition while ensuring that consumers are protected. The service outages that happened last year have made us question our existing rules and whether they are sufficient to meet both of these goals. I plan to work very closely with staff to determine if new rules are necessary to protect California ratepayers and ensure that we have a robust and reliable telecommunications network that will serve the needs of our economy and people in the 21st century.”

The CPUC expects comments and reply comments from interested parties within two months. A formal schedule will be forthcoming by the Assigned Commissioner and Administrative Law Judge.

The proposal voted on is available at
http://docs.cpuc.ca.gov/word_pdf/AGENDA_DECISION/154084.pdf

For more information on the CPUC, please visit www.cpuc.ca.gov.

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