Q.Please state your name and address.

A.My name is Wayne Hart.  My business address is 472 West Washington, Boise, Idaho.

Q.By whom are you employed, and in what capacity?

A.I am employed by the Idaho Public Utilities Commission (IPUC; Commission; Staff) as a Utilities Compliance Investigator in the Consumer Assistance Section.

Q.What is your educational background?

A.I received a Master's Degree in Bacteriology from the University of Wisconsin in Madison, Wisconsin, and a Bachelor's Degree in Biological Sciences from Indiana University in Bloomington, Indiana.

Q.Please outline your experience that is relevant to your testimony?

A.I have served as a Utilities Compliance Investigator since May of 1994, and have handled nearly 2500 complaints, comments and inquiries, with over 1500 of those involving telecommunications issues, since joining the IPUC Staff.  I served on the Staff team that performed a service quality audit of U S WEST in 1995 and 1996 for Case No. USW-S-95-4.

Q.Have you previously testified before this Commission?

A.Yes.  I presented testimony in Idaho Power’s general rate case in 1995, and served as a consultant to an intervenor on solar water heating in 1980.

Q.What issues will you be addressing in your testimony?

A.I will address U S WEST Communications, Inc.'s (U S WEST; USW; Company) performance with respect to service quality, held orders and other customer service issues and the adequacy of the efforts the Company has undertaken to improve its performance.  Staff witness Carol Cooper will also address a number of Company performance issues in her testimony.

I will then recommend the disallowance of certain expenditures the Company has incurred as a result of a lack of adequate service quality, changes in the Company’s Service Guarantee Program, and recognition of the Company’s record of poor customer relations and service quality in its authorized return on equity until performance reaches an acceptable level.  I will recommend interim performance standards that the Company should be required to meet.

I recommend that the Company’s Toll Restriction service be considered a Title 61 service and that the Company’s recurring fees for providing this service be discontinued.  I will recommend that the Company either update the maps upon which it bases the Zone Connection charges or stop collecting such charges.

I will also recommend that the Company revise the language of the tariff regarding special construction charges, as well as the sections for measured service, to reduce the potential for inequitable applications of these tariffs.

Q.Are you sponsoring any exhibits in this case?

A.Yes.  I am sponsoring Exhibit Nos. 118-126 as part of my testimony.

CUSTOMER RELATIONS

Q.Please describe the method by which you gauge regulated utilities’ performance in the area of customer relations.

A.The primary means by which the Commission Staff is able to assess utility customer relations is through analysis of complaints, inquiries, and comments made by regulated utilities’ customers to the Commission’s Consumer Assistance Staff.  The Staff analyzes its investigatory records to get both a statistical and substantive picture of what problems customers are having, what is causing those problems, how or whether those problems are being resolved, and what could be done to prevent similar problems from recurring in the future.  Complaints, inquiries and comments are categorized and coded to facilitate retrieval and information gathered in the course of investigating and resolving a dispute or providing a response is analyzed.

Q.How do you determine whether the number of complaints, comments or inquiries are significant?

A.We look for trends, as well as compare the number received by one utility with the number received by other utilities.  If a particular utility is experiencing an increase in the number of complaints in a particular area, then the mere fact that it is increasing is important information.  It is even more revealing if one utility is going up and other utilities are not.

Q.Can you really compare the performance of a telephone company with that of an electric company?

A.On an overall level, yes.  While there are differences, there are a substantial number of similarities that make such a comparison valid.  While such comparisons should not be used as the only evaluation tool, they do provide useful information, and Staff’s experience has been that such comparisons are a reliable indicator of a utility’s overall performance.

Q.Your analysis is of “complaints, comments and inquiries” received by the Consumer Assistance Staff.  Could you explain what these include?

A.These include consumers who contact the Commission with either a complaint about a utility’s performance in some manner, a comment about something the utility has done or proposed to do, or an inquiry about some aspect of a utility’s operation.  In general, Staff divides these contacts into two groups:  1) complaints that require further investigation and analysis, which typically involves contacting the utility for additional information, and 2) comments that document information provided by the consumer and inquiries that can be answered by providing the consumer with information.  Although an inquiry may involve limited research in order to answer a consumer’s question, investigated complaints involve in-depth investigations and analysis.  The calls, letters and other contacts made by consumers expressing an opinion about this rate case would be an example of a comment.

For ease of reference, I will refer to the combination of complaints, comments and inquiries as “consumer contacts”.  Investigated complaints will be referred to as “complaints” or “investigations”.

Q.Do these numbers represent every consumer who contacts the IPUC?

A.No, consumers who contact the IPUC are asked if they have contacted the utility about their concerns first.  Those who indicate they have not done so are referred back to the utility, to provide the utility an opportunity to resolve the customer’s concern before they talk with an investigator.

Q.Comments and inquiries are obviously treated differently from complaints.  Are the number of comments and inquiries also an indicator of a company’s performance?

A.Yes, when viewed as a whole, especially on a comparative basis, the total number of consumer contacts can provide very useful information.  This total number tracks very closely with other indicators of performance, and the experience of the Commission Staff, as well as staff at other commissions, has been that it is a reliable tool for indicating overall performance.

Although I would agree that some individual comments or inquiries may not be indicative of a utility’s performance, many of the consumer contacts that would be considered a comment are expressions of concern about a utility's actions or policies, which can be a very good indicator of performance.

For example Staff Exhibit No. 118,   Schedule 1, documents the problems encountered by a customer from Meridian who experienced delays and a major hassle in obtaining phone service upon moving to a new location.  The customer simply wanted the IPUC to know the trouble some customers had to go through to get service from U S WEST.  Because the customer’s service was working properly by the time Staff was able to return the call, and Staff was already familiar with the circumstances which caused the delay, no further investigation was necessary.  However, this customer’s call is an indication that the Company was not providing service in a timely manner.

Q.Do consumers who contact the Commission represent the bulk of customers who have experienced problems with a utility?

A.No.  Although consumers who call the IPUC provide valuable insight into customers' interactions with utilities, those who take the extra effort to contact the Commission represent only a fraction of the total universe of problems encountered by customers.

For example, based upon the data provided to the Commission in a briefing by U S WEST on October 9, 1996, almost 12,000 customers in southern Idaho experienced a delay in the installation of their phone line in the first eight months of 1996.  However, the IPUC only received 146 calls from U S WEST customers indicating they were experiencing such a delay during those same eight months.

Q.Do you have other evidence that supports the claim that the number of customers who call the IPUC about problems is only a fraction of those experiencing the problem?

A.Yes.  There have been a number of studies which indicate that only a small percentage of those who experience a problem with utility service will complain about it to the utility, and only a portion of those will take it further and report it to a third party, such as the Commission.  Staff Exhibit No. 119 shows that of all those consumers who experience a problem, only a portion of them will perceive, or be aware of the problem.  This group can be divided into those who will not be motivated enough to take any further action, and those that are so motivated that they take a personal action.  Of those motivated enough to take an action, a portion will take the action of calling the utility.  The group that calls the utility will be further divided into those who are satisfied by the utilities' action or response, and those who are not satisfied.  Of those who are not satisfied, only a portion will be motivated enough to contact a third party such as the IPUC.

A study prepared by Theodore Barry and Associates/SMB Associates found that more than 20% of a utility's customer base will encounter a problem during a year.  For one midwestern telephone company, more than 45% of those who had a problem did not complain to anyone.  The study estimated that only 5% of those who experience a problem make the effort to complain to a utility executive (as opposed to front line employees) or the utility regulatory commission.

The complaints received by the Commission from customers of United Water of Idaho who were experiencing water quality problems follows this pattern very closely.  United Water has indicated that 9 of its 52 wells have high levels of iron, the main source of the problem, and these wells are the primary source of water for a large, multi-block area.  Staff estimates that the number of customers living in this area would be well into the thousands.  The Company reported they had been contacted by 37 customers in the past year who expressed concerns about their water quality, and in the same time period the Consumer Staff was contacted by only 4 customers about this problem.

Q.Does Staff track any other indicators of U S WEST’s customer service performance?

A.Yes.  There are a number of different ways of examining the consumer contact data that provides more direct information about a company’s performance.  One is the number of consumer contacts that is actually followed up by Staff with an investigation.  Typically, in such cases, the consumer has indicated a specific concern or complaint and the investigator will obtain detailed information about the specific incident or issue from the consumer.  The investigator will then contact the utility to get its side of the story.  If the matter is still pending, the investigator will serve as a mediator to try and resolve the customer’s concerns.

A second approach is to look at the number of instances where there is a change in the utility’s position or approach to a customer’s concern after the consumer has contacted the Commission.

In addition, Staff can examine the number of investigations regarding specific issues, such as a delay in providing service (which Staff refers to as a held order), or repair delays or other instances of impaired service.  I will be presenting an analysis of these indicators.  Staff witness Cooper will discuss investigations regarding billing and credit problems experienced by consumers.  The number of investigations for each of these specific issues is a direct indicator of a company’s service quality performance.

Q.Does the Company provide data that can be used to evaluate performance?

A.The Company’s Basic Service Measurement (BSM) Report, which is now provided to the Commission on a monthly basis, includes eight specific measurements of the Company’s ability to provide and maintain service.  These eight measurements include missed commitments for both repair and installations, installation and repair intervals, held orders, and business office and repair office access.

The Company also reports on their performance with respect to restoring service outages per Customer Service Rule 503, IDAPA 31.41.01.503.  This rule requires telephone utilities to generally restore a service outage within 24 hours of the time the outage is reported to them.  Utilities are to meet this requirement 90% of the time.

Q.Have you analyzed the complaints, comments and inquiries regarding U S WEST?

A.Yes.  For this particular case (USW-S-96-5), I have examined the total number of consumer contacts and the total number of investigations.  I then focused on   U S WEST’s performance with respect to installation and held order issues, as well as repair and other service outage or impairment issues.  I also looked at the relationship that the problems in this area have with other related customer service issues.  Because this case only pertains to U S WEST’s southern Idaho service territory, records involving U S WEST’s northern Idaho customers have been excluded from the analysis.

Q.What were the results of your analysis?

A.Consumer contacts concerning U S WEST have reached an unprecedented level.  The Company’s performance has deteriorated especially rapidly in the past two years and is clearly worse than the other major utilities in Idaho.

Schedule 1 of Staff Exhibit No. 120 shows the total number of complaints, comments and inquiries received by the IPUC Staff regarding U S WEST from the years 1987 through the third quarter of 1996.  As this graph clearly shows, the number of customer contacts remained relatively stable from 1987 through 1994, with the exception of a spike in 1991 that is related to a controversial Caller-ID proposal.  The gradual increase from 1987 through 1994 is approximately double the net increase in the number of lines the Company reported.  However, the number increases dramatically from 1994 to 1995, rising more than 85% in that one year.  The increase continues between 1995 and 1996, rising an additional 55%, for a two-year gain of more than 185%.  I have calculated an annual number for 1996, as I have in all the graphs I will present, based upon the numbers from January 1 through September 30, 1996.

As can be seen in Schedule 2 of Staff Exhibit No. 120, which includes this same type of information for other major utilities serving Idaho customers, the increase from 1987 through 1994 for       U S WEST is similar to the increases other utilities were also experiencing.  However, in 1995, the number for     U S WEST increased dramatically more than it did for the others, and based upon the number received through September 1996, they will reach even higher levels this year.

Q.What issues did the consumers whose complaints were investigated raise?

A.Schedule 3 of Staff Exhibit No. 120 provides more detailed information on the number and subject matter of the complaints received during the past five years.

The red band at the bottom of each bar is for held order investigations.  The blue band above it is for service or repair-related investigations.  While there have been increases in other categories as well, these two account for the majority of the overall increase.

Q.What were the results of your examination of the number of investigations conducted by Staff?

A.Staff Exhibit No. 120, Schedule 4 shows that the number of investigations of U S WEST required to be conducted by Staff has also increased at an alarming rate in the past two years.  The general shape of the line representing the investigations conducted on U S WEST is very similar to that for the total consumer contacts as shown in Staff Exhibit No. 120, Schedule 2, and confirms that the Company’s performance has deteriorated rapidly in the past two years, and is clearly worse than the other major utilities in Idaho.

Q.U S WEST serves more customers than the other utilities.  Could that explain the differences?

A.Staff Exhibit No. 120, Schedule 5 shows the results when the size of the utility is taken into account by looking at the number of investigated complaints per thousand access lines or gas/electric meters.  The drastic increase in the number of investigations is also evident when examined this way as well.  From 1994 on, U S WEST had the highest number of investigations of all major utilities, with 1996 complaint levels projected to exceed 2.5 complaints per access line, a full percentage point above that of the next highest utility, Idaho Power.

I limited the report to the larger utilities, as their size tends to dampen the effects of specific or random events, which might not be indicative of overall performance.  In terms of the number of access lines, U S WEST is the largest utility shown on this graph.  That size, plus the continuous nature of the increase, would indicate that this upward trend in complaint levels is a very valid indicator of a decline in service quality.

Q.Is this a trend that other utilities are also experiencing?

A.No.  While there has been somewhat of an increase for most of the other utilities, none of them has experienced anything like that of U S WEST, in terms of the severity of the amount and rate of the increase, or the extended duration of the problems.

Q.How does U S WEST compare with other providers of local exchange telephone service?

A.GTE, the only other local exchange company (LEC) with a significant number of Idaho customers, is also shown on Staff Exhibit No. 120, Schedule 6.  The increase in the number of investigations for U S WEST has clearly out-paced that for GTE in the last few years, even when evaluated on a per 1000 lines basis.  The comparison is even more revealing when one considers that many of the GTE investigations concern problems that occurred when GTE implemented their Local Calling Plan, and a single error - a mailing that contained erroneous

information - led to many of the GTE investigations in 1995 and 1996.

Q.Could the increase in 1995 and 1996 be attributed to comments received about the major cases the Company has had before this Commission, such as this rate case and the Extended Area Service cases, such as     USW-S-96-4.

A.While it is true that customers’ case-related comments account for some of the increase in total consumer contacts shown in Schedule 1 of Staff Exhibit No. 120, such comments would not increase the number of investigations.  As indicated earlier, case- related comments would not be coded as an investigation unless the customer also complained about a specific problem with the Company.

Q.What information is provided by an examination of the instances where the Company’s position is reversed or modified after a consumer contacts the Commission?

A.Schedule 7 of Staff Exhibit No. 120 shows a comparison of the numbers of instances for each company where there was a change or modification after the consumer contacted the Commission.  This data shows the same drastic increase for U S WEST in the past two years.  Again, none of the other utilities experienced such an increase.  The rapidly rising levels clearly indicate that U S WEST is having difficulty meeting its customers’ needs and expectations.

Q.Are there any other indicators in the Consumer Assistance data that would provide information on the overall service quality that U S WEST provides its customers?

A.Yes.  The data includes an indication of whether the customer mentioned or complained about rude or inappropriate comments or treatment from the customer service representatives of a company.  Schedule 8 of Staff Exhibit No. 120 shows that the number of investigations in which consumers identified such behavior in their discussions with Consumer Assistance Staff.  As can be seen, the number of such instances for U S WEST began to increase dramatically in 1994, and in 1996 is more than double that of 1995.  Current levels are nearly three times higher than those of any of the other major utilities.

Q.To what do you attribute this increase?

A.This is an indication that the Company’s representatives are either new and not experienced in dealing with customers, or are stretched beyond their limits by the sheer number and type of problems they are expected to handle.

Q.The Company has maintained that the increase in the number of held order and service quality problems is due to the explosive growth that the Company has incurred.  Does this explain the problem?

A.No.  As shown in the top graph of Schedule 9 of Staff Exhibit No. 120, U S WEST’s growth, on a percentage basis, has not been significantly different than that of the other major utilities in Idaho, and in many cases has actually been less.  Yet the other utilities have not experienced such a drastic increase in the numbers of investigations, especially with regard to held orders and repair issues, which are shown on the bottom graph.

Of particular importance is the experience of GTE.  From 1990 to 1995, GTE saw a 41% aggregate increase in the number of residential and business access lines in the GTE exchanges in northern Idaho.  Over the same period, the number of lines in U S WEST’s exchanges only increased by 23%.  When one looks at the most recent years, U S WEST showed an increase of only 5%, to GTE’s 6%, in the number of lines from 1994 to 1995.  From 1993 to 1994, the difference is even more striking, with GTE growing at 14%, while U S WEST only increased by 6%.

Q.Does the Company have a responsibility to accurately forecast growth?

A.Yes.  Even if U S WEST were experiencing explosive growth, it would not be a satisfactory explanation for the service quality problems.  Forecasting growth is one of the fundamental and normal functions of any utility.  If a company is not accurately predicting growth, then it is not performing its responsibilities adequately.

I do not mean to imply that a company must be perfect.  It is expected that a company may experience a temporary problem matching its labor force or inventory of supplies to customer demand from time to time.  However, as shown in the bottom graph of Schedule 9 of Staff Exhibit No. 120, the number of delayed service and service quality investigations for U S WEST has gone up every year since 1991, the first year such records were kept.  Failure to address a known problem over a five-year period does not constitute an adequate or even reasonable response.

Q.The Company also maintains that the nature of telephone service is unique, and that given the rapidly growing number of installation and service orders that it must complete, the number of problems is not out of line.  Do you agree with this?

A.No.  First of all, to the extent that telephone service is different from other utility service, then we should be seeing the same rapid increase in the number of problems with GTE, and possibly more, since GTE’s growth has actually been greater.  We are not seeing anything like that.

Furthermore, I don’t accept the argument that the difference between telephone service and other utilities' services would lead necessarily to these kinds of problems.  I would argue that it should work the other way.  Typically, telephone companies do not need to visit the customer’s premises on each change or new connection order, unlike what other utilities must do when they must read meters and connect or disconnect service for customers.  While there is no doubt that the programming changes necessary to process telephone service orders are voluminous, they do not usually require resource-intensive field work.

To the extent that telephone companies are different, it is U S WEST’s responsibility as a public utility to understand that difference, and to maintain sufficient resources and staff to implement the kinds of procedures and systems and do whatever it takes to address those differences.

U S WEST has had more than five years with this same level of growth and it should have been able to figure out how to meet the demands it poses on a telephone company well before now.  It is the Company’s responsibility to plan for growth, and to the extent that they have failed to do so, they should be held accountable.

INSTALLATION OF SERVICE AND HELD ORDERS

Q.What problems have occurred with respect to installation of service?

A.There has been a significant rise in the number of investigations of held orders or delayed service installations.  As shown in Schedule 10 of Staff Exhibit No. 120, the number of held order investigations increased dramatically in 1995, and although the pace seems to have slackened off a little in 1996, it continued to increase.  U S WEST’s current levels are more than five times higher than those the Company experienced in 1991, and on a per 1000 line basis, at least ten times higher than GTE or any of the other utilities.  I should point out that prior to 1991, Staff did not collect specific held order data; such investigations were limited in number and random in occurrence.  By 1991, the number of U S WEST held order investigations had increased significantly, and appeared to be consistent enough that Staff believed it appropriate to collect specific data.

Q.What specific types of problems associated with their delayed installations did customers report?

A.Problems include the Company’s failure to: promptly provide service; promptly advise the customer of potential delays in getting new service in areas where no facilities are available; advise the customer of the status of a held order; keep an appointment if a premises visit is required, and return calls to customers that left messages on the voice mail for the held order group or engineers.

Q.Are these problems occurring only in previously unserved areas?

A.They are occurring in new construction areas as well as existing neighborhoods, although growth does play a significant role in the installation backlogs.  An analysis of the investigations conducted in the first three quarters of 1995, when held orders were at their peak, showed that approximately two-thirds of the investigations of delayed service installation involved new construction.  The percentage of delayed service investigations from new construction has declined somewhat since then, dropping to approximately 40% of the total delayed installation investigations in the third quarter of 1996.

In the first three quarters of 1995, roughly one-third of the delays in both existing neighborhoods and new developments were due to lack of available facilities; another third were caused by defective outside plant that required repair before service could be provided; and the remaining third were caused by a shortage of installation personnel in the field, engineering backlogs and central office problems.  In the year since that time, outside plant problems continue to account for slightly more than two-thirds of the delays, with manpower shortages identified as the problem in approximately 18% of the investigations.

Q.Has the Company been aware of this held order problem for some time, or is it of recent origin?

A.As indicated earlier, Staff began recording held order information in 1991, partially in response to the increase in U S WEST held order investigations.  Staff held a number of informal discussions with U S WEST representatives at that time about the number of held orders, and were assured that this was a temporary problem and that the Company was taking steps to correct the situation.

Staff expressed concerns about the potential to exacerbate held order problems in response to the Company’s requests to conduct promotions for second residential lines in 1991 and 1992.  The Company's representatives responded that they would make sure this would not happen.  However, the Company conducted such a promotion late in 1995 and Staff conducted at least two investigations concerning secondary lines that became held orders due to lack of facilities.

Staff Exhibit No. 121, a letter dated     May 14, 1993 from John Souba of U S WEST to Eileen Benner of the Commission Staff, identifies steps the Company was taking to resolve the held order problems.  Late in 1993, based upon evidence that the instances of delayed installations and other service and repair related problems were not decreasing as U S WEST had promised, but were actually increasing, Staff held a series of meetings with officials from U S WEST to share information that might help the Company get a better understanding of the problems and any insight into the problems that Staff might have obtained from their investigations.

With the number of U S WEST investigations continuing to rise, the Commission in December of 1994, proposed standards for service quality and financial penalties if the Company failed to meet them.  (Order  No. 25826).  U S WEST petitioned for reconsideration and in Order No. 25923 issued in March 1995, the Commission opened Case No. USW-S-95-2, specifically to examine the issue of service quality standards.  In June 1996, in Order No. 26476, the Commission acknowledged that        U S WEST had indicated that it would be filing this rate case, noting that several of those submitting comments had indicated that the rate case was the appropriate vehicle for addressing service quality issues.  The Commission subsequently closed Case No. USW-S-95-2.

The Company has been well aware of the growing numbers of delayed installations and other service quality problems for at least five years, yet the numbers, both in terms of actual numbers of customers experiencing delayed installations, and the numbers of investigations conducted by the IPUC Staff, remain at unprecedented levels.

Q.Is there a difference of opinion between Staff and the Company about what constitutes a “held order”?

A.Yes.  The Staff considers any delayed service installation a held order, regardless of the reason for the delay.  Staff has chosen this definition because customers are not concerned about why the Company is unable to provide the requested service in a timely manner; their concern is about the delay itself.         U S WEST only considers those orders that are delayed because of a lack of facilities to be held orders.

Q.Does this difference in definition make a significant difference in the numbers you are discussing today?

A.My analysis of the investigations conducted from October 1995 through September 1996 indicated that more than 15% of the complaints regarding delays in installation would not have been considered held orders by U S WEST because the reason for the delay was lack of available outside plant technicians rather than lack of facilities.  In the first three quarters of 1995, 5% of the delayed installation investigations were attributed to manpower shortages, so we are seeing a three-fold increase in customers contacting the Commission about delays caused by lack of manpower as opposed to lack of facilities.  Affected customers experienced delays of up to three weeks even though facilities were available.

The data provided by U S WEST in response to a question about missed commitments includes information on 5,217 residential orders over a ten month period for which U S WEST failed to install by the due date.  Of these orders, 1,158 were given a due date more than 7 days out, 342 a due date more than 14 days out, and 110 a due date in excess of 21 days out.

The Company’s own reports provide the best indication of the scope of the problem.  According to the information provided by U S WEST in their Basic Service Measurements (BSM) reports for the first eight months of 1996, nearly 50% of all requests by businesses and nearly 30% of residential orders for new service, moves or changes were not installed within U S WEST’s target interval (two days) for installation of service.  That means nearly 12,000 orders were not installed in a timely manner.

Staff Exhibit No. 118, Schedule 2 is the investigation report for a customer in Mountain Home whose order was delayed for two weeks simply because the Company did not have a technician available to complete the job.  The U S WEST representative responding to Staff’s inquiry indicated in her reply that this was the normal waiting time for customers placing orders in Mountain Home at that time.  In a number of locations, Sun Valley/Hailey, Meridian, Eagle, Star, and Mountain Home, every customer who requested service was forced to wait up to two and as much as three weeks for service to be installed during the busier times of the year, even if all facilities were available.

Q.Has the Company made any improvements?

A.U S WEST is improving in the area of notifying customers of delays prior to the promised installation date.  In 1994 and the early months of 1995, almost every U S WEST customer contacting the Commission about a held order indicated they were not warned that their service might not be installed as promised.  The Company now tries to identify such problems in advance, using a procedure they call “Facility Checker”.  This process has helped.  Only 40% of those contacting the Commission in the latter part of 1995 and the first three quarters of 1996 specifically indicated they had not been warned of the problems at the time of placing the service order or at some point in advance of the original installation due date.  In most of the instances where the customer was not warned, the facilities problem was not discovered until the technician went into the field to perform the installation.

Q.What have the BSM reports shown for installations?

A.In general, the BSM reports show the Company has been unable to meet many of its own internal targets for service installations.  The Company’s target is to install service within two days of the order date 91.5% of the time for both business and residential customers. As shown in Schedule 1 of Staff Exhibit No. 122, as of the end of September 1996, the Company had missed it’s own internal target for completing the installation on the promised day every single month for business customers, and five of nine months for residential customers.

The Company’s target for “Appointments Offered”, which is an indication of how many customers are offered an install date within the standard two-day interval is 80%.  Schedule 2 of Staff Exhibit No. 122, indicates U S WEST failed to meet its own standard during any month for businesses, and met it only two of the nine months for residential orders.

The Company reported a total of 89 held orders as of September 30, with 35 of those having been held for over 30 days.  However, as a snapshot view of a single date, those numbers fail to represent the actual numbers of customers who are impacted by the Company’s inability to install service in a timely manner.  The Company reported a total of 83 held orders as of June 30, yet information provided to Staff on the number of credits provided under its Service Guarantee Plan indicates that the orders of 408 customers were held in June.

Based upon data provided to the Commission by U S WEST during a briefing in October, the Company had a total of 35,289 “Fielded Installs”, through August 1996.  If one apportions those between business and residential using the percentage of the total residential and business lines in the 1995 Annual Report to the Commission (approximately 25% business and 75% residential), and uses the percentages of “Appointments Offered” in the September 9, 1996 BSM report, then it appears that the Company had failed to install over 4000 business lines and more than 7,700 residential orders within the standard two-day interval in the first eight months of 1996.

REPAIR

Q.What did your analysis of the investigation data show for repair issues?

A.Schedule 11 of Staff Exhibit No. 120, shows that the number of investigations of U S WEST for service problems of all kinds increased drastically in 1995.  Although the number of investigations have declined slightly in 1996, they remain at levels well above the Company’s historical levels, as well as the levels for other utilities, including GTE.  The spike in 1995 for Utah Power represents a number of customers served by the same feeder line experiencing numerous momentary outages.  The Company reconfigured the conductors along a stretch of the line which appears to have corrected the problem.  A single event or source problem such as this is considerably different than the widespread problems that we see with U S WEST.

Service outages, instances where the customer either has no dial tone, or service is impaired such that it is not usable, make up the majority of the service related investigations.  Schedule 12 of Staff Exhibit No. 120, shows that the number of investigations of service outages also increased dramatically in 1995, rising to levels nearly four times higher than that of GTE.  There has been a decline in 1996, but the number remains well above normal, more than three times higher than that of GTE.

The Company has worked hard to address violations of the Commission’s rule regarding service outages in order to eliminate the penalties imposed by Commission Order No. 26303 issued in Case No. USW-N-95-2/ USW-S-95-8.  That order required the Company to submit a civil penalty of $5,000 for each month it failed to meet the 90% standard in southern Idaho for restoration of service as required by Rule 503.  The Company was to pay the penalty every month until it had met the 90% requirement for at least three consecutive months.  The Company’s effort to eliminate those penalties is probably reflected in the decline in this category in 1996.

Q.What concerns have there been with respect to repair of service?

A.Problems include the Company’s failure to: restore service within 24 hours, fix a service problem the first time it is reported by the customer, and keep an appointment if a technician must visit a customer’s premises.  Staff’s analysis of service-related investigations indicates that more than 50% of the service quality complaints involved repeat trips by      U S WEST in order to get the problem resolved.

While many of these complaints concerned trouble that was intermittent in nature, making the problem hard to identify and fix, many were simple problems that didn’t get fixed the first time.  Some involved second and third lines that the Company failed to fix when primary line service was repaired.  In most of these cases involving secondary lines, U S WEST explained the omission to the investigator by noting that the repair ticket did not mention problems with additional lines, although the complainant frequently indicated to the investigator that the information had been provided at the time the outage was reported.

Q.What does the Company’s BSM reports indicate with regard to repair issues?

A.The Company reports significant improvement in 1995, stating that it has been able to meet its own internal goals for most of the months in 1996.

The Company’s goal for “Missed Commitments” is to complete repairs by the time promised to the customer at least 90% of the time.  As shown in Schedule 3 of Staff Exhibit No. 122, after missing this goal in January for residential repairs, it managed to meet the goal for all the remaining months of 1996 through October.  Business repairs have the same “Missed Commitment” goal, and the Company has been able to meet that goal five of the nine months, with the year to date average at just over 90%.

For “Appointments Offered”, the Company’s internal goal is to agree to fix the problem 75% of the time that same day if reported by 1:00 P.M., and those reported after 1:00 P.M. are to be repaired the next business day.  For business repairs, the Company has met their internal 75% goal in every month through October 1996 except January, and the year-to-date level is at 77.7% (See Schedule 4 of Staff Exhibit No. 122).  For residential repairs, the Company has met their goal during 1996 except January, June and July, with the year-to-date level at 76.0% at the end of September.

24-HOUR OUT OF SERVICE

Q.Has the Company continued to meet the Commission’s Rule 503, which requires that utilities restore service within 24 hours after it has been reported at least 90% of the time?

A.Using the Company’s method for measuring compliance with this rule, which excludes what the Company defines as “extenuating circumstances”, they met it four times in a row from February through May.  It dropped to 89% in June, rose to 91% in July, 92% in August, and was at 93% in September.

However, using the method for determining compliance preferred by Staff, which would include those outages which the Company defines as “extenuating circumstances”, the Company has failed to meet the requirements in any month in 1995 or 1996.

Q.What is the difference between Staff's and the Company’s methods of determining compliance and why should the Commission use Staff’s calculation method?

A.The Staff’s method would include all outages of Title 61 services reported by customers.  The Company’s method excludes those outages the Company defines as “extenuating circumstances”.  The Company defines any outage that involves customer-owned equipment, those where the service technician claims they are unable to obtain access to complete the repair, those caused by the customer or third parties, such as a cable cut by a contractor or those caused by a natural disaster, such as widespread flooding, forest fires, etc.  as an “extenuating circumstance”.  By excluding these cases, the total number of out-of-service conditions is reduced, which typically makes the percentage restored within 24 hours higher.

Staff contends that such “extenuating circumstances” were recognized and taken into consideration in setting the percentage required for compliance when the rule was established, and that to allow them to be excluded from the calculation amounts to double counting.  The Company’s method of determining compliance dilutes the requirements of the rule below levels of service that consumers deserve to be provided.  The Company’s preferred method also allows it to exclude instances where the Company is unable to obtain access because it failed to keep an appointment with a customer.  16% of the held order and service related investigations analyzed involved a situation where the Company did not keep a scheduled repair appointment.  “No-shows” remain a frequent source of customer frustration in 1996.  Missed appointments are particularly irksome to residential customers who often must take time off work to wait for a repair technician that fails to appear.

Q.Is Staff satisfied that the Company’s procedures for measuring and reporting performance is accurate?

A.Staff conducted a performance audit of the Company’s information gathering and reporting procedures for the BSM reports that were proposed for use in determining progress in improving service quality in  Case No. USW-S-95-4.  A copy of the Executive Summary of Staff’s report from that audit is attached as Staff Exhibit No. 123.

Although Staff found the Company’s reporting procedures and measurement criteria to be a reasonable indicator of the Company’s performance, Staff noted a number of exceptions and deficiencies.  Staff recommends that either these deficiencies be corrected, or the performance goals or standards used in determining whether the Company’s service is acceptable should be adjusted (increased) if the Company’s reporting procedures and measurement criteria were to be used.

Q.Are there other concerns dealing with either held orders or repair issues?

A.Nearly 30% of the service quality and held order investigations revealed a discrepancy between information provided by the complainant and that reported by U S WEST.  The discrepancies included:  whether or when the customer notified the Company of the problem; the number of calls the customer made to report a problem before it was fixed; and incorrect or incomplete records of customer-provided information.  Staff was unable to determine a reason for such discrepancies during the performance audit, and they remain a source of concern.

ACCESSIBILITY

Q.Please describe the Company’s performance with respect to accessibility.

A.The ability of customers to promptly reach someone who can address their concerns when they contact the Company by telephone is an area where the Company has made significant progress.  Based upon the Company’s BSM reports, shown in Schedule 5 of Staff Exhibit No. 122, at the beginning of 1995, less than 80% of callers to       U S WEST’s business offices, and only 70% of callers to a repair office were able to have their calls answered within 20 seconds.  The BSM report for September 1996 shows nearly 90% of callers to the business offices were able to reach a live person in less than 20 seconds, with the average over the nine months of 1996 at 88% for businesses, and 93% for callers to residential business offices.  On the repair side, the numbers for September are both a fraction less than 85%, with the average for the year to date just above 88%.

Q.Does Staff have concerns with the manner in which the access measurements in the BSM report are compiled?

A.Yes.  The access measurements in the BSM report only include calls to repair centers and business offices.  They do not include calls to other facilities that customers may call, such as credit management centers, Spanish-speaking centers, and those call centers operated by contractors.

Q.Would including the calls to these centers result in the Company failing to meet its internal BSM goals?

A.I do not know.  During Staff's audit of USW last year, Staff was provided with information that indicated the number of calls to these excluded facilities was considerably smaller than the calls to the repair and business offices.  However, that data also indicated that access to the Credit Management Center was significantly worse than most other USW centers, with less than 60% of the calls answered in less than 20 seconds.  Including the access results for these calls would have only reduced the total measurement by a few percentage points, so it is possible that the improvement at the business and repair offices would have been sufficient to compensate for the poor access results for these facilities.

Staff requested access information from all U S WEST facilities, but this information was not provided in the format requested for our analysis, and the information we did receive was not provided in sufficient time to be analyzed for this testimony.    During the performance audit, Staff was informed that U S WEST was increasing its use of outside contractors to handle routine calls from customers, such as requests for duplicate bills, and that the Company utilized two firms for such services at that time.  However, the information U S WEST provided in response to Staff’s production request on the access rates for calls handled by contract firms indicated that only one firm responded to incoming calls, and the access data pertaining to that firm was not available in the format Staff desired.  The audit team was assured that such data was available in the desired format during the audit.

Q.Do the number of consumer contacts to the IPUC about access show a similar improvement?

A.We do not track access as a separate item, so it is not an issue that can be quantified easily.  A significant number of investigations contain references to being placed on hold or about a difficulty in getting through to anyone at U S WEST.  Nearly 15% of the investigations regarding held orders and service quality include references to some form of difficulty in reaching a person who could address their concerns.

The nature of the problems that customers have reported seems to have changed over the past year.  In 1995, nearly 20% of the held order and service quality investigations included references to busy signals, long hold times and disconnections while customers worked their way through U S WEST’s automated voice response unit.

However, the investigations from October 1995 through September 1996, seldom mention these problems, which is consistent with the improvement identified in the BSM reports.  Instead, they identify problems the customers had incurred after they have reached a person.  Some of the callers reported being placed on hold after reaching a U S WEST representative, and being left on hold for extended periods, often more than 15 minutes, while the representative looked for additional information or discussed issues with someone else.  This was especially noticeable in the investigations dealing with credit or billing issues.  This type of “hold” would not be included in the access records.  It is one of many indications that U S WEST service representatives are not familiar with the systems or the information they use in responding to questions.

It did not appear to be a common practice to provide customers whose order had been held with a phone number for the held order group in 1995, but such a number was often provided in 1996.  The effort to provide consumers with a more direct point of contact for information on their delayed orders is a positive change, but based upon consumer complaints, it has become a source for access problems.

More than 10% of the customers contacting the IPUC about delayed service indicated they had left messages with the Held Order Group, but that no one had returned their calls.  In some cases, the customer claimed to have left multiple messages, and had not received a response in more than a week.

An additional 5% of the held order investigations included other access problem allegations.  In many of these cases, customers indicated the person who returned their calls could not provide them with any information about their order, other than it was being held due to a lack of facilities.  Customers deserve to be given at least some estimation of the typical time frame for instances with circumstances similar to theirs.

Q.Have customers expressed any concerns about the automated voice response unit?

A.Many customers are frustrated with the complex and lengthy automated Voice Response Unit (VRU) system that U S WEST uses to route calls to specific call centers.  Customers complained about the difficulty in determining which of the recorded options to select and the lengthy, multi-layered option tree.  U S WEST has changed the pre-recorded messages for their general business 800 number, and that seems to have helped considerably in reducing the confusion about the options, but customers still complain about the time it takes to get to a representative.

U S WEST does not begin the clock, in terms of timing whether a call is answered within 20 seconds, until a call exits the VRU.  Depending upon which options are selected, callers may listen to options and sub-options for more than a minute before that occurs.  If the timing began at the time of the first ring, which, from the consumer’s viewpoint is the more appropriate point, very few, if any, of U S WEST’s customer’s calls would be considered “answered” within 20 seconds.

Q.Do the improvements in access and repair and the stabilizing of the number of held order investigations indicate that the Company has solved its customer service problems?

A.No.  The Company might be able to legitimately claim the rate of decline has slowed, but the level of service it is currently providing is far from acceptable.  It is like the medical patient whose hemorrhaging has stopped, but whose overall condition remains critical.

Schedule 13 of Staff Exhibit No. 120 shows the number of investigations by month.  There is considerable variation from month to month, making it very difficult to identify trends.  This same degree of variation was evident in the Company’s BSM reports.  The peak months for 1996 were not as high as the peak months in 1995, but even the lowest months for 1996 are well above the highest months from just a few years ago.  Service levels would need to improve to the same levels provided by other companies today, and that provided by this Company prior to 1991, and remain at those levels long enough to make sure it is not just a cyclic variation, in order for the problem to be declared solved.

Q.What general conclusions about the Company’s overall quality of service do you draw from all of this information?

A.I believe this information demonstrates that U S WEST is experiencing serious customer service problems in their southern Idaho service area, and it has failed to implement sufficient measures to resolve those problems.  The level of service currently being provided by U S WEST is not acceptable.

Q.What do you propose that the Commission do to encourage the Company to improve its service quality performance?

A.Staff recommends that U S WEST’s poor service performance be reflected by the Commission selecting a lower return on equity (ROE) within the reasonable range of returns.  Staff witness Terri Carlock discusses ROE in her testimony.

SERVICE QUALITY STANDARDS

Q.How do you propose the Company demonstrate that it has returned service to an acceptable level?

A.Since the Commission has not established service quality standards for the industry as a whole, Staff proposes that the Commission use the service quality standards recommended by the Regional Oversight Committee (ROC)(Staff Exhibit No. 124), including Staff recommendations for the state-specific variables, as evidence that U S WEST’s service quality has reached an acceptable level, until the Commission adopts standards that would apply to all local telephone service providers in the state.

Q.Why do you recommend the ROC standards be used as a determination that the Company is providing quality service until the Commission has established statewide standards?

A.These standards were developed through a consensus process that involved input from commissions and staff from all of the states in which U S WEST provides service.  They were developed to represent the quality of service that consumers had come to expect prior to the re-engineering efforts of the Company.  It represents performance levels that are achievable.  It has had the most thorough review by professionals within the telecommunications field of any of the possible standards of which Staff is aware.

Q.For how long would the Company be expected to maintain service that meets or exceeds these standards before they would be allowed to petition to have its return on equity increased?

A.Staff recommends a full year.  The demand for the services that are proposed for measurement varies considerably throughout the year, and experience has shown that the Company can meet the requirements in the slow months, and then fall behind again in the months with higher demand.  A full year of meeting the requirements would more clearly demonstrate whether performance is acceptable.

Q.Would the Company need to meet all the criteria in the ROC standards to have its return increased?

A.Yes.  There is no reason consumers requiring one service should suffer reduced performance compared to those requiring a different service.  It is not reasonable to accept any performance that is below the levels identified in the ROC standards for any of the items being measured.

Q.Why did you reject the Base Service Measurement criteria included in Staff and Company’s Joint Motion for Acceptance of Regulatory Plan proposed, and then withdrawn, in Case No. USW-S-95-4?

A.Those criteria do not identify a single level of service that would be acceptable as a minimum, but rather included a range of service levels and a scoring system that recognized multiple levels of improvement over a period of years.  They were an appropriate vehicle for promoting and recognizing progress, which was the objective of those criteria, but not for determining when the problem is resolved.

In addition, Staff agreed to those measurements as part of an alternative regulation plan.  When viewed as an independent item, Staff does not consider the criteria, or the information used to verify compliance, to be acceptable.

Because these criteria are recommended for use on an interim basis, until industry-wide standards can be adopted by the Commission, I believe it is appropriate to require the Company to meet or exceed standards that have been determined by telecommunications experts in the 14 states served by U S WEST to be reasonable and achievable.

Q.Does Staff have other recommendations for dealing with the service quality issues?

A.Yes.  In conjunction with development of a new alternative regulation plan with Staff in Case No. USW-S-95-4, the Company voluntarily implemented a “Service Guarantee Program” that provides incentives to consumers who have been negatively impacted by the Company’s failure to provide or restore service in a timely manner.  As a voluntary program, the Company can alter or discontinue the program at any time.

For the most part, this program has been a positive means of recognizing and mitigating the inconvenience and damage customers incur because of the Company’s failures.  Staff recommends that this program, as modified with the suggestions below, be made mandatory by the Commission.

Q.What shortcomings does the current program have?

A.The option of a cellular phone voucher is not provided until the order has been held for at least 30 days.  The amount of the voucher, $105 for the first month and $75 for subsequent months, does not cover the typical consumer’s costs.  For most consumers, it is too little too late.

The program U S WEST has implemented in New Mexico provides the option of a cellular voucher after an order has been held for five days, instead of 30 days, and the amount of the voucher is $200 for the first month and $150 for all subsequent months.

In Utah, Montana and most recently, Washington, the Company provides the customer with cellular service or a “loaner” cellular phone rather than a voucher.  The Company sought bids from cellular providers, and the company submitting the winning bid provides the cellular service.  The customer pays the normal U S WEST service charges, and U S WEST pays the bill for the cellular phone usage.

Staff recommends that either a cellular voucher in the amount of $200 for the first month and $150 for each subsequent month or a cellular “loaner” program similar to that in effect in Montana and Utah be provided to the customer if primary line service is not provided within seven days of the date that service is ordered, which would be five days from the date service would be installed if the Company met the standard two-day interval, or is delayed five days from the date that the customer requests service be provided.  A date accepted by the customer because that is the earliest date offered by the Company would not be considered a customer requested date.

In addition, the option of voice messaging service is not included in the voluntary program, but it is provided in other states, and was included in the program Staff accepted in Staff and Company’s Joint Motion for Acceptance of Regulatory Plan proposed in Case No. USW-S-95-4.  Voice messaging service is especially important in areas where cellular service is not available.  Staff recommends this option be included in Idaho.

For those customers who do not want cellular service or do not live in areas where cellular service is not available, the voluntary program provides a credit equal to the recurring charge for basic service for each month the service is not provided.  This is not sufficient.  In New Mexico this has been increased to twice the recurring charge, which comes closer to compensating the customer for the inconvenience and trouble of delayed service, and Staff recommends that this level be required in Idaho as well.  This credit would be provided to all customers except those receiving the cellular option.  It would apply to both primary and additional lines.

In addition, the voluntary program does not provide any customer with any alternatives until the order has been held for facilities for five days.  Staff recommends that the telephone number, directory listing, remote call forwarding, and a toll calling card be provided as soon as the order is delayed beyond the two-day service interval, rather than waiting till it has been held for facilities for five days.  Credit for the installation charges and voice messaging service should be provided if service is not provided on the due date or within seven days of the date the service was ordered if the customer is not offered a due date within seven days of the date the service is ordered.

The voluntary program only applies to orders for primary service.  Orders for second or additional lines are not covered.  Staff believes such an exclusion is only appropriate for the cellular voucher or “loaner” options.  Staff recommends that all of the other credits and compensations provided in the Service Guarantee Program be applied to all orders for service, regardless of whether the service is for primary or additional lines.

A comparison of the current voluntary program with Staff recommendations for the Service Guarantee Program is attached as Staff Exhibit No. 125.

Q.Does Staff have a recommendation for Title 62 customers?

A.Title 62 customers are also entitled to quality service, and based upon the information obtained from Title 62 customers that have contacted the Commission, as well as information provided by the Company, Title 62 customers have shared in the inconvenience, frustration and problems caused by deterioration of U S WEST’s service quality.

However, Staff does not intend to present arguments for jurisdiction in this issue for Title 62 customers at this time, and simply recommends that the Commission encourage the Company to adopt a voluntary service guarantee program for those customers.

Q.Does Staff recommend any changes regarding the Service Guarantee Program for repair-related problems?

A. Under the voluntary program now in place, compensation is available under three circumstances: failure to fix the problem the first time; missed repair appointments; and trouble occurring within a specific period of time after installation of service.

However, when the program was initially described to the Commission, the customer was only required to call U S WEST and notify them of the missed commitment to repair or install service or failure to fix the problem in order to receive a credit.  However, when the program was implemented, the Company modified this to require the customer to specifically request the credit in order to receive it.  In spite of repeated assurances to Staff from the Company that this would not be the case, the investigation records contain numerous instances where credits for missed repair commitments were not provided until Staff requested that such credits be provided to the customer.  The credits are clearly not being provided as the Commission understood.  The credit should be provided automatically to any customer who experiences a missed commitment or failure to repair, whether or not the customer calls to request the credit.  Credits should be provided automatically to every customer who experiences a missed commitment regardless of whether they call to report the missed commitment.  Credits to customers who experience repeat repair visits could be limited to those who report that the problem has not been fixed.

Q.Is compliance with Commission Rule 503 IDAPA 31.41.01.503.01(b) also a part of both the current and recommended program?

A.Yes, it is.  Although USW is already required to comply with this part of Commission Rule 503, the standards and associated customer credits contained in this rule were incorporated into the Service Guarantee Program.

Q.Are the credit amounts provided under the Service Guarantee Program reasonable?

A.The amounts provided in the Company’s voluntary program are within the range of reasonableness, with the $10.00 residential customer credit for missed installation and repair commitments, repeat repair problems, or repair problems shortly after installation being at the low end of that range.  Staff recommends that the amount be increased to $20 for the residential credits, which would be one-half of the credit provided to business customers.

Q.Are there other actions that you propose?

A.Yes, based upon information provided to Staff by U S WEST, the Company failed to collect $72,578 in revenues for the monthly service charges from those orders that involved missed commitments in the 10 months from November 1995 through August 1996.  The Company would have collected this amount if the services had been installed within the normal two-day interval.  Staff recommends that the revenues for the 1995 test year be increased by $90,723 of imputed revenue, to adjust for this lost revenue.  This amount was determined by annualizing the 10 month value.  ($72,578 divided by 10, then multiplied by 12).

In addition, in response to a request from Staff, the Company indicated it had provided, in accordance with the Service Guarantee Program, credits for both the non-recurring installation charges and the recurring charges for basic local service in November and December 1995.  Staff recommends that the costs of these credits, which Staff calculate to be $20,944, be imputed to Title 61 revenue.  Staff Exhibit No. 101, presented by Staff witness Lansing, includes both of these adjustments.

These expenses are not normal business expenses, and would not have been necessary had the Company provided the requested service in a timely and appropriate manner.  Title 61 customers should not bear the costs of programs made necessary by the Company’s failure to provide adequate service.

In addition, the Company should be directed to account for all future expenses and credits provided under the service guarantee program, or any successor program, in such a way that the costs for such a program can be readily determined.

Q.Does Staff have recommendations about other elements of the Company’s tariff?

A.Yes.  Staff believes that the toll restriction service currently provided by the Company as a Title 62 service, (Section 10.4.4 of the Exchange and Network Services Catalog) is a variation of the blocking services provided as a Title 61 service at the time the Company elected to be partially deregulated.  (See Staff Exhibit No. 126).  Therefore, Staff recommends that this service be included in the Title 61 tariff.

Staff opposes the collection of a recurring fee for this service.  Toll restricted service is typically chosen by consumers as an alternative to paying a deposit.  Many customers choosing this option are on limited incomes and simply making the monthly payment is a real burden.  To impose a relatively high ($2.00) recurring fee that cannot be supported by the costs the Company incurs to provide this service only increases this burden.

Staff recommends that a non-recurring, Service and Equipment charge of $6.00 be imposed at the establishment of Toll Restriction, but that no recurring fee be imposed.

ZONE CONNECTION CHARGES/MAPS

Q.What are you recommending with regard to the rural zone connection charges?

A.Although the recurring zone charges were eliminated in Case No. USW-S-96-4, a non-recurring charge, called the Zone Connection Charge is still imposed at the time of the initial installation of service for customers outside of the Base Rate Area.  Staff understands the rationale for this fee, and does not necessarily oppose such charges for installations that actually are more expensive to provide.

However, the zone maps have not been updated in a number of years.  Many are more than a decade old.  There have been numerous changes in that time, and many of the areas that are indicated as rural and outside of the Base Rate Area, and, therefore, subject to additional zone charges at the time of installation, are now within the urban areas.  The Columbia Village development southeast of Boise is an example of such an area.

Q.Have the outdated maps led to problems?

A.Staff is aware of isolated instances where zone connection charges have not been collected from all residents of the same subdivision equitably, with some customers being under-charged, while others were charged the appropriate fees.  Outdated maps tend to enhance the probability of such occurrences.  The Company claimed it did not collect, and therefore could not provide without performing an expensive and time-consuming special study, the information Staff requested in order to fully investigate this issue.

Staff made an informal inquiry of the Company about updating the zone maps, and the Company’s response was that updating the maps would be time-consuming and expensive, and so was not worth the effort.  Staff believes that collecting zone connection charges based upon out-of-date maps leads to inequalities and discriminatory practices, and is not acceptable.  Staff recommends that the Company be directed to either update the maps, or stop collecting the zone connection charges.  As an alternative, the Company could propose a variable hook-up charge which is based upon the distance to the nearest feeder.  Such a charge would be similar to the hook-up fees now charged by a number of utilities in Idaho.  It is a concept with which most customers are familiar, and distributes the costs of rural service more equitably among new customers.

SPECIAL CONSTRUCTION CHARGES

Q.Are there other charges that Staff suspects are not being imposed equitably?

A.An increasing number of the investigations contain references to special construction charges that have been imposed in accordance with the provisions of the Basic Local Exchanges Tariff, Section 4, Paragraph Nos. 4.6.A and C for southern Idaho.  This section allows the Company to impose additional fees at the time of installation to address “unusual conditions”.

Customers have indicated that they are being required to pay such charges now under the same circumstances that they did not incur such charges in the past.  Staff was not aware of the Company imposing such charges until recently.  Based upon the Company’s response to Staff’s request for such information, the amount collected from such charges went from $56,208 in 1995, to over $120,357 January through August 1996.

It appears that the Company is imposing such charges on an increasing basis, and may not be doing so in an equitable manner.  The Company has not established clear and consistent guidelines for imposing such fees and the actual wording of the tariff leaves an immense amount of room for interpretation.

Staff recommends that the Company be directed to amend this tariff section to establish clear and consistent guidelines for collecting such charges.

Q.What are your recommendations for measured service?

A.As a result of one of our investigations,   U S WEST informed Staff that it was not enforcing the tariff restrictions against a customer receiving both measured and flat rate service at the same residence or place of business.  Company officials indicated that determining whether a location was a single place of business became so complex that the tariff restriction was nearly impossible to enforce.

Staff understands the administrative difficulties of enforcing the restrictions on mixing measured and flat rate services, however, if the Company finds a tariff provision to be unworkable, the Company should amend the tariff rather than simply ignore it. Staff recommends that the Company immediately change the existing Tariff language to eliminate the restriction against mixing flat and measured rates.

Q.Why was a restriction against mixing flat and measured service put in the tariff?

A.The Company was concerned that customers would use measured service lines for incoming, traffic-intensive purposes.  Outgoing traffic could then be directed over flat rate lines.  This application can place a much higher than average load on the network, and if paid for at measured service rates, at well below average costs to the user.  Although these concerns are still legitimate, the inability of the Company to enforce the tariff language makes it obsolete.  The Company should be encouraged to think of other ways to address this issue.

Q.Could you summarize the recommendations in your testimony?

A.Based upon the service quality issues I discuss, Staff witness Carlock recommends that the return on equity used in the determination of the Company’s revenue requirement be adjusted to reflect U S WEST’s poor performance.  This reduction would be in effect until the Company has met or exceeded each of the minimum service quality standards proposed by the ROC          (or standards adopted by the Commission for all providers of local exchange service) for at least a full year.

Staff further recommends that the Service Guarantee Program be modified and made mandatory.  The modified program would require the Company to provide all customers requesting primary or secondary lines who do not have service within two days of the date service is ordered, with a reserved telephone number, a directory listing, and, where appropriate, a toll calling card.  In addition, customers who do not have service within seven days of the date service was ordered would be offered voice messaging service and a credit equal to two times the recurring monthly charge for the service that was ordered.  For those customers experiencing a delay in installation of primary service, the choice of a cellular phone alternative could be substituted for the credit of twice the basic monthly service fee.  The cellular alternative could be either a “loaner” cellular phone, with air time paid by the Company, or a voucher of $200 for the first month, and $150 for all subsequent months.

For all orders in which the Company fails to install the service by the commitment date, the Company would provide a credit for the installation charge.  In addition, for each commitment date missed by the Company, the customer would receive a credit in the amount of $20 for residences and $40 for businesses.

The Company would automatically provide a credit in the amount of $20 for residences and $40 for businesses for each missed repair commitment, and/or each repeat visit for the same type of problem.

I recommend the Company’s 1995 test-year revenues would be increased by $90,723 of imputed revenue to account for revenues the Company would have collected if delayed orders had been installed in a timely manner.  Likewise, $20,944 in credits provided in 1995 under the Service Guarantee Program would be removed from the authorized expenses.

I recommend Toll Restriction service currently provided as a Title 62 service be reclassified as a Title 61 service, and the monthly recurring charges for providing this service be eliminated.  The Company would be authorized to collect a non-recurring charge of $6 at the time the service is installed.

I recommend the Company be required to either update its rural zone maps or stop collecting rural zone connection fees.

I recommend the Company be required to revise the tariff section providing for special construction charges to establish clear and consistent guidelines for collecting such charges.

I recommend that the tariff provision prohibiting mixing flat rate and measured service be eliminated

Q.Does this conclude your direct testimony in this proceeding?

A.Yes, it does.