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Dee May
Executive Director
Federal Regulatory

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

1300 I Street N.W., 400W
Washington, DC 20005

Phone 202.336.7824
Fax 202.336.7922
dolores.a.may@verizon.com

November 30, 2000

Ex Parte

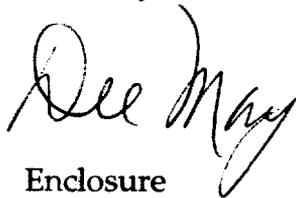
Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 12th St., S.W. – Portals
Washington, DC 20554

RE: Application by Verizon New England Inc., et al., for Authorization To Provide In-Region, InterLATA Services in Massachusetts, Docket No. 00-176

Dear Ms. Salas:

The enclosed information was provided pursuant to requests from D. Attwood and her staff. Please let me know if you have any questions. The twenty-page limit does not apply as set forth in DA 00-2159.

Sincerely,



Enclosure

cc: D. Attwood
E. Einhorn
S. Pie

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November 29, 2000

Ex Parte

Ms. Dorothy Attwood
Chief-Common Carrier Bureau
Federal Communications Commission
445 12 Street, SW, Fifth Floor
Washington, DC 20554

RE: Application by Verizon New England Inc., et al., for Authorization to Provide In-Region, InterLATA Services in Massachusetts, Docket No. 00-176

Dear Ms. Attwood:

We are providing the following information pursuant to requests from you and your staff.

1. The Massachusetts PAP specifically provides that Verizon can seek a waiver from the monetary payments for extraordinary events, and specifically includes a work stoppage as an example of such an event. Since the PAP is not in place in Massachusetts, Verizon did not need to seek such a waiver in Massachusetts. Verizon has filed for waivers from the August and September payments under the New York PAP that are pending before the New York Public Service Commission. In 1998, the last time that there was a strike of Verizon's unionized employees, the New York PSC granted a waiver for performance results under the retail Performance Regulatory Plan. A copy of that order is attached.

2. Attachment G to the Guerard/Canny declaration contains manual loop qualification timeliness and mechanized loop qualification response times for May, June and July 2000. That same information was included in the record filed before the DTE on August 4, 2000 at Exhibit J to the Supplemental Measurements Affidavit (Abesamis/Canny). Appendix B, Vol. 42, Tab 494.

3. The following is an explanation of the on-time completion measurements:

a. PR-4-14 This metric measures the on time completion rate for DSL orders submitted by CLECs that participate in a facilities test two days prior to the due date. Orders are counted as completed on time only where the Verizon technician is able to reach the CLEC technician and obtain a serial number.

b. PR-4-15 This metric measures the on time completion rate for the same DSL orders included in PR-4-14. The only difference between PR-4-15 and PR-4-14 is that for purposes of PR-4-15, orders are counted as completed on time where Verizon's technician completes the installation of the loop on the due date, regardless of whether the technician is able to reach the CLEC technician and obtain a serial number.

c. PR-4-16 This metric measures the on time completion rate for DSL orders submitted by CLECS that DO NOT participate in a facilities test two days prior to the due date, but are capable of performing a cooperative test on the due date. Orders are counted as completed on time only where the Verizon technician is able to reach the CLEC technician and obtain a serial number. None of the orders counted in PR-4-16 are included in any of the other on time completion metrics (PR-4-14, PR-4-15, PR-4-17, or PR-4-18).

d. PR-4-17 This metric measures the on time completion rate for DSL orders submitted by CLECS that DO NOT participate in a facilities test two days prior to the due date, ARE NOT capable of performing a cooperative test on the due date, but do provide Verizon with a 800 number for contact purposes. Orders are counted as completed on time where Verizon's technician completes the installation of the loop on the due date. None of the orders counted in PR-4-17 are included in any of the other on time completion metrics (PR-4-14, PR-4-15, PR-4-16, or PR-4-18).

e. PR-4-18 This metric measures the on time completion rate for DSL orders submitted by CLECS that DO NOT participate in a facilities test two days prior to the due date, ARE NOT capable of performing a cooperative test on the due date, and DO NOT provide Verizon with a 800 number for contact purposes. There are no orders that fall within this metric.

4. In order to calculate a weighted average of on time completion across this set of metrics, Verizon included the results from PR-4-15, PR-4-16 and PR-4-17. These three metrics include all of the DSL orders completed in any one month. Verizon did not include the results from PR-4-14 in the calculation because all of those orders are already included in PR-4-15 and including them in the calculation would have given those orders a double weighting.

Please let me know if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Rudy". The signature is written in a cursive style with a large, looped initial "R".

Attachment

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held in the city of
Albany on July 14, 1999

COMMISSIONERS PRESENT:

Maureen O. Helmer, Chairman
Thomas J. Dunleavy
James D. Bennett
Leonard A. Weiss
Neal N. Galvin

CASE 98-C-1415 - Petition of Bell Atlantic-New York for a
Waiver of Certain Performance Standards
Measured under the Performance Regulatory Plan
for the Month of August, 1998, filed in C 92-
C-0665.

CASE 92-C-0665 - Proceeding on Motion of the Commission to
Investigate Performance-Based Incentive
Regulatory Plans for New York Telephone
Company.

ORDER GRANTING IN PART AND DENYING IN PART
REQUEST FOR WAIVERS OF SERVICE QUALITY TARGETS

(Issued and Effective November 22, 1999)

BY THE COMMISSION:

WAIVER REQUEST

On October 10, 1998, New York Telephone Company
d/b/a Bell Atlantic-New York (NYT or the company) filed a
petition requesting that the Commission waive certain service
quality performance results for the month of August 1998 that
would otherwise be included in the calculation of monthly and
annual performance results under the Performance Regulatory
Plan. A work stoppage adversely affected the company's
ability to provide a level of service that would avoid payment
of rebates to consumers under this Plan. The company proposes
to normalize the effects of the work stoppage, and to reduce
the amount of rebate by \$1.4 million.

NYT's petition states that the work stoppage
unofficially began on August 7, 1998, and ran, for all

practical purposes, to August 17, 1998, unavoidably affecting NYT's ability to provide service performance at or better than the targets in various locations throughout the state on certain service measurements from August 7 to August 31, 1998.

The company asks that the Commission normalize the effects of the work stoppage for the monthly and annual service results that will comprise the service performance against which it will be measured under the PRP.

Although the work stoppage officially began at midnight on August 8, and officially ended during the afternoon of August 11, 1998, union employees began not reporting for work on the evening of August 6. On August 7, the company was at 46% of its normal workforce, and did not return to its full complement of workers until August 18.

The petition states that the impact of the strike was primarily felt in two service metrics, Percent Missed Repair Appointments and Percent Out-of-Service>24 Hours. Performance on these two metrics during the period of August 10 through August 19, was much worse than the August average over the past five years, and also much worse than days immediately before and immediately after this period.

Additionally, the petition provides daily data on the specific installation and maintenance centers where the company believes it would have met the requirements of the PRP absent the strike. There are nine centers where it requests a normalization of daily service data for Percent Missed Repair Appointments, and fourteen centers for Percent Out-of-Service>24 Hours. All of the centers are in the Greater Metropolitan and State regions, and all are for the period August 7 through August 31. NYT claims that maintenance and repair workload accumulated to the point that a significant backlog developed by the time the full workforce returned on August 18. The company states that, even with overtime, it

was unable to clear the workload in these centers until the end of August.

NYT also claims that the work stoppage would cause it to miss four annual service improvement targets, but the petition does not identify the service metrics or locations where the company is seeking annual waivers. In its Reply Comments to the Consumer Protection Board (CPB), the company identifies the locations as its East Hudson and Watertown centers, and the service metrics as Percent Missed Repair Appointments, and Percent Out-of-Service>24 Hours.

Finally, the petition describes the process by which the company normalized daily data to remove the impact of the work stoppage in its centers. It claims to have followed the process described by the Commission in our "Order Granting in Part and Denying in Part Request for Waivers of Service Quality Targets," issued December 13, 1996.

State Consumer Protection Board
and Department of Law Comments

The CPB believes that NYT's request for annual service quality waivers should be denied. It claims that service results in the months of the Third Year of the Plan other than August do not justify a waiver. The CPB also believes that the Commission should grant only a portion of the company's request for waivers of monthly service rebates.

It believes that the petition fails to show that the company's preparation for, and responses to, the work stoppage were adequate. Accordingly, the CPB supports a waiver for a limited period of time because it agrees that the impact of the work stoppage was not entirely within the company's control. However, it argues that the company bears some responsibility for poor August service performance.

Finally, the CPB believes that the company's method of normalization constitutes an overadjustment and would deny paying rebates to customers who experienced poor service

quality.

The comments of the Department of Law (DOL) echo those of the CPB. It states that waiving annual rebates is unjustified because of the limited impact of the work stoppage on annual performance; that the 25-day waiver period being sought by NYT is too long; that the normalization methodology unreasonably dilutes service performance measurements; and that the entire waiver petition should be rejected because the circumstances of the brief work stoppage do not qualify as an extraordinary event beyond the company's control. In the alternative, however, the DOL suggests that, if some amount of waiver is to be granted, then only daily measures that exceed the historical five-year August average should be adjusted, and those adjustments should be restricted to days within the period August 7 through August 19.

DISCUSSION

The Commission's service standards defining qualifying events state that the standards shall not "apply to extraordinary or abnormal conditions of operation, such as those resulting from work stoppage..." (16 NYCRR Part 603). No party disputes that a work stoppage did occur, negatively impacting service quality during the month of August 1998. At issue is the extent of the impact, whether annual and monthly waivers should be granted, and what methods should be used to normalize the results.

Annual Rebate Waivers (Third Plan Year)

As previously noted, NYT's petition provided no justification for annual waivers, only mentioning them in a brief footnote without identifying the associated centers or service metrics. The company apparently believes that the work stoppage had a substantial impact on its performance such that the strike alone justifies relief from the Plan's annual

targets and penalties.

Nonetheless, for both centers where the company seeks annual waivers, we reviewed trends in performance on each service metric. A deterioration over time is apparent in both centers. Furthermore, the two centers experienced surveillance-level failures (three or more consecutive months of poor performance as defined in the Commission's service standards) on three out of the four metrics for the three months ending July 1998. Additionally, for Percent Missed Repair Appointments, the East Hudson center missed the Third Year Plan target in four out of the twelve months of the Plan year, and Watertown missed its target in five out of the twelve months (after adjusting for the January 1998 ice storm). For Percent Out-of-Service>24 Hours, East Hudson and Watertown missed their Third Year Plan targets in five out the twelve months (also, after adjusting for the January 1998 ice storm). This performance does not reflect an ongoing effort toward meeting the annual targets of the Plan.

No annual waivers will be granted. The annual rebate due consumers is estimated to be \$0.4 million (after excluding, as specified by the PRP, monthly rebates and waivers in other months of the Third Year) as reflected in Appendix A to this Order.

Monthly Rebate Waivers (August 1998)

The primary issue with respect to monthly waivers is the estimate of the impact of the work stoppage. NYT adjusted the period of August 7 through August 31. CPB and DOL believe that this period is too long. We agree.

The Commission reviewed the daily information contained in the company's petition on volume of trouble reports, appointments and out-of-service troubles, and the Percent Missed Repair Appointment and Percent Out-of-Service>24 Hours results by center. We also reviewed graphs of performance to illustrate trends over time. It is clear

that performance deteriorated on or about August 7, and continued to August 19, a few days after the workforce was back to its normal level. After that, performance improved in almost all centers to normal levels, and to a point below the historical daily average.

Further, the Commission noted that performance in some centers subsequently deteriorated in late August, well after the work stoppage ended. The company did not specifically address this, but attributes performance throughout the month to an inability to clear the workload that had accumulated since the beginning of the work stoppage.

NYT's petition provides no specific information on the amount of any backlog or its duration. In response to requests for additional information, the company provided data that suggests that a backlog existed until August 19. Accordingly, we will restrict any normalization of daily data to the period August 7 through August 19.

Although the CPB and the DOL question the manner in which the company calculated normalized daily results, NYT's method appears consistent with previous waiver petitions, wherein any normalization was based on average results for previous periods. We do not believe service results are diluted by using the historical average. In fact, this method can sometimes result in a larger rebate to consumers when the average exceeds the actual results for a given day. Therefore, the company's normalization mathematics will be used with one adjustment. The company could not reflect Quality Assurance Team factors in its computation of the normalized August 1998 performance results when it filed its petition. These factors are typically not available within the 30-day requirement for filing waiver petitions. However, the factors are now available, and should be used to adjust the amount of rebates and waivers accordingly.

Finally, the CPB and DOL claim that the company could have taken further steps to mitigate the impacts of the

work stoppage. While the company's petition may not have adequately addressed this issue, its Reply Comments did. We find that the company took reasonable efforts to minimize the impact of the stoppage. Therefore, monthly rebates for performance during the month of August 1998 will be waived to the extent shown in Appendix B to this Order.

In summary, the total amount of rebate that would be required absent any waiver is estimated to be \$1.1 million for August 1998, and \$0.4 million for Plan Year Three, ending August 31, 1998. We will approve a monthly waiver of \$0.8 million and no annual waiver such that consumers will see rebates estimated at \$0.7 million. Of this, \$0.3 million will be the monthly rebate, and \$0.4 million will be the annual rebate.

The Commission orders:

1. New York Telephone Company shall be granted a waiver of the service quality performance results for Missed Repair Appointments and Out-of-Service>24 Hours for the month of August 1998. The normalized service results and the resulting monthly rebates shown on the attached Appendix B shall be implemented by the company.

2. New York Telephone Company's request for waivers of the annual Performance Regulatory Plan targets is denied. The Third Year annual rebates due consumers shown on the attached Appendix A shall be implemented by the company.

3. These proceedings are continued.

By the Commission,

(SIGNED)

DEBRA RENNER
Acting Secretary

CASES 98-C-1415 and 92-C-0665
 APPENDIX A

Third Year Annual Rebates Due Consumers				
Center	Customer Records	Audit Adjusted Performance	Rebate Level per Customer	Rebate Amount
% Missed Repair Appointments				
Watertown	1,921	15.60%	\$30	\$56,630
E Hudson	5,730	13.32%	\$15	\$85,950
% Out-of-Service Over 24 Hours				
Watertown	2,741	33.75%	\$55	\$150,755
E Hudson	5,699	25.64%	\$17	\$96,883
Total Rebate				\$391,218

CASES 98-C-1415 and 92-C-0665
APPENDIX B

Staff Recommended Monthly Waiver for August 1998				
Center	Normalized Result (%)	Audit Adjusted Result (%)	Rebate Level per Customer (\$)	Dollars to be Paid (\$)
Percent Missed Appointments				
N Brooklyn	12.86	13.90	\$-	\$-
E Brooklyn	13.53	13.74	\$-	\$-
N Queens	13.69	14.53	\$15	\$28,950
E Manhattan	13.85	14.87	\$17	\$19,108
Waterfront	12.11	11.87	\$-	\$-
Elmwood	12.36	12.30	\$-	\$-
Watertown	18.93	19.93	\$65	\$61,945
Adirondack	11.13	11.13	\$-	\$-
E Hudson	14.64	14.41	\$20	\$21,440
Percent Out-of-Service Over 24 Hours				
N Brooklyn	24.24	25.83	\$-	\$-
N Queens	26.17	26.52	\$-	\$-
E Manhattan	27.43	28.45	\$-	\$-
S Westchester	22.36	23.46	\$-	\$-
Waterfront	20.73	21.21	\$-	\$-
Elmwood	22.06	21.46	\$-	\$-
Syracuse	26.46	26.60	\$20	\$26,380
Watertown	32.74	31.77	\$45	\$70,920
Johnson City	18.83	19.22	\$-	\$-
Utica	21.76	22.65	\$-	\$-
Capitol S	26.26	27.87	\$25	\$19,125
Capitol N	22.39	23.78	\$-	\$-
Adirondack	27.84	27.04	\$20	\$33,020
E Hudson	28.50	27.76	\$25	\$49,575
Total Monthly Rebate				\$330,463