

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: June 27, 2006**

REGULAR X CONSENT _____ EFFECTIVE DATE _____ N/A _____

DATE: June 19, 2006

TO: Public Utility Commission

FROM: Rick Carter

THROUGH: Lee Sparling, Phil Nyegaard and Lance Ball

SUBJECT: AT&T COMMUNICATIONS OF THE PACIFIC NORTHWEST, INC., and TCG OREGON: Petition for Variance from the Application of OAR 860-032-0012(8).

STAFF RECOMMENDATION:

Staff recommends that the Commission deny AT&T's request for variance relating to the service quality standards listed in OAR 860-032-0012(8).

PROPOSAL:

AT&T COMMUNICATIONS OF THE PACIFIC NORTHWEST, INC. and TCG OREGON (AT&T) filed for a variance on March 7, 2006.¹ The petition requests the Commission grant a variance in the measuring of service quality performance indexes, for access to representatives in AT&T's repair service and business office call centers (call centers). AT&T's variance requests a change to the maximum allowable ASA (average speed of answer) from 50 seconds to 180 seconds. AT&T also requests that it have the discretion to select which call center measurement format and standard (Percent Within, or ASA) the company can use on a month to month basis.

BACKGROUND:

Prior to Order No. 05-1260 (dated, December 21, 2005), docket AR 492, OAR 860-032-0012(8) required the assembly of call center data, calculated to show the percent of calls answered within 20 seconds (Percent Within). The 20 second period begins at the point the caller decides to go to a "live" representative (for call centers equipped with an automated voice response system (AVR)).

¹ The Petition was docketed as UM 1254 on this date.

Staff discussed, in docket AR 492, a modification of subsection 8 of the rule. AT&T and other interested parties suggested an alternative measuring format which reflects a call center's performance under an ASA method. The proposal provided an alternative approach for all telecommunications service providers whose internal performance measurements do not lend themselves to the current rule. Staff and interested parties, including AT&T, reached consensus in establishing an ASA standard of 50 seconds as an acceptable threshold level for all carriers in Oregon. As a safeguard, staff devised a condition, which stipulates that once a carrier selects and establishes a specific format for reporting, either the Percent Within, or ASA, that the measurement format can only be changed with the Commission's permission. The stipulation is contained in OAR 860-032-0012(8)(c)(B) "Reporting Requirement." The stipulation is intended to insure that the integrity of the service quality report is maintained, and to accumulate viable trend data for staff review and analysis. The current rule ensures that data cannot be skewed by a carrier's discretionary switch from one reporting format and service standard to another.

DISCUSSION:

AT&T is a competitive local exchange carrier (CLEC) certified to provide telecommunications service to Oregon's business and residential customers and subject to the service quality standards listed in OAR 860-032-0012. AT&T, doing business as a reseller in its Oregon service territory, uses an incumbent's network to reach its end-use subscribers. OAR 860-032-0012(14) allows AT&T to request a variance, or waiver of one or more of the service quality standards. As mentioned above, AT&T filed a request for the Commission to grant a variance in the measuring of service quality performance indexes for access to representatives in AT&T's call centers. AT&T's variance asks for a change to the ASA standard of 50 seconds. AT&T proposes to lower their quality of service objective by increasing their ASA threshold to 180 seconds. AT&T also requests that the company have the discretion to "pick and choose" each month which call center measurement format and standard (Percent Within or ASA) the company will report. OAR 860-032-0012(8) gives carriers a choice between the ASA and Percent Within measurement format and standard. As previously stated, once a carrier selects a measurement and standard, it cannot switch without permission of the Commission.

ARGUMENTS IN FAVOR AND OPPOSITION

AT&T requests the variance: "...because AT&T's normal methods of operation do not allow exact compliance with this standard."² Currently AT&T maintains business office call centers on a 6 day work week based on a 14 hour work-day schedule. Saturday coverage is limited to an 8 hour shift. Repair service call centers are scheduled on a 24 hour-7 days a week operation. The multiple call center design is regionally oriented without state-specific geographic borders. For AT&T to meet Oregon standards, the company says it would need to devise and finance³ a mechanism and process to either prioritize Oregon consumer calls, or "equip all of the call centers so that the Oregon standard would apply to all consumer calls regardless of where they are located."⁴

In AT&T's response to staff's Data Request No. 6, AT&T admits that it is not subject in any jurisdiction to the low standard it now proposes in Oregon. AT&T also responds that the State of Michigan's standard at 120 seconds is the only other standard in proximity to the proposed ASA standard. AT&T also lists other States which employ ASA standards including: Ohio (90 seconds), Colorado, Illinois, Indiana, Virginia, and Washington (60 seconds). Staff has reviewed Colorado's standard as well as those of four other states⁵ for call center performance and finds that those standards are closer in proximity to Oregon's 50 second ASA standard than the 180 second ASA standard proposed by AT&T. The state-specific standards listed above indicate a need for the company to consistently monitor their call center's performance, to insure their compliance with multiple state jurisdictions and service quality benchmarks.

Throughout 2005, AT&T's service quality performance for access to representatives in the business office and repair service call centers failed to reach the minimum percentage for compliance. AT&T has only met the repair center ASA standard in February and March so far this year, reaching an ASA of 24.5 and 31.5 seconds respectively. Business office call centers for the first quarter of 2006 failed to achieve the ASA standard of 50 seconds by registering an ASA result in excess of 100 seconds. The latter is extracted from AT&T's monthly service quality report representing an average of the combined results from residential and business market units within the call center environment. (See Appendix 1.)

² AT&T Petition for Variance (Pg. 2, Para. 4)

³ AT&T UM 1254-Confidential Filing (Footnote 4, Pg. 4)

⁴ AT&T Petition for Variance (Pg. 3, Para. .8)

⁵ Nebraska, New Mexico, Utah, and Wyoming

In comparison, staff receives service quality reports from other CLECs (both Facilities-based and Resale-type Providers) which maintain a similar number of access lines as served by AT&T (per AT&T's service quality reports - greater than 18,000 lines), in Oregon. For example, Comcast serves more than 18,000 lines and has met or exceeded the call center standard 7 out of 12 months ending January 2006. Eschelon serves more than 18,000 lines and has met the call center standard 11 out of 12 months according to their January 2006 data. Integra Telecom's repair and business office call centers have met or exceeded standard for 9 of 12 months and 11 out of 12 months, respectively. Currently Integra Telecom is Oregon's largest CLEC serving well over 35,000 access lines. A significantly smaller CLEC, Tel West Communications, serving less than 5,000 lines, has met or exceeded call center standards 12 out of 12 months up to April 2006.

On a related subject, recent news releases from *TRINSIGHT*[®] indicate that AT&T contemplates a workforce reduction, or closure of call centers in Pennsylvania⁶ and Arizona⁷, respectively. The East coast facility assists consumers with speech disabilities or hearing impairments. The reduction in force will affect some 200 representatives. After reconsidering the workforce reduction, AT&T announced that the company would modify its decision so as: "...not to substantially reduce workforce levels in the Pennsylvania call center." The Arizona Commission has asked if the call center closure, in Mesa, Arizona, is related to the recent SBC Communications/AT&T merger. Layoffs, organizational restructuring, and workforce re-allocation are closely associated with corporate acquisitions and mergers. Consequently, corporate reorganizations may affect the occupational employees in technical and entry-level positions. If positions are cut, a carrier's performance in operational and administrative work functions, network performance and quality of service will likely suffer. A work force reduction could include call centers, and consequently, could affect call center performance.

A feature of the AT&T proposal is the ability to choose between the two standards. However, having this low benchmark accompanied by an ability to switch between performance measures at its discretion, AT&T could game its compliance with service quality standards in its monthly submissions. In addition, if the variance is granted, consumers could expect to endure a 260% (i.e., ASA 50 seconds to ASA 180 seconds) increase in holding times.

⁶Reference: TR's State NewsWire.....with *TRINSIGHT*[®], PA. *Work-force reduction*, dated March 17, 2006. *Reconsideration of the AT&T decision was illustrated in Telecommunications Reports*, dated April 03, 2006.

⁷ Reference: TR's State NewsWire.....with *TRINSIGHT*[®], Mesa, Arizona call center closure announcement, dated April 11, 2006.

Staff recommends AT&T's proposal be denied. The Commission's new service quality rule has only been in effect for 6 months and is a product of thorough negotiations between staff and the industry. Furthermore, CLECs in general seem to be able to meet the standard in the rule. AT&T would be better served by adherence to one standard and measurement format each month. This approach locks in a single measurement format which establishes viable trend data for the company's internal call center performance analysis and external service quality submissions. Additionally, AT&T's adoption of a single measurement format alleviates the need for AT&T to monitor, maintain and administer two unrelated measurement schemes for quality of service call center compliance.

PROPOSED COMMISSION MOTION:

AT&T COMMUNICATIONS OF THE PACIFIC NORTHWEST, INC., AND TCG OREGON's request for variance to OAR 860-032-0012(8) be denied.

Appendix 1:

Repair Service Answers
 within 20 Seconds(%)
 (during 2005)
 or
 Average Answer Time less than
 50 Seconds (in 2006)

	2005	2006
January	60.0%	104.0
February	54.7%	24.5
March	64.7%	31.5
April	60.0%	
May	70.3%	
June	56.5%	
July	48.0%	
August	61.9%	
September	67.9%	
October	54.9%	
November	67.2%	
December	58.8%	
OAR Minimum Standard AVG Speed of Answer<50 Sec		

Business Office Answers
 within 20 Seconds(%)
 (during 2005)
 or
 Average Answer Time less than
 50 Seconds (in 2006)

	2005	2006
January	44.3%	110.4
February	38.8%	110.8
March	38.8%	109.7
April	39.1%	
May	37.9%	
June	50.9%	
July	52.5%	
August	66.7%	
September	59.2%	
October	61.1%	
November	54.9%	
December	69.7%	
OAR Minimum Standard AVG Speed of Answer<50 Sec		

Staff would like to emphasize that the performance measures relating to Access to Representatives is the only service quality index which represents AT&T's actual performance unencumbered or inhibited by the actions, faults, omissions, or operations of another carrier.