STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Illinois Commerce Commission	)	
On Its Own Motion	)	
	)	Docket No. 00-0596
Revision 83 Ill. Adm. Code 730	)	

Direct Testimony of

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On Behalf of Verizon North Inc.
and Verizon South Inc.

November 5, 2001

Verizon Ex. 1.0

Q. Please state your name and business address.

A. My name is Karen H. Boswell, and my business address is 1312 East Empire Street, Bloomington, Illinois 61701.

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

A. I am employed by Verizon Services Group, as Manager-Public Policy & External Affairs.

Q. What are the responsibilities of your current position?

A. As Manager-Public Policy & External Affairs, my responsibilities include general regulatory relations, docket management and tariff administration as well as representation for Verizon North Inc. and Verizon South Inc. (collectively "Verizon") at rulemakings undertaken by the Illinois Commerce Commission ("Commission").

Q. Please briefly summarize your business experience.

A. I have been employed by Verizon or its predecessor companies for 21 years. I have held positions in its service and marketing organizations prior to being assigned to the Regulatory Affairs Department, where for the past 18 years I have held positions of increasing responsibility. I was named to my most recent position of Manager-Public Policy & External Affairs on September 9, 1999.

Q. Have you previously testified before this Commission?

A. Yes, I have testified before this Commission on many occasions, specifically in the last review of the Part 730 rule, Docket No. 98-0453, which concluded with the Commission's Order that was issued on August 29, 2000. I also have provided testimony in the following service-related dockets: 97-0216 - Permanent Approval of Advanced Credit Management; 95-0028 - Waivers from Provisions of 83 Ill. Adm. Code Part 735;

95-0536 - Formal Complaint of William Darnall; 95-0103 - Formal Complaint of the Village of Essex; and 92-0117 - Rulemaking for Pay-Per-Call Services and Abbreviated Dialing Arrangements change.

Q. What is the purpose of your testimony today?

A. I will respond to the suggested changes to Part 730, which were proposed by the Commission Staff through the direct testimonies of Mr. Sam McClerren and Ms. Cindy Jackson. Mr. McClerren, through his testimony, sponsors Staff's final proposal of a revised Part 730 rule, which in large part, is the result of compromises reached during the Commission-led workshops. Certain concessions were made by the parties during the workshop process in order to reach consensus on most of the changes that have been suggested by Staff.

Q. On page 4 of Mr. McClerren's direct testimony, he states his understanding to be that there are only two outstanding issues remaining open in this rule, those being 1) a competitive local exchange carrier ("CLEC") waiver process, and 2) reporting issues. Is this your understanding?

A. No. While I strongly support Mr. McClerren's statements that all of the parties agree with most of the changes being proposed by Staff, there are other outstanding issues for which agreement was not reached during the workshop process.

Q. Can you identify those areas of the rule with which you do not agree.

A. Yes. As pointed out by Ms. Jackson on page 6 of her direct testimony, agreement was not reached by the workshop participants on the definition of "abandoned calls" and the reporting requirements related thereto. In addition, in both this rulemaking and in the

abbreviated rulemaking in Part 732 (ICC Docket No. 01-0485), there was no agreement on the definitions for the terms "Emergency Situations" or "Out-of-Service Greater than 24 Hours". Verizon also did not agree to the calculation to be used in reporting results for out-of-service ("OOS") in 24 hours as shown in Section 730.535 of Staff's proposed rule to the extent it relates to how payphone related exclusions should be treated.

Q. Are there other areas that your testimony will address?

A. Yes. My testimony also will discuss two new standards Staff proposes to create for this rule: repeat trouble and repeat trouble on installations; and new retention, and possible reporting requirements being created in Sections 730.540(e) and 730.545(e) and (i). I also will address Staff's proposal for new outage reporting requirements contained in Section 730.550, and suggested text changes for the penalty language contained in Section 730.120. Additionally, I will discuss the purpose of this rulemaking, as well as the intention Senate Bill 700, enacted in 1997, and Verizon's position with regard to the meaning of this legislation as it applies to the Commission's review of Part 730.

Q. What is your understanding of the purpose of this rulemaking?

A. According to the Order issued by the Commission on September 7, 2000, this rulemaking was opened pursuant to Section 13-512 of the Public Utilities Act (the "Act") (this Section was enacted as part of Senate Bill 700 in 1997). Section 13-512 provides as follows:

> The Commission shall have general rulemaking authority to make rules necessary to enforce this Article. However, not later than 270 days after the effective date of this amendatory Act of 1997, and every 2 years thereafter, the Commission shall review all rules issued under this Article that apply to the operations or activities of any telecommunications carrier. The Commission shall, after

> notice and hearing, **repeal or modify any rule it determines to be no longer in the public interest as the result of the reasonable availability of competitive telecommunications services**. (Emphasis added)

The Commission's Initiating Order states that this rulemaking was opened to:

> determine whether the standards for local exchange telecommunications service are clear as well as consistently applied and reported by all local exchange carriers, to determine whether Part 730, as currently written, has sufficient penalty mechanisms associated with it to modify a local exchange carrier's performance, to determine whether the levels of service currently required of local exchange carriers are appropriate, or if more stringent measures should be adopted, and to revise Part 730 as the Commission determines appropriate on the basis of the foregoing determinations as well as any other properly raised issues.

(Initiating Order, p. 2)

Q. What is Verizon's position with regard to the purpose of this rulemaking?

A. Generally, Verizon agrees that the rule should have been opened to determine whether the current standards are "clear and consistently applied and reported by all local exchange carriers." Verizon believes that HB 2900 (the recently enacted amendments to the Act) created sufficient penalty mechanisms and support Staff's proposed language on penalties with minor text changes. Lastly, Verizon generally opposes the creation of new or more stringent service measures. Notwithstanding, Verizon commends Staff for the effort that was put forth throughout several workshops to reach agreement between the parties on a proposed rule, and we recognize that concessions were made by several of the parties in an attempt to reach consensus. Like Staff, however, Verizon reserves the right to revise its position on any issue if any other party's position departs from the compromises that are reflected in Staff's proposed rule.

Q. Do you believe the levels of service currently required of local exchange carriers ("LECs") are appropriate?

A. Yes, I do. Moreover, I believe that any proposals to create new standards or to make existing standards more stringent deserve further study.

Q. Why does Verizon support Staff's proposed changes in Sections 105, 115, 510, 515, 520, 535, 540, and 545 for Part 730?

A. These changes address the Commission's directive to determine if the language in the current rule is "clear and consistently applied and reported by all local exchange carriers." Over the last year, the industry and this Commission discovered that the LECs were using different formulas for calculating their results on the service standards contained in Part 730. For example, Part 730 requires 90% of all regular service installations to be installed within five working days. The rule does not, however, define "regular service installation" or how the measure of this standard should be calculated. It has, then, been left to the discretion of each LEC to determine what constitutes a "regular service installation". For instance, should the calculation include orders for payphones, orders for official company lines, orders for advanced services such as DSL, special services such as FX lines, or orders for vertical services such as CLASS? The same dilemma on the definition and method of calculating results also hold true in the reporting of OOS in 24 hours and other standards.

Q. What is the result of the standards not being more specifically defined?

A. The result is that each LEC has determined, on its own, how each of the Part 730 standards should be calculated, which in turn has led to an inconsistency in the content of

the results being reported. Thus, all reports provided to the Commission Staff are not consistent.

Q. Does Staff's proposed amendments to the rule address this issue?

A. Yes. Through discussion within the industry and throughout the workshop process, language was developed that specifically defines each standard and how it should be calculated. If adopted, these changes would provide greater clarity to the rule, benefit the Commission, Staff, and the industry as a whole. This is true because individual companies historically have been calculating these standards differently. As a result, the data provided to Staff could not be used to perform industry analysis, or analysis between two carriers for that matter. Adoption of Staff's proposals for Sections 105, 115, 510, 515, 520, 525, 540, and 545 would eliminate this disparity and provide for an "apples to apples" analysis which, in turn, would benefit the industry, this Commission and consumers as a whole. For that reason, Verizon supports each of the following proposals from Staff's proposed draft:

Section 105 – Definitions
Definition of "Answer Time"
Definition of "Application"
Definition of "Basic Local Exchange Service"
Definition of "Basic Local Exchange Service Installation"
Definition of "Business Office"
Definition of "Certificate of Service Authority"
Definition of "Commission"
Definition of "Customer Premise Equipment
Definition of "Customer Premise Wire"
Definition of "Information Call"
Definition of "Inside Wire"
Definition of "Repair"
Definition of "Telecommunications Service"
Definition of "Toll Call"
Definition of "Traffic"

Definition of "Trouble Report"
Definition of "Vertical Services"

Section 115 on Reporting

Section 510 on Answering Time
all language with the exception of Section 510(b)(3)(d) relative to abandoned calls.

Section 515 - Central Office Administrative Requirements

Section 520 - Interoffice Trunks

Section 535 - Interruptions of Service
all language with the exception of Section 535(b)(2) with regard to coin exclusions

Section 540 - Installation Requests
all language with the exception of 540(e) with regard to retention and possible reporting requirements

Section 545 - Trouble Reports
all language with the exception of general opposition to new standards for repeat trouble and repeat trouble on installations contained at 730.545(c) and 730.545(f), and 545(e) and 545(e) with regard to retention and possible reporting requirements

I believe all of the listed modifications are appropriate and fall well within the intent of Section 13-512's direction to the Commission.

Q. Does Verizon also support Staff's proposed changes in Sections 305, 325, and 340?

A. Yes. The proposed changes in Section's 305, 325 and 340 clarify certain engineering standards and incorporate the National Electric Safety Code ("NESC") as a part of this rule, thereby making it applicable to all providers of local exchange service. The NESC already applies to the LEC through 83 Ill. Adm. Code Part 305.

Q. Early on in the workshop process, did Verizon oppose the notion of penalty mechanisms intended to modify a LEC's performance?

A. Yes, for a number of reasons. First, it is no secret, in fact, it has been well publicized, that the penalty language was initially proposed to address the service level issues of one particular company. Verizon opposes any rule modification that is the result of a one-company issue. Part 730 is a rule of general applicability. Therefore, changes to it should be based on an overriding industry need—not on the merits of one company's performance. Second, the industry as a whole has shown that it has consistently met or exceeded each of the Part 730 standards over the course of an extended period of time. Given this, it was Verizon's position that inclusion of penalty language only would be a reaction to one company's results, and would penalize those companies who have met the Commission's expectations. Third, if there was a need to incent a company's performance, there are several other means that could be used that would apply directly to a company in question, without penalizing the industry as a whole. Notwithstanding this position, Verizon acknowledges that recently enacted HB 2900 now provides for penalties.

Q. Given the Commission's directive in HB 2900 to incorporate the provisions of the Act into a rule, does Verizon have any comments regarding Staff's proposed language in Section 730.120 on penalties?

A. Yes. Verizon proposes some minor text changes to Staff's proposal that would add clarity to the language and would acknowledge carriers that have consistently met or exceeded their service standard obligations. Verizon's proposed changes to Section 730.120 would read as follows:

> Any telecommunications carrier subject to the service quality rules provided in Part 730 shall be subject to the civil penalties of Section 13-305 of the Public Utilities Act, 220 ILCS 5/13-305, for failure to meet said service quality rules. Upon complaint or its own motion and after notice and a hearing, the Commission may assess fines, penalties or impose other enforcement mechanisms against a telecommunications carrier that fails to meet the requirements or standards established in this Part. In determining the appropriate fines, penalties or other enforcement mechanisms, the Commission shall consider at a minimum, the carrier's gross annual intrastate revenue; past performance; the diligence of the carrier in attempting to comply with the provisions of this part; the frequency, duration, severity, and recurrence of the violation or violations; and the relative harm caused to the affected customers ~~or other users of the network~~. In imposing penalties or fines, the Commission shall take into account compensation or credits paid by the telecommunications carrier to is customers pursuant to this part or Part 732 in compensation for violations found pursuant to this part. In addition, carriers subject to alternative regulation may have fines, penalties and other enforcement mechanisms determined in a company specific docket and may incorporate fines, penalties or other enforcement mechanisms as part of an alternative regulation plan.

These proposed changes do not materially change Staff's proposed wording, but bring clarity to the language and better recognize the performance of a carrier that has consistently met or exceeded its service obligations. In fact, Verizon's proposal only reflects the recent changes to the Act.

Q. Has Verizon consistently met or exceeded each of the Part 730 standards?

A. Yes. Attachment 1 to my testimony contains charts showing Verizon's service results for 1999, 2000 and year to date 2001. As the attachment illustrates, Verizon has met or exceeded every existing measure for over 30 consecutive months. The last time, in fact, that Verizon reported a missed standard was for OOS in 24, and Service Installations in January of 1999. Verizon missed those standards only because of the massive snowstorm that hit the state during the first week of January that year. If the Company had excluded

"storm trouble," as allowed in the current Part 730 rule, Verizon's result would have exceeded the standard.

However, going back to my earlier discussion on how results are calculated differently between companies, Verizon's very conservative practice at that time was to divide the gross number of OOS reports repaired within 24 hours by the total number of OOS reports received without deleting any exclusions. According to the rule, the storm trouble could have been excluded, but was not. Effectively then, the Company has not missed a single standard for a long period of time. It is for this very reason that I believe the Part 730 rule should acknowledge a proper course of action for companies that meet the rules requirements, as well as for those companies that do not.

Q. You stated earlier that you believed current service standards are set at appropriate levels. Does Verizon, then, oppose Staff's recommendation to create new standards for repeat trouble and for repeat installation trouble reports as shown in Section 545 on their proposed rule?

A. As a matter of compromise during the workshop process, Verizon agreed to the creation of new service standards for "repeat trouble" and for "repeat installation" trouble. Conceptually, however, if the scope of this docket expands to issues outside of those identified, Verizon does oppose the creation of any new standard for several reasons. First, because the majority of LECs in the state are providing service that exceeds Part 730 standards, there is no need to create any new standard. There is no evidence of increased customer complaints on any issue not already addressed by the current standards. Therefore, no new standard should be arbitrarily created.

Furthermore, I would underscore the fact that this Commission just completed a review of Part 730 that resulted in an Order just days before the instant rulemaking was opened. The former rulemaking culminated over two years of review and considerable effort. That rule went into effect on September 1, 2000. Therefore, there has been insufficient time even to measure the effects of changes to the rule that was adopted just last year. I believe that the intent of Senate Bill 700 was to reduce regulation so as to allow the market to drive the price and quality of telecommunications services as competition increases in the State of Illinois. In support of this position, I refer once again to the bill's language at Sec. 13-512 which states:

> the Commission shall **review all rules** issued under this Article that apply to the operations or activities of any telecommunications carrier. The Commission shall, after notice and hearing, **repeal or modify** any rule it determines to be no longer in the public interest as the result of the reasonable availability of competitive telecommunications services (emphasis added).

Further, Section 13-103(b) states:

> Consistent with the protection of consumers of telecommunications services and the furtherance of other public interest goals, **competition in all telecommunications service markets should be pursued as a substitute for regulation in determining the variety, quality and price of telecommunications services** and that the **economic burdens of regulation should be reduced** to the extent possible consistent with the furtherance of market competition and protection of the public interest;" (emphasis added).

Clearly, the purpose of a Section 13-512 review is to do so with an eye toward gradually reducing or eliminating existing requirements, thus not obstructing a market-driven industry as competition continues to increase. New standards that are arbitrarily created

increase the burden of regulation. Therefore, Verizon's general position is that such proposals are contrary to the intent of the Act.

Third, to the extent that documented evidence ever surfaces that would indicate a need for any new standard, one should be proposed only after sufficient study and analysis has been performed to determine the following:

- What should the standard be?
- What is an appropriate and meaningful objective?
- If enacted, what would the carriers' results be?
- Can the proposed measure be accurately tracked?
- Is the proposed standard meaningful to today's consumer?
- Is it forward looking and competitively neutral?

New standards should not be indiscriminately created. Rather, new standards deserve careful forethought and study. For that reason, Verizon's initial proposal was to adopt the language that clarifies the definition of each standard and how it should be calculated. Then, studies could be conducted and workshops held to determine if any new standards are needed. Verizon is presently unaware of any industry-wide data that supports the creation of new standards. At any rate, to indiscriminately create new standards without a showing of need seems to be in direct contradiction to the goals of the Act.

Lastly, to the extent that new service standards are proposed to address particular company-specific service issues, those issues should be addressed on a company-specific basis, not as a rule. New standards that affect the entire industry only should be created only if there is a showing that there is a need *vis-a-vis* widespread complaints against LECs on the same issues. Clearly, that is not the case today. Notwithstanding Verizon's position and opinions with regard to new standards, Verizon agreed to the specific

proposals of Staff with regard to these two new standards, so long as no additional issues are injected into this proceeding.

Q. You said that you were presently unaware of any industry wide data that supports the creation of the two new standards. Do you have any information regarding complaints received by Verizon that are a result of repeat trouble reports on a repair or install?

A. Yes. I checked Verizon North records and found that it has received only one Commission Informal Complaint on this issue since January 2000. There have been no complaints on this subject concerning Verizon South for the same period. This information would seem to support the fact that repeat trouble is not an issue at the Verizon Companies.

Q. Do you have any comments to make relative to the testimony of Ms. Jackson?

A. Yes. On page 6 of her testimony, Ms. Jackson states "the requirement that abandoned calls be reported remains open" in regard to the revisions to Part 730 that became effective September 1, 2000. I agree with this statement and in support of Verizon's position add that there has been a misunderstanding regarding abandoned call rates. In the last rulemaking in Part 730, Docket No. 98-0453, this Commission decided against imposing a measurement for abandoned calls, stating on page 8 of its First Notice Order:

> The Commission agrees with the opponents of this proposed revision that measurement of abandoned calls is imprecise and the Commission declines to impose a measurement of abandoned calls at this time. The Commission is of the opinion that the proposed answer time of 60 seconds is appropriate and should be adopted. The Commission further agrees with GTE that the proposed revision to the definition of answering time should be amended to include measurement from the time the call is placed in the answering queue.

As a result, the proposed standard for abandoned call rates was removed from the rule, yet the language remained in the rule for reporting requirements. I believe this was an oversight for there is no language in the Order in Docket No. 98-0453 that supports the notion that the Rule was revised to require LECs to maintain records of abandon rates, in order to allow Staff to ascertain how fast consumer calls are answered and how many consumers hang up before their calls are answered. In fact, the Order in that docket found that abandoned call rates are an imprecise measurement. It would make no sense for the Commission to decline to impose a measurement for abandoned calls, yet require carriers to report on that measurement anyway.

Q. So is it your position that abandoned call numbers and rates should be removed from Section 730.510(e)?

A. Yes. In the Orders in Docket No. 98-0453, the Commission specifically decided <u>not</u> to impose an abandoned call rate standard and, as such, carriers should not have to report any results on that measure. Therefore, the words "Total number and percentage of abandoned calls" should be removed from Section 730.510(b)(3)(d).

Q. With regard to the first of the two issues mentioned on page 4 of Mr. McClerren's testimony on which the workshop parties could not reach consensus, what is Verizon's position with regard to whether the rule should allow CLECs to obtain a waiver from quality measures if their underlying incumbent local exchange carrier ("ILEC") provider's service levels prevent the CLEC from meeting the standards?

A. I believe that this rule was intended to provide the minimum level of service a consumer can expect to receive from its LEC, whoever it is, and as such should apply to all carriers.

Q. Was this a subject of contention during the last Part 730 rulemaking in Docket No. 98-0453?

A. Yes, and the Commission ruled as follows in that docket:

> The Commission is of the opinion that Part 730 should apply to all certificated telecommunications carriers, including both ILECs and CLECs. The Commission reaches this conclusion on the basis that to achieve the objective of reliable telecommunication service to the end user, and the only way to guarantee that objective is to make Part 730 applicable to all carriers.
>
> The Commission is further of the opinion that the imposition of Part 730 on all carriers is competitively neutral and does not act as entry barrier to the telecommunications market.

Q. Has anything changed that should cause the Commission to reconsider that ruling?

A. Yes. Additional safeguards have been afforded to the CLECs to ensure that they are not harmed by the new requirements of HB 2900, Part 730 and Part 732. Specifically, HB 2900 has resulted in a rulemaking (Part 731, ICC Docket No. 01-0539) to require certain wholesale service standards for provisioning between an ILEC and a CLEC. Second, the Act and this proposed rule provide that:

> a telecommunications carrier offering basic local exchange service utilizing the network or network elements of another carrier shall install new lines for basic local exchange service within 3 business days after provisioning of the line or lines, by the carrier whose network or network elements are being utilized, is complete.

With this language addition, CLECs are not dependent upon the ILEC when provisioning service as the clock on their standard does not begin until after the line has been provided by the LEC. Lastly, Section 13-712 of the Act and the emergency rule in Part 732 provide that CLECs will be reimbursed for any credit they are required to issue to their customers if the violation of a basic local exchange service quality standard is caused by

another carrier. With these additional safeguards, there is even a stronger argument that CLECs are not entitled to a specific waiver provision from this rule.

Q. If CLECs must rely on the underlying service of an ILEC in order to meet these standards, where then, in your opinion, should their issues be addressed?

A. There are several other more appropriate platforms in which to address carrier-to-carrier relationships and performance levels, some of which are already in place, others of which are currently the subject of other dockets. Part 790 covers interconnection standards, in addition to which each CLEC has an individually negotiated interconnection agreement with its underlying LEC outlining the terms and conditions of its carrier-to-carrier relationship. Furthermore, SBC/Ameritech and Verizon have both completed operation support systems collaboratives for the specific purpose of addressing and defining performance measures. The parties have developed detailed performance measures and remedies for substandard performance as well. As parties to this case know, there also is a rulemaking underway to create a new rule, Part 731, to address wholesale service standards. Lastly, anti-competitive behavior can be addressed by the expedited complaint process of the Act. 220 ILCS 5/13-514, 515, and 516. All of these venues were designed to ensure that CLECs receive a level of service from the ILEC that will allow them to provide a minimum level of service to their end user. For all of these reasons, Part 730 should be equally applicable to all providers of local exchange service in Illinois.

Q. Does Verizon then support Staff's proposed changes to Sections 100 and 110?

A. Yes. Section 100 states that unless specifically noted otherwise, the Part 730 rule applies to all LECs providing either competitive or noncompetitive telecommunications services. Staff's proposed language provides clarity to the section but does not change the intent,

and as such, Verizon supports Staff's changes. Section 110 contains waiver language and has been changed only to allow for a waiver to be granted for a subsection of the rule, rather than in whole. Verizon supports this change as well.

Q. The second contested issue mentioned on page 4 of Mr. McClerren's testimony was with regard to reporting. Do you support Staff's language on report found in Section 115 of their proposed rule?

A. Yes, because Staff's language acknowledges the legislature's intent that carrier's should not have to develop new reporting capabilities; rather they should have to report at the same level to which they reported 120 days prior to the passage of the new Act. With this inclusion, Verizon supports the additional reporting requirements contained in this section for operator answer times, customer service answer times, service installations OOS in 24 hours, trouble reports per 100, repeat trouble reports, installation trouble reports, missed repair appointments, and missed installation appointments.

Q. You mentioned earlier that Verizon did not agree with Staff's definition of "Emergency Situation." What change to this definition does Verizon propose?

A. It is Verizon's position that any labor strike or work stoppage should be included within the definition of an "Emergency Situation." The Commission should not promulgate rules that will shift the balance in a labor/management dispute. If strikes and work stoppages are not allowed to be excluded as emergencies, then carriers will be responsible to meet the installation repair and appointment standards, even during strikes, and failure to do so would not only result in the Company being liable for customer credits, but exposes the Company to the risk of penalties as well. Labor negotiations should not be impacted by a position being taken in any Commission rule—doing so

prejudices against the Company. Furthermore, the Company's relationship with its Unions should be based on good faith negotiations conducted pursuant to existing labor law and should not be influenced by the Commission's service quality requirements.

Q. Why does Verizon oppose the Commission's definition for "Out of Service Greater than 24 Hours?

A. Verizon's position is that subelement (b) of Staff's definition should be deleted so that an out of service condition is defined as no dial tone, or the inability to place calls. The inability to receive calls should not, in and of itself, be criteria for an out-of-service condition. The historical purpose of establishing a separate and distinct standard for Out-of-Service conditions has been to ensure that customer should have lost all service receive the Company's immediate attention on a preferential, expedited basis compared to other types of repair calls. Indeed by the Commission's own standard, out-of-service conditions are to be repaired within 24 hours. In the past, however, there has never been an explicit definition as to what the term "out of service" meant. Because the Part 730 rule was silent as to a definition, the industry was left to operate on how the term is commonly understood in plain English, i.e., that a customer line was "dead," had no dial tone, and that no communication could be made from that line. The Staff proposal would improperly go beyond the normal understanding of "out-of-service" and include situations where customers still has some service. Staff would change the traditional meaning of the term "out-of-service" to now include a line that has dial tone, where the customer can place calls but simply cannot be called by others. By expanding the term "out of service " to include circumstances where the customer can call out, but cannot

receive calls, the Commission will dilute the original intent of providing priority service to those customers whose lines are truly out of service.

For example, under Staff's proposal the end result will be that a customer who is at risk of not being able to place an emergency call will be placed in an equal queue with customers who can place all calls, including calls of an urgent nature.

Some may argue that the inability to receive calls is every bit as important as the inability to place calls. I do not believe that the inability to receive calls is effectively the same as having no telephone service. While a customer's inability to receive calls of an urgent nature, for example, may create an aggravated inconvenience, that customer still has the capability to place emergency calls, the inability for which poses more than an inconvenience, it can pose a threat to life or limb. It is for this very real reason that "No Dial Tone" or the inability to place calls should be given priority restoral treatment.

Contrary to this truism, Staff's proposed definition would widen the scope of what constitutes an out-of-service condition, thereby including more repair conditions within that definition and requiring speedy restorals to a greater percentage of trouble reports. This discussion assumes that non-out-of-service trouble reports languish for some unspecified period of time before being restored. That is simply not true. In most Verizon cases, non-out-of-service trouble is cleared within 36 hours—just 12 hours later than an out of service case. The whole point to this argument is that the "out-of-service" standard was created to assure immediate, preferential, and expedited restoral to those cases that are truly out of service. Make no mistake, Verizon agrees that customers expect to be able to both place and receive calls and that they are entitled to rely on prompt repair of both conditions. They also expect a clear line, free from static and other

noise. Verizon is committed to providing quality service which can be evidenced by the fact that the company has not missed on eof the Commission's service standards in three years. Verizon provides prompt repairs for all of its customers that experience trouble with their telephone service. Notwithstanding this fact, priority restoral is given, as it should be, to those customers whose lines are completely out of service, and this is the correct public policy position given that customers who cannot place calls are at more risk than all other types of trouble.

Q. You also oppose Staff's definition for how to calculate OOS results as shown in Section 730.535.

A. Only as it relates to payphones. I believe that subelement (d) of this definition should be changed to read "Condition caused by payphones" rather than "Condition caused by payphone equipment." Customer premise equipment is already excluded from all of the provisions of this rule so the language proposed by Staff is duplicative and does not provide a proper exclusion.

Q. Why should the definition be changed?

A. Repair of a payphone line does not go through the same process as the repair of other lines. This is so because in the case of payphones, a higher percentage of the time, the trouble is found to be in the customer-owned instrument, rather than in the line. Therefore, when trouble reports are received on payphone lines, the ISP Coin Phone Provider inspects the phone and only turns the trouble over to the LEC if the instrument is found to be in good working order. Therefore, by the time the LEC receives the report for dispatch, the 24-hour time interval to repair the line already has lapsed. Therefore, payphone lines should not be held to the OOS requirement.

Q. What is Verizon's position with regard to the retention and possible reporting language being proposed by Staff at Section 730.540(e) and 730.545(e) and (i) with regard to installation and repair records?

A. These Sections require carriers to maintain detailed records of their installation requests and trouble reports. Obviously on a trouble report, for example, Verizon can identify the customer, the nature of the service complaint, the time, date, the action taken, and the date time the trouble was cleared. Records of this nature have been maintained long before being proposed in this rule. The question is if the Commission assumes these records should be available for an extended period of time or that the carrier can pull information from these records in an unlimited fashion. Verizon has the records. It is from these records that we compile our service reports, so I question why this language is needed in the Part 730 rule.

Q. Do you have any comments regarding Staff's proposed changes in outage reporting procedures?

A. Yes. Staff's proposal completely retools the existing outage reporting procedures and dramatically increases the regulatory burden imposed on carriers. For example, the existing rule requires the reporting of only complete outages. Staff's proposal requires any outage affecting 10% of an exchange's customers to be reported. In an exchange of 200 lines, an outage of 20 customers would require Commission notification. In comparison, federal regulations generally call for reports that potentially affect 30,000 or more customers (access lines) for 30 or more minutes. The vast difference between the federal requirements and Staff's proposal give light to just how stark the outage proposal is and illustrates the meaning of micromanagement.

Q. What changes would you propose in the outage reporting process?

A. To the greatest extent possible, the outage reporting procedures should be moved closer in line with federal requirements. Federal outages are reportable after 30 minutes while the current Part 730 rule requires reporting after only two minutes. Staff's proposal only increases this threshold to ten minutes.

Q. Do you have a recommendation with regard to the size of a reportable outage?

A. Yes. The current Part 730 rule requires reporting of only complete outages. It is understandable that Staff would wish to revise this language to account for outages where huge numbers of lines are affected, but which do not constitute a complete office failure. However, I believe Staff's proposal goes too far in requiring reporting of any outage that impacts 25% of any exchange's lines. Many exchanges in Illinois are very small whereby 25% of the total lines represents very few lines. Also, as line size changes daily within any given exchange, so then would the threshold of when outage reporting is required. To resolve the question of when reporting begins, Verizon recommends that Staff's proposal be changed to require that outages be reported whenever the outage affects a set number of lines rather than a percentage. The federal regulations require reporting of outages that affect 30,000 lines or more.

Q. Staff's proposal contains different reporting requirements for major versus minor outages. Do you have comments regarding this proposal?

A. Yes, for the same reasons stated above. If there is a need to establish two reportable categories of outages, those categories should be defined by line size rather than by percentage of lines; for example, a minor outage could be defined as one that affects

more than 1,000 but less than 10,000 lines. A major outage would then be defined as affecting in excess of 10,000 lines.

Q. Staff's proposal also provides for immediate notification of a major outage. Do you agree with this proposal?

A. Staff's draft provides an telephone answering number to which carriers are to provide immediate notification of major outages. Lacking the need for live notification, it is Verizon's position that immediate notification, outside of business hours, should be satisfied by notification the next business day. For true emergency situations where there is an immediate need for information, the Commission Engineering Section has the telephone numbers of Verizon Regulatory personnel who can be reach in case of emergency.

Q. Can you summarize your testimony?

A. Yes, Verizon fully supports language that will define current standards and how they should be calculated. Verizon believes this single change will bring untold benefit to Staff, the industry and consumers. Verizon also fully support Staff's proposed changes to certain engineering standards. Then, even though conceptually opposed to any new standard, Verizon supports Staff's proposed draft, in the spirit of negotiation and compromise, even through it contains two new standards for repeat trouble. Verizon accepts Staff's language that requires fines or penalties, subject to a proposal for minor modifications that would acknowledge a carrier's superior performance record. I also support Staff's proposed language on Reporting, and I believe this rule should apply equally to LECs and CLECs without any special waiver provisions other than those that

already exist. Lastly, Verizon opposes Staff's current definitions for "Emergency Situation," "OOS in 24 hours" and the method of calculating OOS results.

Q. Does this conclude you testimony?

A. Yes.