

Date Mailed  
May 7, 1999

BEFORE THE  
PUBLIC SERVICE COMMISSION OF WISCONSIN

Investigation to Determine Industry-Wide Service Quality  
Benchmarks for Price Regulated Telecommunications  
Utilities for 1998 Price Regulation Filings

05-TI-157

**FINDINGS OF FACT, CONCLUSIONS OF LAW,  
AND SECOND FINAL ORDER**

**Proceedings**

Wis. Stat. § 196.196 (1) allows telecommunications utilities to elect to be price-regulated. Wis. Admin. Code ch. PSC 163 determines the procedures for electing price regulation, establishes the mechanics of price regulation, sets reporting requirements, and creates miscellaneous provisions to make more specific the requirements of Wis. Stat. § 196.196(1).

According to Wis. Admin. Code § PSC 163.04(2)(c)10, on each anniversary date and following an opportunity for hearing, the Public Service Commission of Wisconsin (Commission) shall compute new industry-wide quality of service standards. These service quality standards are used in calculating any increase in the productivity offset for inadequate service quality on the next anniversary date of each price-regulated telecommunications utility pursuant to Wis. Stat. § 196.196.

In the Findings of Fact, Conclusions of Law and Second Final Order (Second Final Order) in docket 05-TI-139 dated September 3, 1996, the Commission established new industry-wide standards for the quality-of-service components applicable to measurement of service quality for price-regulated telecommunications utilities. These industry-wide standards were to

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be used for the 1997 anniversary dates of price-regulated telecommunications utilities. The quality of service components include: (1) average time interval for installation, (2) annual initial trouble reports per 100 lines, (3) average time out of service, (4) percent of repeat trouble reports, and (5) average employee answer time for repair calls.

The Commission issued a notice of investigation in docket 05-TI-157 on August 19, 1997, for the purpose of establishing industry-wide service quality standards for the 1998 anniversary dates of each price-regulated telecommunications utility. Commission staff circulated a draft order for comment that proposed service quality standards for both 1998 and 1999 anniversary dates. Comments were received from Ameritech Wisconsin (Ameritech), GTE North Incorporated (GTE), and the Wisconsin State Telecommunications Association (WSTA). In comments filed, Ameritech questioned whether there was adequate notice to set standards for 1999.

At its open meeting of March 12, 1998, the Commission determined that a supplemental notice should be issued expanding the scope of the docket to establish the basis for 1999 industry-wide service quality standards. The Commission issued such notice on March 20, 1998. Parties were given the opportunity to submit comments regarding the expanded scope and the use of staff's statewide service quality survey to establish an industry-wide standard for trouble reports per 100 access lines. Comments were again filed by Ameritech, GTE, and the WSTA. GTE requested a hearing regarding the proposed industry-wide standards for 1999.

Industry-wide service quality standards for 1998 were needed for GTE's April 30, 1998, anniversary date. The Commission, therefore, issued an order on April 30, 1998, establishing

industry-wide standards to be used for 1998 anniversary dates. The Commission also determined that it was reasonable to set for hearing the establishment of the 1999 standards.

Pursuant to due notice, a hearing was held in Madison before Examiner Donna Paske on October 7, 1998. The parties for purposes of review under Wis. Stat. §§ 227.47 and 227.53 are listed in Appendix A.

## **Background**

Of the five service quality components noted above, performance data for four of the components (all except average employee answer time for repair calls) are reported by all local exchange companies under interstate price-cap regulation in the Automated Reporting Mechanized Information System (ARMIS) 43-05 service quality report required by the Federal Communications Commission (FCC). At the beginning of price regulation in 1995, for the components covered by ARMIS reports the Commission set the initial industry-wide standards for the quality-of-service penalty mechanism using a three-year average of the nationwide medians from the ARMIS reports plus ten percent. For components where only one or two years of data was available, the Commission set the standard at the nationwide median from the ARMIS report for that year or those years plus ten percent. The Commission set the initial service quality standards based on ARMIS information because it represented the most readily available performance data at that time.

Nationwide performance data for the fifth service quality component, average employee answer time for repair calls, is not available from ARMIS reports. For this component, the

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Commission set the initial standard at 20 seconds, based on a consideration of national and current Wisconsin standards.

As indicated above, initial quality-of-service standards for average time interval for installation, annual initial trouble reports per 100 lines, average time out of service, and percent repeat troubles were set at the median of ARMIS-reported performance data plus 10 percent. This 10-percent “adder” was included initially to reflect a reasonable variation in annual performance by Ameritech and GTE compared to their respective 3-year average performance.

## **FINDINGS OF FACT**

### **THE COMMISSION FINDS:**

The maintenance and improvement of service quality is one of the primary bases for the establishment of price regulation in Wisconsin under 1993 Wis. Act 496. Wis. Admin. Code ch. PSC 163 as written allowed for a 3-year transition period during which each price-regulated telecommunications utility was allowed a 3-year period to improve its actual performance to comply with industry-wide standards. That period is now over.

Furthermore, the Commission has continuing concerns about the level of customer complaints. The Commission finds it appropriate to revise the service quality standards used in its determination of allowable price changes for the 1999 anniversary dates. The Commission’s objective in raising the standards in this proceeding is to encourage Ameritech and GTE to improve the quality of service they provide to their customers.

Wis. Admin. Code § PSC 163.04(2)(c)(1) provides that, in setting initial industry-wide service quality standards for price-regulated utilities, the Commission shall consider national

standards. Wis. Admin. Code § 163.04(2)(c)(10) provides that, on each anniversary date, the Commission shall compute new industry-wide standards based on prior-year benchmarks, service quality information filed by each price-regulated utility on their anniversary dates, and rules or orders regarding quality of service. Therefore, the Commission is not limited to the use of national standards in setting the service quality standards for subsequent anniversary dates and may revise the standards from year to year.

In 1998, Commission staff conducted a statewide survey of service quality performance by Wisconsin telecommunications utilities. Responses to this survey indicated that Wisconsin local exchange carriers' service quality performance exceeds the ARMIS-reported medians for some of the service quality components. The Commission finds it appropriate to give consideration to the results of staff's statewide survey. The Commission believes that areas of poor service quality elsewhere in the nation should not negatively affect Wisconsin service quality standards. Although the Commission will continue to consider national performance data in revising the service quality standards for price regulation in this proceeding, the Commission will also consider in-state performance data to the extent it is now available.

The Commission finds that the following specific changes to the industry-wide service quality standards are appropriate:

1. To continue to encourage improved performance, the Commission finds that the 10-percent "adder" is no longer appropriate inasmuch as staff's statewide survey indicates that performance by Wisconsin local exchange carriers substantially exceeds the nationwide median for some of the service quality components. To the extent that the revised standards are based on ARMIS performance data, the 10-percent "adder" will be removed from the standards.

2. Regarding the staff statewide service quality survey, the Commission finds that it is appropriate to use the survey in two ways. First, it is reasonable to use the survey as an indication of the overall level of service quality in Wisconsin compared to national figures. Second, it is reasonable to use the survey information in connection with the ARMIS median to develop one of the proposed standards for initial trouble reports per 100 access lines.

3. In developing industry-wide service quality standards for average time out of service and initial trouble reports per 100 access lines, the Commission finds that it is appropriate to apply both an ARMIS-based national standard and a state standard based on Wis. Admin. Code ch. PSC 165, because the use of ARMIS-based national standards and state standards allows the Commission to measure different aspects of service quality for these two components. The national standard is on a company-wide basis and is measured annually, which allows the Commission to compare one company's performance with other similar companies across the country. For initial trouble reports per 100 access lines, the state standard is exchange-based and is measured monthly, which ensures uniform quality across all of a company's geographic operating areas in the state throughout the year. For average time out of service, the state standard is based on the clearing of each out-of-service trouble and is measured monthly which allows the Commission to measure the likely individual customer impact on a monthly basis.

## **FINDINGS OF ULTIMATE FACT**

### **THE COMMISSION FINDS:**

1. For average time interval for installation, the Commission finds that the standard should be the ARMIS nationwide median. As such, the standard is 2.48 days.

2. For initial troubles per 100 access lines, the Commission finds that the standard should have two parts and should be based on the nationwide ARMIS median, the Commission staff's statewide service quality survey, and Wis. Admin. Code § PSC 165.089(8). The first part of the standard is based on a combination of the nationwide ARMIS median and the statewide service quality survey, with greater weight at this time given to the ARMIS median. For this part, the Commission finds that 20 initial troubles per 100 access lines for the company as a whole is a reasonable standard. The second part of this standard, based on Wis. Admin. Code § PSC 165.089(8), requires that a company maintain service so that the average rate of all customer trouble reports in an exchange is no greater than five per 100 access lines per month. To meet this part of the standard, a company shall incur no more than five trouble reports per 100 access lines in every exchange for at least 10 months in any calendar-year period. If a company fails to achieve either part of this standard, a full disincentive for this component shall be assessed.

3. For average time out of service, the Commission finds that the standard for this component should have two parts, with one part based on the nationwide ARMIS median and the other part based on Wis. Admin. Code § PSC 165.089(2). The first part of the standard based on the nationwide ARMIS median is 14.24 hours. The part based on Wis. Admin. Code § PSC 165.089(2) will require the clearing of 95 percent of all routine out-of-service troubles within 24 hours. To meet this part of the standard, a company shall achieve the 95-percent level for at least 10 months in any calendar-year period. If a company fails to achieve either part of this standard, a full disincentive for this component shall be assessed.

4. For percent of repeat trouble reports, the Commission finds that the standard should be based on the ARMIS nationwide median. As such, the standard is 14.50 percent.

5. For average employee answer time for repair calls, the Commission finds that the standard shall remain at 20 seconds.

### **CONCLUSIONS OF LAW**

#### **THE COMMISSION CONCLUDES:**

It has jurisdiction and authority under the provisions of Wis. Stat. §§ 196.02, 196.03(6), 196.196(1)(c), 196.28, 196.40, other provisions of Wis. Stat. ch. 196, and Wis. Admin. Code § PSC 163.04(2)(c) to issue an order that establishes updated industry-wide standards for the quality of service components applicable to measurement of an increase in the productivity offset for inadequate service quality for price-regulated telecommunications utilities.

### **ORDER**

#### **THE COMMISSION ORDERS:**

1. This order shall be effective upon mailing.
2. For purposes of computing the increase in the productivity offset for inadequate service quality for price-regulated telecommunications utilities for 1999 anniversary dates, the industry-wide standards for the quality of service components shall be:
  - a. 2.48 days for average time interval for installation;
  - b. (i) 20 annual initial trouble reports per 100 lines company-wide; and  
(ii) service shall be maintained so that the average rate of all customer trouble reports in

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an exchange is no greater than five per 100 access lines per month for at least 10 months in any calendar-year period;

c. (i) 14.24 hours for average time out of service on an average annual company level performance; and (ii) 95 percent of all routine out-of-service troubles shall be cleared within 24 hours for at least 10 months in any calendar-year period;

d. 14.50 percent repeat trouble reports; and

e. 20 seconds for average employee answer time for repair calls.

3. Jurisdiction is retained.

Dated at Madison, Wisconsin, \_\_\_\_\_

By the Commission:

\_\_\_\_\_  
Lynda L. Dorr  
Secretary to the Commission

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See attached Notice of Appeal Rights

Notice of Appeal Rights

Notice is hereby given that a person aggrieved by the foregoing decision has the right to file a petition for judicial review as provided in Wis. Stat. § 227.53. The petition must be filed within 30 days after the date of mailing of this decision. That date is shown on the first page. If there is no date on the first page, the date of mailing is shown immediately above the signature line. The Public Service Commission of Wisconsin must be named as respondent in the petition for judicial review.

Notice is further given that, if the foregoing decision is an order following a proceeding which is a contested case as defined in Wis. Stat. § 227.01(3), a person aggrieved by the order has the further right to file one petition for rehearing as provided in Wis. Stat. § 227.49. The petition must be filed within 20 days of the date of mailing of this decision.

If this decision is an order after rehearing, a person aggrieved who wishes to appeal must seek judicial review rather than rehearing. A second petition for rehearing is not an option.

This general notice is for the purpose of ensuring compliance with Wis. Stat. § 227.48(2), and does not constitute a conclusion or admission that any particular party or person is necessarily aggrieved or that any particular decision or order is final or judicially reviewable.

Revised 9/28/98

APPENDIX A

This proceeding is not a contested case under Chapter 227, Stats., therefore there are no parties to be listed or certified under s. 227.47, Stats. However, a discretionary hearing was held, and the persons listed below participated.

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