

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



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Order Instituting Rulemaking to
Evaluate Telecommunications
Corporations Service Quality
Performance and Consider Modification
to Service Quality Rules.

Rulemaking 11-12-001

**REPLY COMMENTS OF THE
COMMUNICATIONS WORKERS OF AMERICA, DISTRICT 9, ON THE
COMMUNICATIONS DIVISION'S PROPOSED MODIFICATIONS TO
GENERAL ORDER 133-C**

April 17, 2015

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Pursuant to the Assigned Administrative Law Judge's Ruling Setting Dates for Comments and Reply Comments on Staff Proposal issued February 2, 2015, the Communications Workers of America, District 9 ("CWA"), respectfully submits these Reply Comments on the Communications Division's Proposed Modifications to General Order 133-C ("Proposed Modifications").

I. CARRIERS' ARGUMENTS FOR DEREGULATING SERVICE QUALITY ARE NOT PERSUASIVE

AT&T, Verizon, and Frontier each argue that the Commission should abandon its duties to ensure safe and reliable service and let market forces regulate service quality.¹ In fact, AT&T and Verizon use claims that service quality regulation *harms* customers to support their position that, "the Commission, the Legislature, and experts agree that competition is superior to, and should supplant,

¹ AT&T Opening Comments, pp. 5-6; Verizon Opening Comments, p. 6; Frontier Opening Comments, p. 3.

regulation.”² Furthermore, these carriers continue to argue that since only 7.4% of customers exclusively use a landline, that “it makes no sense to hold URF LECs to any particular service quality measures.”³

CWA’s comments throughout this proceeding continue to highlight the importance of strong regulatory service quality standards and the need for a penalty back-up. As CWA has previously commented, this Commission has long recognized that telephone service is essential for public safety and participation in economic, social, and political life. In competitive markets, absent regulatory oversight, companies focus investment and service in areas that are most profitable, leaving less profitable customers behind. Moreover, even in highly competitive markets in other industries, service quality measures exist to protect customers.⁴

In our Reply Comments to the Staff Report, CWA included a study published in November 2014 which found that even with the rise of “wireless only” households, a majority of American households (56.3%) have a landline phone, with 47.7% having both a cell and landline, and 8.6% having a landline only. The same study showed that 82% of customers who kept their landline phone at home, even though those customers also used a cell phone, did so specifically for reliability purposes.⁵

Any arguments that service quality measures for the copper network are not needed because of the growing number of wireless users should be summarily

² Verizon Opening Comments, p. 6.

³ AT&T Opening Comments, p. 5.

⁴ CWA Reply Comments on Staff Report, November 13, 2014, p. 3.

⁵ *Id.*, at p. 6.

dismissed. The *many* California customers who still rely on wireline services need adequate service.

Furthermore, the carriers cite the competitive environment as insurance for adequate service quality. CWA would like to point out that the winter storms of 2010-2011 that resulted in extreme outages and prompted this proceeding happened under a competitive environment. The carriers dramatically failed to meet adequate service quality standards then, and that failure continues in the so-called competitive environment, as evidenced by the service quality failures over the 2010-2013 period that were highlighted in the September 2014 Staff Report on California Wireline Telephone Service Quality.⁶

II. CWA SUPPORTS ORA'S PROPOSALS FOR MODIFICATION

ORA included several proposals that will better secure public safety and a reliable and well-functioning network going forward. CWA supports all of ORA's proposals. In particular, ORA's proposal to extend service quality standards to wireless and all interconnected VoIP service providers, without exemptions, is critical.⁷ The current proposed modifications do not protect broadband, VoIP, and wireless customers. As ORA notes, there is no reasonable basis to exclude those additional 40 million customers from the protections provided by service quality standards.⁸ Those customers pay a surcharge to fund the state's public purpose

⁶ California Wireline Telephone Service Quality Pursuant to General Order 133-C Calendar Years 2010 through 2013, Communications Division Staff Report, September 2014.

⁷ ORA Opening Comments, p. 3.

⁸ *Id.*, at p. 7.

programs, so should receive equitable treatment under the Commission's service quality standards.⁹

III. THE COMMISSION MUST COMPLETE THE INSPECTION ORDERED IN D.13-02-023

CWA, along with several other parties, reiterated the need to conduct an examination of the physical networks on which Californians depend for safety as ordered in Decision (D.) 13-02-023.¹⁰ In our Opening Comments, CWA provided photographic evidence showing the unacceptable condition of the facilities.¹¹ As ORA stated, these proposed modifications should not be used as a substitute for the examination ordered in D.13-02-023. The record in this proceeding provides extensive evidence that both Verizon and AT&T are allowing their facilities to deteriorate.¹² Furthermore, the Decision authorizing the inspection has not been modified or overruled. The Commission must complete the inspection as ordered to protect consumers and provide safe and reliable service.

Additionally, Verizon and Frontier recently filed a Joint Application for Approval of Transfer of Control Over Verizon California seeking approval of the sale and transfer to Frontier of Verizon California, certain assets held by Verizon California, and Verizon LD's customer accounts in Verizon California's service territory.¹³ The operations that would be transferred include approximately 2

⁹ *Id.*

¹⁰ *Id.*, at p. 8.

¹¹ CWA Opening Comments, p. 4, Attachment A.

¹² CWA Post Workshop Comments, February 28, 2012.

¹³ A.15-03-005; Joint Application for Approval of Transfer of Control Over Verizon California Inc. and Related Approval of Transfer of Assets and Certifications.

million lines used to provide voice services.¹⁴ This Rulemaking began to look at Verizon and AT&T's quality of service. Given this proposed transfer of control, it is ***absolutely paramount*** to conclude the investigation of the physical network to determine whether Verizon bears responsibility for the neglect of the network before the transfer is approved. The Commission must not allow Frontier to continue operating Verizon's deteriorated network facilities.

IV. THE INCENTIVES/PENALTIES MUST INCLUDE ADEQUATE STAFFING LEVELS

Cox recommends using incentive mechanisms instead of penalties.¹⁵ CWA again emphasizes the necessity for adequate staffing levels, regardless of the incentive mechanism. As CWA has commented throughout this proceeding, there is a direct connection between staffing and service quality issues.¹⁶ Currently, the carriers do not employ enough qualified technicians to perform all the work required to meet minimum service quality standards.¹⁷ The carriers have been steadily downsizing for five years. Indeed, AT&T has reduced its number of employees in occupations represented by CWA by 35% since 2006 and Verizon by 49%.¹⁸ The carriers rely on increased overtime to correct service quality issues, yet the photos CWA submitted, along with the Staff Report, show that these methods are failing to meet service quality standards.

Therefore, the Commission should also develop an incentive/penalty

¹⁴ *Id.*, at pp. 1-2.

¹⁵ COX Opening Comments, p. 26.

¹⁶ CWA Opening Comments, p. 3.

¹⁷ Post Workshop Comments of CWA, District 9, filed February 28, 2013, p. 2.

¹⁸ *Id.*

mechanism based on employee headcount to ensure that enough employees remain to provide adequate quality service. As discussed in our earlier comments, the Commission has the authority and experience in regulating a similar incentive mechanism for electric utilities and should look to those mechanisms for guidance.¹⁹

V. CONCLUSION

CWA appreciates the opportunity to comment on the Proposed Modifications and respectfully requests that the Commission consider our proposals for ensuring adequate staffing and completion of the network infrastructure investigation. We strongly request that the Commission reject carriers' arguments for eliminating or curtailing service quality measures.

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Respectfully submitted,

/s/

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¹⁹ CWA Opening Comments on Staff Report, p. 4.