

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, DC 20554

In the Matter of

2000 Biennial Regulatory Review –  
Telecommunications Service Quality  
Reporting Requirements

CC Docket No. 00-229

**COMMENTS OF VERIZON**

Micheal E. Glover  
Edward Shakin  
Of Counsel

Joseph DiBella  
1320 North Court House Road  
Eighth Floor  
Arlington, VA 22201  
(703) 974-6350

Dated: January 12, 2001

## TABLE OF CONTENTS

<b>I. INTRODUCTION AND SUMMARY .....</b>	<b>1</b>
<b>II. THE SERVICE QUALITY REPORTS HAVE OUTLIVED THEIR USEFULNESS AND SHOULD BE ELIMINATED.....</b>	<b>2</b>
<b>III. IF THE COMMISSION RETAINS THE ARMIS SERVICE QUALITY REPORTS, IT SHOULD STREAMLINE THEM BY ELIMINATING UNNECESSARY DATA.....</b>	<b>5</b>
A. THE COMMISSION SHOULD ADOPT ONLY SIX CATEGORIES OF PERFORMANCE DATA.....	6
B. THE COMMISSION SHOULD NOT ADOPT NEW REPORTING REQUIREMENTS FOR BROADBAND SERVICES.....	7
C. THE COMMISSION SHOULD ELIMINATE THE REQUIREMENT TO DISAGGREGATE DATA BY METROPOLITAN STATISTICAL AREA AND NON-METROPOLITAN STATISTICAL AREA.....	8
D. THE COMMISSION SHOULD NOT EXTEND ARMIS SERVICE QUALITY REPORTS TO OTHER CARRIERS.....	9
E. THE COMMISSION SHOULD NOT INCREASE THE FREQUENCY OF THE ARMIS REPORTS...	10
F. THE COMMISSION SHOULD NOT REQUIRE CARRIERS TO POST SERVICE QUALITY DATA ON THEIR WEB SITES.....	10
G. THE COMMISSION SHOULD ADOPT THE NARUC PROPOSAL TO REDUCE THE RECORD RETENTION PERIOD TO TWO YEARS.....	11
H. THE COMMISSION SHOULD ELIMINATE OTHER UNNECESSARY DATA FROM THE ARMIS REPORTS.....	11
I. THE COMMISSION SHOULD NOT ADOPT THE NARUC WHITE PAPER PROPOSAL.....	13
<b>IV. CONCLUSION.....</b>	<b>13</b>

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, DC 20554

In the Matter of

2000 Biennial Regulatory Review –  
Telecommunications Service Quality  
Reporting Requirements

CC Docket No. 00-229

**COMMENTS OF VERIZON<sup>1</sup>**

**I. Introduction and Summary**

The Commission should reject the proposal to retain service quality reporting requirements that are no longer needed to monitor the carriers' performance under price caps. Preserving these reports by turning them into a consumer information service would contradict both the letter and the spirit of the Act's biennial review requirements. Clearly, these reports are not "necessary," and Section 11 of the Act *requires* that they be eliminated. Moreover, recharacterizing them as a consumer information service does not create a legitimate need for the reports. Competition gives carriers sufficient incentive to inform the public about the quality of their services in a variety of ways that are more directly responsive to the interests of their customers. Moreover, the Commission's service quality reports would not give consumers any help in choosing between the services of the incumbent local exchange carriers and their competitors, since the latter would not have to file any comparable reports. The state regulatory

---

<sup>1</sup> The Verizon telephone companies ("Verizon") are the affiliated local telephone companies of Verizon Communications Corp. These companies are listed in Attachment A.

commissions require their own service quality reports to the extent necessary to monitor the provision of local telephone service. There is no need for the Commission to retain a federal reporting requirement, as the marketplace already does a better job of informing consumers about competitive choices, and as the quality of local telephone service is within the jurisdiction of the state commissions, not the Commission.

If the Commission, nonetheless, retains the service quality reports, it should streamline the reports and eliminate information that is not informative or responsive to consumer needs.

## **II. The Service Quality Reports Have Outlived Their Usefulness And Should Be Eliminated.**

The service quality reporting requirements in reports 43-05 and 43-06 of the Automated Reporting Management Information System (“ARMIS”) have outlived their usefulness and must be eliminated. This is a perfect example of the type of obsolete regulation that Congress had in mind when it enacted Section 11 of the Act. This section requires the Commission to conduct a review of all regulations every two years and to repeal any that are “no longer necessary in the public interest as the result of meaningful economic competition.” 47 U.S.C. §161(a)(2).

Elimination of such obsolete regulations is not optional – the Act states that the Commission “shall” repeal or modify any regulation that is no longer necessary.

As the Commission notes, it adopted the current service quality reporting requirements to ensure that price cap regulation did not result in a reduction in service quality. *See Notice of Proposed Rulemaking (“NPRM”), ¶ 8.* The Commission was concerned that the transition from rate of return regulation to price caps would give carriers an incentive to increase their earnings

by reducing or delaying investments needed to maintain service quality. *See LEC Price Cap Order*, 5 FCC Rcd 6786, 6827 (1990). Although, in theory, price caps would encourage carriers to make investments in new technologies that would improve the efficiency of their operations and allow them to provide new types of services, price cap regulation was relatively new and as yet untested with regard to the local exchange carriers. Moreover, with competition for local exchange and exchange access services much more limited than today, the Commission viewed regulation as the primary backstop for any deterioration in service quality.

The Commission recognizes that times have changed and that the original justification for the ARMIS service quality reports has evaporated. *See NPRM*, ¶ 11. Ten years of experience with price caps has disproved the fear that price caps would cause the local exchange carriers to reduce their investments in the network. But more importantly, competition has grown exponentially as a result of the Telecommunications Act of 1996, which provides a much more effective incentive for the local exchange carriers to maintain high quality service to attract and keep customers. Local exchange carriers also have a strong incentive to introduce new advanced services to meet the advanced services offered by competitive local exchange carriers, cable companies, and satellite companies. As the Commission notes, this growth in competition reduces the need for regulatory controls. *See id.* Viewed simply as a tool for price cap regulation, the ARMIS service quality reports are no longer “necessary.”

The Commission's proposal to focus the ARMIS reports on consumers rather than price cap performance is a transparent attempt to avoid the congressional mandate to eliminate any regulation that has outlived its usefulness. Congress adopted section 11 to combat the regulatory inertia that causes regulatory burdens to go on indefinitely despite the fact that their original

justifications expired long ago. This is a textbook example of such a regulation. To concoct a new rationale for an obsolete rule evidences a lack of commitment to biennial review. If the ARMIS service quality reports are no longer necessary to meet their original purpose – which they are not – the Commission should eliminate them in this biennial review proceeding and deal with consumer education issues in a separate docket if necessary.

Moreover, the ARMIS reports are not suited to providing useful consumer information in a competitive market. First, the reports are only filed by price cap carriers. Without a comparison to the performance of the carriers' competitors, the data in these reports provide no basis for the consumer to make an informed decision. For example, if the ARMIS report indicated that the incumbent local exchange carrier was meeting service orders in 10 days, how would the consumer know whether the carrier's competitor was doing better or worse?<sup>2</sup> The consumer might compare that performance to the service interval of a price cap carrier in another state, but unless the consumer was planning to move to that state, the information would have no bearing on the consumer's choice of provider. Nor would such a comparison provide a basis for complaining to the state commission, as the conditions that affect the provision of service in the other state might be different. Second, the Commission can only guess at the types of information that consumers would find most relevant. For instance, the Commission proposes to monitor the length of time that consumers are placed on "hold" before reaching a customer representative.

---

<sup>2</sup> The Commission asks whether it should require non-price cap carriers to submit ARMIS service quality information, or allow them to do so voluntarily (*see NPRM*, ¶¶ 29, 30). As is discussed below, extending the reporting requirement to unregulated carriers would contradict the deregulatory purpose of the Act, and competitive local exchange carriers would submit such information voluntarily only to the extent that it put them in a better light than the incumbent. This would tend to mislead consumers about the relative performance of the various carriers in the market.

*See NPRM*, ¶ 23. Verizon’s customer surveys show that this is at the bottom of the customers’ list of concerns. Customer perception of service quality is a complex subject that companies explore through surveys, focus groups, and general market research. Priorities change over time and are different in each area. It is unlikely that a federally-mandated information program would be responsive to customer needs or be relied upon by any significant segment of the public in making actual service choices.

The Commission should abandon the attempt to breathe new life into the aging and irrelevant ARMIS service quality reports. The Commission should carry out the clear purpose of Section 11 by eliminating these reports immediately for all carriers.

### **III. If The Commission Retains The ARMIS Service Quality Reports, It Should Streamline Them By Eliminating Unnecessary Data.**

If the Commission decides to retain the ARMIS service quality reports (which it should not), it should streamline them by adopting its proposal to reduce the number of reporting requirements from more than 30 categories to six. *See NPRM*, ¶¶ 2, 6. The Commission also should avoid adding new reporting requirements that would impose additional recordkeeping and reporting burdens, such as the proposal to gather data on the deployment of broadband services. *See id.*, ¶¶ 25-26. The Commission cannot justify these new reports on the basis that, together with a reduction in other reporting requirements, the net burden of the ARMIS reports would be reduced. *See id.*, ¶ 10. Section 11 requires that unnecessary regulations be eliminated, and any new reporting requirements must be justified on their own merits. In addition, the Commission cannot meet its avowed goal of making these reports useful to consumers unless it makes it

---

mandatory for competitive local exchange carriers to submit the same reports as the incumbent local exchange carriers. However, the better course is to eliminate them entirely.

**A. The Commission Should Adopt Only Six Categories Of Performance Data.**

Verizon agrees that, if the reports are retained, the number of performance categories should be reduced to the six listed in ¶ 16 of the *NPRM*, with the following caveats;

- **Missed Installations.** The Commission should not require carriers to report an installation as “missed” if it is not performed at the scheduled time of day. *See NPRM*, ¶ 17. An installation should be reported as “missed” only if it is not completed on the same day as scheduled. It would create an additional and unnecessary burden on the carriers to require them to modify their systems to report the time of day that an installation is completed. Also, installations missed because the customer was not ready to receive service should not be counted against the Company as a “miss.”
- **Installation Intervals.** The Commission should retain the current formula, which measures installation intervals as the number of days from the date of order. Requiring the carriers to report the number of installations performed in a particular number of days, such as five (*see id.*, ¶ 18), would be arbitrary and less informative than the average interval.
- **Trouble Reports.** The Commission should clarify the definition of “Initial Troubles” to specifically exclude “repeat troubles” on the same line, i.e., trouble reports on the same line within 30 days after a trouble has been cleared. *See id.*, ¶ 19.
- **Out-of-Service Trouble Reports.** For out-of-service “initial” trouble reports, the Commission should require the carriers to report the average interval in hours to repair the trouble and put the line back in service. *See id.*, ¶ 20. Again, the Commission should clarify that this definition excludes repeat out-of-service trouble reports on the same line within 30 days after the line was put back in service.
- **Missed Repair Appointments.** The Commission should not adopt its proposal to require carriers to report the number of missed repair appointments and the total number of repair commitments. *See id.*, ¶ 21. The purpose of this biennial review proceeding is to eliminate unnecessary regulations, not to add new burdens on the carriers.
- **Repair Intervals.** The Commission should not expand upon the current reporting requirement, which measures the average repair interval in the number of hours. *See*

id., ¶ 22. To be consistent with the trouble reporting data, the repair intervals should reflect only initial trouble reports.

- **Other Types of Information.** The Commission should not impose other new reporting requirements, such as the amount of time that customers are on hold before speaking to a customer service representative or the length of time for a call back. *See id.*, ¶ 23. The purpose of this proceeding is to reduce regulation, not increase it. Moreover, Verizon's customer surveys show that this information is at the bottom of the list of customer concerns. In a competitive market, placing a customer on hold for too long, or not returning a call, only invites the customer to seek out a competitor's service. Customers do not need government statistics to let them know whether a carrier is providing a poor response to incoming calls – they need only pick up the phone.
- **Definitions.** The Commission should revise the definitions in the NARUC White Paper, attached to the *NPRM*, as noted above.

**B. The Commission Should Not Adopt New Reporting Requirements For Broadband Services.**

The Commission should not adopt new service quality reporting requirements for broadband and other advanced services, such as xDSL services. *See NPRM*, ¶¶ 25, 26. Many incumbent local exchange carriers, such as Verizon, are transferring their advanced services to separate data affiliates, where the services are unregulated. These services compete with advanced services of other unregulated carriers, such as DSL carriers, cable companies, and satellite companies. Requiring service quality reporting by only one segment of the industry – the incumbent local exchange carriers – would provide no information that would be useful to consumers in making a choice among providers of advanced services. Even if the Commission required all carriers to report these data, meaningful comparisons of service quality would be impossible, because advanced services have very different characteristics depending on the medium employed, e.g., DSL over copper loops, internet access over cable modems, and data and internet access over satellite links.

In addition, service quality reports would be misleading for services, such as DSL, where several carriers may be involved. For instance, a customer may obtain DSL service from an internet service provider that combines its internet access with the service of a wholesale DSL carrier, which in turn obtains a copper loop from the incumbent local exchange carrier. When the customer reports a trouble, the source could be either the internet service provider's equipment, the DSL carrier's equipment, or the local exchange carrier's loop. The internet service provider is the customer's point of contact and likely the only one that can test the entire service to close out the trouble. Reporting of troubles on such services could involve finger-pointing and would be inherently unreliable.

In the final analysis, there is no need for a federal reporting requirement for the quality of advanced services. This is a highly competitive market with hundreds of carriers and several different technologies. Providers of these services have every incentive to communicate service quality data directly to consumers and to compare their services to the alternatives. The Commission should not impose a burdensome reporting requirement on one segment of the industry that would have no incremental value to consumers.

**C. The Commission Should Eliminate The Requirement To Disaggregate Data By Metropolitan Statistical Area and Non-Metropolitan Statistical Area.**

The Commission should adopt the proposal of the United States Telecom Association to eliminate the requirement to disaggregate service quality data between metropolitan statistical areas ("MSAs") and non-metropolitan statistical areas ("non-MSAs"). *See NPRM*, ¶ 28. This breakdown was originally adopted to monitor any differences in service quality between urban and rural areas under price caps. In practice, there is no significant difference in the actual reported

results between MSAs and non-MSAs. These data confirm that price cap regulation has not resulted in inferior service in rural areas. The reporting requirement has satisfied its objective and should be retired.

**D. The Commission Should Not Extend ARMIS Service Quality Reports To Other Carriers.**

The Commission's proposal to retain the service quality reports as a consumer information service would be a futile effort unless it required all carriers, not just the price cap carriers, to submit these reports. Requiring just the price cap carriers to continue reporting these data would leave the consumer with no means of comparison and no way of judging whether the carriers' performance was good or bad. However, extending these reporting requirements to unregulated carriers would be contrary to the deregulatory goals of the Telecommunications Act of 1996. The better solution is to remove the reporting requirement for all carriers and to rely on competition to give carriers an incentive to provide consumers information about the quality of their services.

The Commission's proposal to allow voluntary service quality reports by some carriers, such as the competitive local exchange carriers, would make the situation even worse. *See NPRM*, ¶ 30. Carriers would not report such data voluntarily unless they could show an advantage over the large incumbent local exchange carriers that still had a mandatory reporting requirement. If their performance fell short of the incumbent's, they would hide that fact by declining to submit service quality reports. This would mislead customers and skew the market.

In addition, the Commission notes the problem of requiring service quality reports from carriers that combine their services with the wholesale services of other carriers. *See id.*, ¶ 32. In

case of a trouble report, a carrier would have an incentive to blame the other carrier as the source of the problem. There is no practical way to ensure that service quality reports covering thousands of trouble reports would be reported accurately in these circumstances. Again, the better approach is to eliminate service quality reporting for all carriers rather than expanding the scope of the reports to the rest of the industry.

**E. The Commission Should Not Increase The Frequency Of The ARMIS Reports.**

The Commission should not adopt the NARUC proposal to require the filing of service quality reports on a quarterly basis. *See NPRM*, ¶ 33. This would directly contradict Section 402(b)(2)(B) of the Telecommunications Act of 1996, which prohibits the Commission from requiring carriers to file ARMIS service quality reports more often than annually, regardless of whether the Commission styles them as ARMIS reports or something else. Nor should the Commission try to evade this prohibition by requiring the carriers to file ARMIS data on their web sites on a more frequent basis. *See id.*, ¶ 35. Finally, the Commission's proposal to act as a clearinghouse for service quality reports that are filed more frequently at the state level would not produce meaningful results, given the varying nature of the reporting requirements among the states. *See id.*, ¶ 34. It would serve no federal regulatory function for the Commission to duplicate the service quality data gathered at the state level.

**F. The Commission Should Not Require Carriers To Post Service Quality Data On Their Web Sites.**

The Commission should not require the carriers to post data on their web sites concerning ARMIS service quality reports, number of complaints pending before the Commission and state

commissions, or the number of issues raised before federal or state regulators that have been referred to the carrier for further investigation. *See NPRM*, ¶ 36. The Commission and the state commissions have the ability to put these data on their own web sites if they wish, which would make it available to any interested consumer. By forcing the carriers to post the data on their web sites, the Commission would infringe on the carriers' right of free speech by incorporating the Commission's views about the appropriate measure of their service quality. In addition, posting of pending complaints and issues raised before the regulators, regardless of who does the posting, would tarnish the carriers' reputations with unproven allegations.

**G. The Commission Should Adopt The NARUC Proposal To Reduce The Record Retention Period To Two Years.**

The Commission should adopt the NARUC proposal to reduce the time period during which data underlying the ARMIS service quality reports must be retained from four years to two years. *See NPRM*, ¶ 38. Two years is sufficient if the Commission or a state commission needs to examine the underlying data to verify the ARMIS reports or for other purposes.

**H. The Commission Should Eliminate Other Unnecessary Data From The ARMIS Reports.**

The Commission should eliminate data from the ARMIS reports concerning the quality of services provided to interexchange carriers. *See NPRM*, ¶ 39. The interexchange carriers have the bargaining leverage to require the local exchange carriers to provide customized service quality reports with the types of information and level of detail that are of the most interest to each carrier. In addition, the interexchange carriers have sophisticated means of monitoring the

quality of the services they receive and can compare their data to the local exchange carriers' reports. They have no need of the Commission's assistance in obtaining service quality data.

The Commission should eliminate Table IV of the ARMIS 43-05 Report, which requires reporting of the number of switches serving specified numbers of lines and the number of time switches are down for two minutes or longer. *See id.*, ¶ 40. This information duplicates much more extensive information on network outages that the Commission requires all wireline carriers to report pursuant to section 63.100 of the Commission's rules. Under that section, incumbent local exchange carriers, competitive local exchange carriers, and interexchange carriers must report outages exceeding certain thresholds, typically potentially affecting 30,000 or more lines for 30 or more minutes. Since it applies to all carriers and includes information on transmission facility failures as well as local switch outages, it provides a more complete picture of service quality in the industry than the ARMIS reports, which are only filed by price cap carriers for switch outages. In addition, the states have their own requirements for the reporting of service interruptions. There is no need to continue a separate reporting requirement in ARMIS for switch outages.

The Commission should eliminate the requirement to report the number of complaints filed against a carrier with the state commissions. *See id.*, ¶ 41. The states can publicize this information on their own web sites if they think customers would find it useful.

The Commission should adopt its proposal to eliminate the requirement for the carriers to conduct customer satisfaction surveys and report the results in ARMIS 43-06. *See id.*, ¶ 42. These surveys vary by carrier and do not provide a basis for comparison. The Commission should

rely on competition and the efforts of independent parties, such as J.D. Power, to inform the public of customer satisfaction with a carrier's performance.

**I. The Commission Should Not Adopt The NARUC White Paper Proposal.**

The Commission should not adopt the NARUC White Paper proposal, which would increase the scope and level of detail of the service quality information that the carriers would have to report. *See NPRM*, ¶ 44 & App. C. This proposal, which would significantly increase the burden of the ARMIS reports, is out of place in a biennial review proceeding. Moreover, this proposal highlights the fact that such an expanded service quality report would be designed primarily to serve state regulatory interests, which each state can pursue more effectively through its own processes. The state commissions have the primary regulatory authority over the quality of local telephone service, and they have their own requirements for service quality reporting by the carriers. In addition, their own reports are targeted to local concerns and state policy objectives. The Commission should not create a duplicative federal regulatory report that would support no federal regulatory function.

**IV. Conclusion**

The Commission should carry out the letter and the spirit of the biennial review provisions of the Act by eliminating the ARMIS service quality reports. In no event should the Commission increase the carriers' reporting burdens by adding new service quality reporting requirements.

Respectfully submitted,

By: \_\_\_\_\_  
Joseph DiBella

Of Counsel

Michael E. Glover  
Edward Shakin

1320 North Court House Road  
Eighth Floor  
Arlington, VA 22201  
(703) 974-6350

Attorney for the Verizon  
telephone companies

Dated: January 12, 2001

THE VERIZON TELEPHONE COMPANIES

The Verizon telephone companies are the local exchange carriers affiliated with Verizon Communications Corp.. These are:

Contel of Minnesota, Inc. d/b/a Verizon Minnesota  
Contel of the South, Inc. d/b/a Verizon Mid-States  
GTE Alaska Incorporated d/b/a Verizon Alaska  
GTE Arkansas Incorporated d/b/a Verizon Arkansas  
GTE Midwest Incorporated d/b/a Verizon Midwest  
GTE Southwest Incorporated d/b/a Verizon Southwest  
The Micronesian Telecommunications Corporation  
Verizon California Inc.  
Verizon Delaware Inc.  
Verizon Florida Inc.  
Verizon Hawaii Inc.  
Verizon Maryland Inc.  
Verizon New England Inc.  
Verizon New Jersey Inc.  
Verizon New York Inc.  
Verizon North Inc.  
Verizon Northwest Inc.  
Verizon Pennsylvania Inc.  
Verizon South Inc.  
Verizon Virginia Inc.  
Verizon Washington, DC Inc.  
Verizon West Coast Inc.  
Verizon West Virginia Inc.

CERTIFICATE OF SERVICE

I hereby certify that on this 12<sup>th</sup> day of January, 2001, a copy of the foregoing “Comments of Verizon” was sent as an electronic file via the Commission’s Electronic Comment Filing System (ECFS).

---

Eric Fitzgerald Reed