verizon

Alexander W. Moore
Deputy General Counsel

125 High Street
Oliver Tower – 7th Floor
Boston, MA 02110
alexander.w.moore@verizon.com
O 617.743.2265
F 617.342.8869

August 3, 2016

Sara Clark, Secretary
Department of Telecommunications and Cable
Commonwealth of Massachusetts
1000 Washington Street, Suite 820
Boston, MA 02118-6500

Re: D.T.C. No. 03-50 – Performance Assurance Plan – Service Waiver Requests

Dear Secretary Clark:

I write with respect to the above PAP waiver petitions to advise the Department that the Public Service Commission of the District of Columbia and the Virginia State Corporation Commission have each allowed Verizon's petitions for relief from the PAP for April, 2016, on account of the Work Stoppage earlier this year. Copies of those decisions are attached.

In addition, as you know, the PAP (at 40) provides that CLECs have ten days to reply to a waiver petition by Verizon MA. To date, Verizon MA has not received any reply to either of its petitions, filed on June 14 and July 14, 2016, from a CLEC or anyone else.

Thank you for your attention to this matter.

Sincerely,

Alexander W. Moore

Enclosures
cc: Lindsay DeRoche, Director
Sandra E. Merrick, General Counsel
Service List (electronic only)

PUBLIC SERVICE COMMISSION OF THE DISTRICT OF COLUMBIA
1325 G STREET, N.W., SUITE 800
WASHINGTON, DC 20005

ORDER

July 14, 2016

FORMAL CASE NO. 990, IN THE MATTER OF DEVELOPMENT OF LOCAL EXCHANGE CARRIER QUALITY OF SERVICE STANDARDS FOR THE DISTRICT, Order No. 18268

I. INTRODUCTION

1. By this Order, the Public Service Commission of the District of Columbia ("Commission") grants the Petition of Verizon Washington, DC Inc. ("Verizon DC") for a Waiver of Certain Service Quality Results Measured under the Performance Assurance Plan ("DC PAP") for April 2016 ("Verizon DC Petition").[1] Verizon Washington, DC Inc. is directed to pay the $300 in bill credits associated with the Individual Rule under the District of Columbia Performance Assurance Plan for the month of April 2016, but payment of $15,043 in bill credits associated with the two waived benchmark standards is waived.

II. BACKGROUND

A. The DC PAP

2. The DC PAP requires Verizon DC to provide bill credits to competitive local exchange carriers ("CLECs") should Verizon DC fail to meet certain wholesale performance metrics.[2] These wholesale metrics are categorized into two groups, Mode of Entry and Critical Measures, and assigned different bill credit amounts, depending on the importance of the metrics. Some performance metrics are included in both the Mode of Entry and Critical Measures categories, so a failure of a metric included in both categories would require bill credits to be awarded twice for the same failure. The wholesale performance metrics measure Verizon DC's performance in one of two ways: by measuring Verizon DC performance against an objective standard ("benchmark metrics"); or by comparing Verizon DC performance to itself as opposed to the CLECs ("parity metrics"). The DC PAP permits Verizon DC to seek a waiver of the requirement to provide the bill credits under certain circumstances.[3] The DC PAP also permits CLECs to respond to a waiver petition.[4]

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1 *Formal Case No. 990, In the Matter of Development of Local Exchange Carrier Quality of Service Standards for the District,* Petition of Verizon Washington, DC Inc. for a Waiver of Certain Service Quality Results Measured under the Performance Assurance Plan for April 2016 ("Verizon DC Petition"), filed June 14, 2016.

2 *Formal Case No. 990*, Verizon Washington, DC Inc.'s Comments on the November 21, 2006 Revised DC Performance Assurance Plan, Exhibit I ("DC PAP"), filed January 3, 2007. This version of the PAP was approved in February 2007. *See, Formal Case No. 990*, Order No. 14199, rel. February 2, 2007.

3 DC PAP, § G; Appendix C, § I(C); Appendix D, § I(D).

B. Verizon DC Petition

3. In its Petition, Verizon DC seeks a waiver of bill credits owed for the failure of two performance metrics in April 2016. Verizon DC represents that it experienced a strike, which caused Verizon DC to fail two performance metrics. Verizon DC argues that these failures should be excluded from the bill credit calculations because the DC PAP is designed to measure Verizon DC's performance in normal operating conditions, which were not present in April 2016 because of the work stoppage.[5] Verizon DC claims that its performance under normal circumstances enables it to meet or exceed these benchmarks.[6] If the Commission grants Verizon DC's Petition, Verizon DC asserts that the bill credits due for April 2016 would be $300 instead of $15,343.[7]

4. In support of its Petition, Verizon DC asserts that the April 13, 2016 through June 1, 2016 work stoppage by unionized employees required Verizon to assign managers from various business units to perform the functions usually performed by Verizon unionized employees.[8] While Verizon DC had planned for and trained managers to take over these tasks, 121 managers had to perform tasks usually performed by 268 employees. Due to this reduced capacity, Verizon DC prioritized maintenance and repair activities over installation activities.[9]

5. Verizon DC asserts that the DC PAP permits waivers of obligations to provide bill credits for failures of the performance metrics for several reasons, including for "events beyond Verizon DC's control that negatively affect its ability to satisfy only those measures with Benchmark standards."[10] Verizon DC contends that the DC PAP envisions that the benchmark standards are designed to be met under normal operating conditions, not events outside of Verizon DC's control and other events, such as emergencies, catastrophes, natural disasters, or severe storms. Verizon DC contends that the work stoppage was an event beyond Verizon DC's control.[11] Verizon DC contends that it attempted to resolve the work stoppage diligently. At the same time, Verizon DC deployed managers to attempt to provide the best possible service to as many customers as possible. Verizon DC argues that notwithstanding these measures, the disruption to Verizon DC's operations and the disruption's effect on two of the benchmark metrics were beyond Verizon DC's control. According to Verizon DC, the DC PAP requires

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4 DC PAP, Appendix C, § I(C).

5 Verizon DC Petition at 1.

6 Verizon DC Petition at 2.

7 Verizon DC Petition at 2.

8 Verizon DC Petition at 4.

9 Verizon DC Petition at 4.

10 Verizon DC Petition at 6, citing DC PAP, Appendix C I(C).

11 Verizon DC Petition at 8.

waiver of the benchmark service standards for the metrics that Verizon DC could not satisfy because of the work stoppage.[12]

6. Verizon DC requests a waiver for two benchmark ordering metrics that it failed in April 2016. The first two, OR-1-04-3331 and OR-1-06-3331, measure the timeliness of Verizon DC's provision of order confirmations to CLECs.[13] Verizon DC represents that these two metrics are handled manually by Verizon DC representatives. While Verizon DC allocated managers to all functions, including the wholesale functions, during the work stoppage, in order to provide the best quality service, Verizon DC did not have enough personnel to provide the resources to fully staff its centers to handle the volume of orders that were being received. Further, Verizon DC asserts that each of these orders must be manually typed into the Verizon Service Order Processor system. Verizon DC contends that this process requires a highly experienced worker with a proper working knowledge of Universal Service Ordering Codes and Field Identifiers that must be placed on the order to provide the requested services. Verizon DC represents that although the managers performing these tasks during the work stoppage were given training, there was a steep learning curve, so these managers could not process these orders at the speed that Verizon DC's experienced representatives could achieve. For these reasons, Verizon DC failed these two metrics in April 2016.[14]

7. Verizon DC asserts that in the past, it has provided excellent service to the CLECs as measured by these two benchmarks. Verizon DC contends that in the 12 months preceding the work stoppage, Verizon DC exceeded the 95% standard for each month. In Verizon DC's view, had Verizon DC's performance not been affected by the work stoppage, its record of performance indicates that Verizon DC would have passed these metrics. For this reason, Verizon DC argues that Verizon DC should be granted a waiver of these metrics.[15]

8. Verizon DC argues that while it assigned a large number of managers to the jobs ordinarily handled by the striking workers, the available work force was only a fraction of the size of its usual work force. According to Verizon DC, it was impossible for Verizon DC to keep up with the daily workload, so each successive day just contributed to the backlog. While Verizon DC maintains that it trained its managers to perform their assignments, most of them could not perform these jobs as quickly as the striking workers, especially early on in the work stoppage. Verizon DC argues that it took all reasonable, precautionary steps to mitigate the impact of the work stoppage on its service quality for both retail and wholesale customers. As a result of these actions, Verizon DC asserts that it was able to meet 78 of 80 of the April 2016 PAP metrics with benchmark standards. However, Verizon DC contends that the length of the work stoppage prevented Verizon DC from satisfying the service quality objectives on two of 80

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12 Verizon DC Petition at 6.

13 These two metrics are included in the Mode of Entry and Critical Measures categories of the DC PAP.

14 Verizon DC Petition at 7.

15 Verizon DC Petition at 7.

metrics with benchmark standards. Verizon DC argues that the work stoppage was an event beyond Verizon DC's control.[16]

III. DISCUSSION

9. The DC PAP permits Verizon DC to petition the Commission to waive DC PAP results for the following reasons: data clustering, CLEC actions affecting the results; and events beyond Verizon DC's control. The third condition applies only to the waiver of benchmark standards. The rationale for this third exception is that benchmark standards are designed to measure Verizon DC's performance during normal business conditions, not during "emergency, catastrophe, natural disaster, severe storms, or other events beyond Verizon DC's control."[17]

10. The DC PAP requires that any waiver petition clearly and convincingly explain: the "extraordinary" circumstances that led to the failures; how the circumstances impacted Verizon DC's service quality; reasons why Verizon DC's plans for dealing with the circumstances were inadequate; and the dates affected by the circumstances. The petition must also include an explanation of how parity measures were affected by the extraordinary circumstances.[18]

11. In its Petition, Verizon DC identifies the incident that it claims was beyond its control: the April through June 2016 work stoppage. The Commission finds that a waiver is appropriate for this work stoppage. It occurred despite the fact that Verizon DC had engaged in extensive contract negotiations prior to the work stoppage. The ultimate decision of the Verizon DC workers to stop work for a period of time was an event that was beyond the control of Verizon DC. The length of the work stoppage prevented Verizon DC from having sufficient personnel to perform complex ordering activities for a sustained period of time resulting in the need for the waiver petition that is now before the Commission.[19]

12. In its Petition, Verizon DC thoroughly discusses the impacts of the work stoppage on its operations. Verizon DC also explains in detail its plans for the work stoppage, and indicates how these plans affected its performance, discussing how priorities were shifted to maintenance and repair activities instead of installation activities. Verizon DC indicates that only two of the 80 benchmark standards were affected by the work stoppage. Verizon DC also reported that the work stoppage affected its performance on 18 days during the month of April.

13. With respect to these two benchmarks, Verizon DC represents that the processes measured by these benchmarks are manual processes, requiring specialized knowledge of the USOCs and FIDs that must be placed on the order to ensure that the correct services are assigned

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16 Verizon DC Petition at 8.

17 DC PAP, Appendix C, I(C).

18 DC PAP, Appendix C, I(C).

19 This finding is consistent with the Commission's previous ruling in Order No. 16611. *See, Formal Case No. 990*, Order No. 16611, ¶ 14, rel. November 30, 2011.

to the order. Even though Verizon DC trained managers to perform these activities, these employees took a longer time than the striking employees to perform the ordering functions. Additionally, Verizon DC did not have sufficient managerial employees to cover for all of the striking employees. Since the volume of CLEC orders did not decrease during the work stoppage, Verizon DC could not process all of the CLEC orders in a sufficiently timely fashion to pass these two benchmark standards.

14. With respect to the next criteria, Verizon DC explained that its plans for dealing with the circumstances were inadequate because while it trained its managerial employees to perform the duties of the striking workers, these managerial employees could not perform the highly specialized tasks at the same speed as the striking workers. Verizon DC also did not have a sufficient number of managerial employees to fully staff its ordering centers.

15. Verizon asks that its bill credits be reduced from $15,343 to $300, since $15,043 of the bill credits are due to the failure of the two benchmark standards. In its April 2016 PAP Report, Verizon DC represents that $300 in bill credits result from a failure of the Individual Rule,[20] which defines a situation in which Verizon DC's aggregate performance meets the standard, but Verizon DC's performance towards a particular CLEC fails the standard.[21] Because the Commission is granting a waiver to Verizon DC for the two benchmark standards, we will also waive the payment of the $15,043 in bill credits associated with those two benchmark standards. Verizon DC's filing does not seek a waiver of the Individual Rule for which $300 in bill credits would be due according to the April 2016 PAP Report and therefore we will not waive the payment of those bill credits.[22] The Individual Rule applies when Verizon DC's aggregate performance passes the standard, but its performance towards one CLEC is substantially substandard.

16. In conclusion, the Commission finds that Verizon DC has presented sufficient explanations to satisfy the requirements of the DC PAP waiver provisions and justify its request for a waiver of two benchmark standards and the associated $15,043 in bill credits associated with the failure to meet those benchmarks. Additionally, the Commission finds it noteworthy that no CLEC has objected to Verizon DC's Petition. Thus, the Commission finds that the results for the two benchmark performance metrics identified in Verizon DC's Petition should be waived for April 2016 along with $15,043 in associated bill credits. There is no request before us to waive Verizon's performance under the Individual Rule and the additional $300 in bill credits associated with its performance towards a single CLEC; therefore we conclude that Verizon DC remains liable for the payment of $300 in bill credits.

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20 *Formal Case No. 990*, Verizon Washington, DC Inc.'s Performance Assurance Plan Aggregate Report for April 2016, filed May 25, 2016.

21 DC PAP, Appendix B.II(B).

22 See, DC PAP, Appendix B.II.B. The reported performance is in the aggregate and does not indicate the affected CLEC

THEREFORE, IT IS ORDERED THAT:

17. The Petition of Verizon Washington, DC Inc. for a Waiver of Certain Service Quality Results Measured under the Performance Assurance Plan for April 2016 is **GRANTED**;

18. Payment of $15,043 in bill credits by Verizon Washington, DC Inc. associated with the two waived benchmark standards under the District of Columbia Performance Assurance Plan, is **WAIVED**; and

19. Verizon Washington, DC Inc. is **DIRECTED** to pay the $300 in bill credits associated with the Individual Rule under the District of Columbia Performance Assurance Plan for the month of April 2016.

A TRUE COPY: **BY DIRECTION OF THE COMMISSION:**

Brinda Westbrook-Sedgwick

CHIEF CLERK **BRINDA WESTBROOK-SEDGWICK**
COMMISSION SECRETARY

COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, JULY 25, 2016

160740182

COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

CASE NO. PUC-2001-00226

Ex Parte: Establishment of a Performance Assurance Plan for Verizon Virginia Inc.

ORDER ON PETITION

On June 14, 2016, Verizon Virginia LLC[1] and Verizon South Inc. (collectively, "Verizon") filed with the State Corporation Commission ("Commission") a petition for a waiver of certain service quality results measured under the Performance Assurance Plan ("PAP") for April 2016 ("Petition"). According to the Petition, the service performance results sought to be waived for April 2016 would otherwise be included in Verizon's calculation of monthly bill credits due to competitive local exchange carriers ("CLECs") pursuant to Verizon's PAP.[2] According to Verizon, waiver of such service performance results for April 2016 would reduce the bill credits due to CLECs from $430,887 to $0.[3]

In its Petition, Verizon claimed that it was subject to an extraordinary event starting in April 2016 that affected its ability to meet standards for certain metrics in the PAP. Verizon stated that a work stoppage by its unionized employees began April 13, 2016, and ended June 1, 2016.

Verizon based its waiver request upon the waiver provisions found in Appendix C to the PAP, which provides for waiver petitions where the service quality data may have been

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[1] Formerly known as Verizon Virginia Inc.

[2] Petition at 1.

[3] *Id.* at 2.

influenced by factors beyond the control of Verizon.[4] Specifically, Verizon requested a waiver of the service results for three metrics: OR-1-04-2320; OR-1-04-3331; and OR-1-06-3331.[5]

On June 27, 2016, the Commission issued an Order for Notice and Comment that provided interested parties until July 11, 2016, to file comments on Verizon's Petition. To date, no comments have been received.

NOW THE COMMISSION, upon consideration of the absence of any opposition to Verizon's Petition, is of the opinion and finds that the waiver should be granted.

Accordingly, IT IS ORDERED THAT:

(1) Verizon's Petition for waiver of certain service quality results measured under the Performance Assurance Plan for April 2016 hereby is granted.

(2) This case shall be continued.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to: Jennifer L. McClellan, Assistant General Counsel, Verizon, 703-713 East Grace Street, 7th Floor, Richmond, Virginia 23219; Philip J. Wood, Jr., Verizon, 303 Walnut Street, 12th Floor, Harrisburg, Pennsylvania 17101; Eric M. Page, Esquire, Eckert Seamans Cherin & Mellott, LLC, SunTrust Center, 919 East Main Street, Suite 1300, Richmond, Virginia 23219; Ann A. Beck, Esquire, AT&T Legal Department, 909 Chestnut Street - Room 3540, St. Louis, Missouri 63101-2017; E. Ford Stephens, Esquire, and Ciona M. Robb, Esquire, Christian & Barton, LLP, 909 East Main Street, Suite 1200, Richmond, Virginia 23219-3095; C. Meade Browder, Jr., Senior Assistant Attorney General, Division of Consumer Counsel, Office of the Attorney General, 202 North Ninth Street, Richmond, Virginia 23219; and each local exchange carrier

[4] *Id.* at 2, 6-7.

[5] *Id.* at 7.

certificated in Virginia as listed on Appendix A. A copy also shall be delivered to the Commission's Office of General Counsel and Division of Communications.

A True Copy
Teste: Joel H. Peck
Clerk of the
State Corporation Commission