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Approved as Recommended  
and so Ordered  
by the Commission

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JACLYN A. BRILLING  
Secretary

Issued and Effective December 21, 2010

STATE OF NEW YORK  
DEPARTMENT OF PUBLIC SERVICE

December 1, 2010

TO: THE COMMISSION

FROM: CWG STAFF TEAM - Office of Telecommunications, Office of General Counsel, Office of Regulatory Economics and Office of Accounting and Finance

SUBJECT: CASE 97-C-0139 - Proceeding on Motion of the Commission to Review Service Quality Standards for Telephone Companies.

RECOMMENDATION: It is recommended that the Commission approve the proposed modifications to the Verizon Inter-Carrier Service Quality Guidelines (C2C Guidelines). These modifications consist of two administrative changes and two process changes that remove MR-1 sub-metrics related to the Electronic Bonded Trouble Administration (EBTA) Interface and revise the performance standard for MR-2-01-3200 (Network Trouble Report Rate Unbundled Network Element (UNE) Specials). These proposed modifications represent a general consensus recommendation of the Carrier Working Group (CWG), with a non-consensus opinion offered.

BACKGROUND

The C2C Guidelines establish metrics and standards for measuring and reporting Verizon New York Inc.'s (Verizon) and Frontier Telephone of Rochester, Inc.'s (Frontier of Rochester)

inter-carrier service quality performance.<sup>1</sup> Since the adoption of the C2C Guidelines in 1999, the CWG, with an active membership that includes Department of Public Service staff (staff); the major incumbent local exchange carriers (ILEC) and competitive local exchange carriers (CLECs) operating in New York State, continues to work in a collaborative manner to modify the C2C Guidelines when appropriate justification has been presented by Verizon, Frontier of Rochester and/or the CLEC community. The recommendations of the CWG are the subject of many past Commission Orders; the last one was September 17, 2009.<sup>2</sup>

#### DISCUSSION

Since their inception, the Commission has modified the C2C Guidelines to address industry changes, competitive issues, technological improvements, and other factors. The proposed modifications to the C2C Guidelines are classified into two categories: non-process changes of an administrative nature and changes that affect the manner in which a performance measurement is processed (i.e., how the measurement is

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<sup>1</sup> The Verizon C2C Guidelines were approved in Case 97-C-0139, Proceeding on Motion of the Commission to Review Service Quality Standards for Telephone Companies, Order Adopting Inter-carrier Service Quality Guidelines (issued February 16, 1999) and Frontier of Rochester's C2C Guidelines were approved on February 16, 2000. The Guidelines provide the metrics and performance standards applicable to Verizon's state level operating entities. They include comprehensive explanations of the standard's definitions, measurement methodologies, reporting levels, geography covered, current product intervals, and glossary and appendices that provide explanatory material.

<sup>2</sup> Notice of the Commission's intent to further modify the C2C Guidelines was published in the State Register on September 29, 2010 (SAPA No. 97-C-0139SP32). No comments were received.

calculated or which products are measured in accordance with the performance measurement).

The CWG recommends changes to the C2C Guidelines that either represent the consensus decision of the CWG (i.e., the parties have agreed upon the necessity and implementation of the metrics and standards) or which are non-consensus. The modifications recommended herein consist of two administrative changes and two process changes that remove MR-1 (Response Time OSS Maintenance Interface) sub-metrics related to the Electronic Bonded Trouble Administration (EBTA) Interface and revise the performance standard for MR-2-01-3200 (Network Trouble Report Rate UNE Specials). These modifications to the C2C Guidelines were discussed and reviewed at a number of CWG sessions and should be adopted according to the consensus determination developed by the CWG. A non-consensus opinion was offered relating to MR-2-01-3200 definition and standard.<sup>3</sup>

#### Administrative Changes

The two proposed administrative modifications to the C2C Guidelines, detailed in Section A of Attachment 1, removes references to West Virginia from the Guidelines and Appendices<sup>4</sup> and clarifies that maintenance related Trouble Codes<sup>5</sup> only apply to the measurement of Specials and Trunks products, while Disposition Codes<sup>6</sup> apply to the other products measured under the MR-2 (Trouble Report Rate), MR-3 (Missed Repair Appointments), MR-4 (Missed Repair Appointments), and MR-5 (Percent Repeat

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<sup>3</sup> Covad offered a non-consensus opinion.

<sup>4</sup> West Virginia is no longer part of the Verizon Footprint.

<sup>5</sup> Trouble Codes are specific codes, either "FAC", "CO" and "STN" for Specials and Trunks, used to indicate network troubles.

<sup>6</sup> Disposition Codes are the codes assigned by the Field Technician when closing a trouble. This code identifies the plant type/location in the network where the trouble was found.

Reports within 30 Days) sub-metrics. The CWG recommends adoption of these changes to the C2C Guidelines.

Process Changes

The proposed process modifications to the C2C Guidelines, detailed in Section B of Attachment 1 to this Order, consist of two changes.

1. MR-1 (Response Time OSS Maintenance Interface)

The MR-1 metric was designed to measure the response time associated with trouble requests submitted by CLECs in the OSS Maintenance Interface. The MR-1 metric is divided into sub-metrics that measure the different trouble transactions, including Create, Status, Modify, Request Cancellation, Trouble History Report and Test Trouble. In 2005, MR-1 was modified to include electronically bonded interfaces (EBTA and TAXI)<sup>7</sup>.

The Carrier Working Group determined that the EBTA interface is no longer used by any carrier. Thus, the sub-metrics are capturing no data and are no longer necessary. Those metrics would include: MR-1-07-6060 (% On-Time -- Ticket Closure on Bonded Open Tickets), MR-1-08-6060 (% On-Time -- Create Trouble), MR-1-09-6060 (% On Time - Status Trouble), MR-1-10-6060 (% On Time - Modify Trouble), MR-1-11-6060 (% on-Time - Request Cancellation of Trouble), and MR-1-12-6060 (% on-Time - Test Trouble (POTs only)). The CWG recommends adoption of these changes to the C2C Guidelines.

2. MR-02-01-3200 (Network Trouble Report Rate UNE Specials)

MR-02 measures total initial customer directed (CD) or customer referred (CR) troubles reported, where the trouble

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<sup>7</sup> Electronic bonding refers to the method of transferring electronic information between CLECs and Verizon OSS interfaces on a machine-to-machine, real time basis.

disposition was found to be in the network, per 100 lines, circuits, or trunks in service.<sup>8</sup> For this metric, a parity standard is used, that is, the performance to CLEC customers is measured against the performance received by Verizon's retail customers.

In August 2009, members of the CWG requested an analysis of the worse than standard performance for MR-2-01-3200 (Network Trouble Report Rate UNE Specials), MR-4-01-1217 (Mean Time to Repair for Resale & UNE Combined Specials - DS1 & DS3), MR-4-06-3217 (Percent Out of Service > 4 Hours for UNE Specials - DS1 & DS3), MR-4-08-1217 (Percent Out of Service > 24 Hours for Resale & UNE Combined Specials - DS1 & DS3) and MR-5-01-3200 (Percent Repeat Reports within 30 Days for UNE Specials).

The CWG's review of the CLEC performance component of the metric indicated that repair service for CLEC special services had worsened in 2009. A root-cause analysis was done and uncovered that Verizon had reconfigured its practices at its special service circuit repair centers. Verizon has since addressed these shortcomings and repair service has improved. This has resulted in better than standard performance for MR-4-01-1217, MR-4-06-3217, MR-4-08-1217 and MR-5-01-3200, but not for MR-2-01-3200.

The root-cause analysis for MR-2-01-3200 revealed that since March 2005, Verizon has consistently failed to satisfy the parity standard for this metric. Verizon has routinely recorded a monthly score of -5 on this sub-metric, which is the maximum

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<sup>8</sup> Customer Directed (CD) troubles are those troubles where a customer contact Verizon, using the standard trouble reporting procedures about a trouble with a residence, business or other company provided service. Customer referred (CR) troubles are those troubles a customer refers to a Verizon employee and the Verizon employee then refers the trouble to Verizon for processing.

out of parity performance score under the Guideline's statistical test. The CWG engaged in additional discussions of this sub-metric MR-2-01-3200 to determine why the standard for this sub-metric was being missed subsequent to the improved performance on MR-4-01-1217, MR 4-06-3217, MR 4-08-1217 and MR 5-01-3200, and what, if any steps, could be taken to remediate the sub-metric. After extensive analysis, which began in January 2010, the CWG discussed numerous possible flaws associated with the sub-metric that are driving chronic lack of parity and, given the nature of the Specials market, there was no reasonable or cost effective way to fix the measurement definition for the MR-2-01-3200 sub-metric for UNE Specials.

The Group discussed that a parity standard, which compares the Retail Specials Network Trouble Report Rate to the CLECs' Specials Network Trouble Report Rate, using statistical testing, would be inappropriate if Verizon and the CLECs provide different types of Specials products to their end users. This difference would represent an "apples-to-oranges" comparison between the two product groups. Since valid statistical testing requires the comparison of like groups, a parity standard is not appropriate for the MR-2-01-3200 sub-metric if it could be determined that the Verizon and CLEC special service circuits measured by MR-2-01-3200 are not reasonably like-to-like.

During this analysis, the CWG also determined that the large denominators associated with the performance captured under MR-2-01-3200 could periodically result in statistically failing scores, when there were actually minuscule differences between CLEC and Verizon performance. Thus, a large denominator problem undercuts the usefulness of the statistical scores recorded under this sub-metrics and militates against the continued application of a parity standard for these sub-metrics.

Also during these discussions, the CWG determined that the MR-2-01-3200 trouble report rate metric includes trouble reports that are measured in the other UNE specials repair related metrics, for example, MR-4-01-1217, MR-4-06-3217, MR-4-08-1217 and MR-5-01-3200, such as installation troubles and repeat trouble reports. By retaining the CLEC trouble report rate measurement as an information-only metric, the CWG will be able to comprehensively monitor specials repair performance in the future.

The CWG also examined CLEC-specific and other data to determine whether it would be appropriate to develop a benchmark standard for UNE Specials. The Group noted that the Network Trouble Report Rate (NTRR) on the MR-2-01-3200 sub-metric varies significantly among the CLECs. The Group also acknowledged that a number of other factors outside of Verizon's control, such as inclement weather and accidents, could influence a CLEC's NTRR. NTRRs could also vary by geography. Thus, CLECs operating in different geographic markets could record different NTRRs. The CWG discussed that a great deal of additional analysis would be necessary to determine a reasonable level at which to set a benchmark standard.

With the exception of Covad, the group agreed that there was no reasonably quick and straightforward way to fix the measurement definition and standard for the MR-2-01-3200 sub-metric for UNE Specials. The Group determined that the most efficacious course of action to deal with this "broken" sub-metric was to change the performance standard from "Parity with Verizon" to "No Standard" with the understanding that the CLECs would continue to receive monthly data on their individual NTRRs for each of their respective sub-metrics under MR-2-01-3200. The aggregate monthly report will also contain the aggregate NTRR for each of the MR-2-01-3200 sub-metrics.

While consensus (majority rules) was achieved, Covad disagreed <sup>9</sup> and asserted that a benchmark standard for MR-2-01-3200 should be applied. Covad indicated that the UNE Specials' product (a copper facility) offered by Verizon should not differ among CLECs. Covad noted that weather and accidents as well as geography issues should not only be monitored by Verizon, but staffed accordingly and, therefore, it does not find these factors to be relevant to developing a benchmark standard. In addition, Covad believes that performance metric exclusions and force majeure clauses already take into account those conditions that Verizon points out that are not within Verizon's control.

Regarding the elimination of retail compare results (non-standard), Covad indicates that per Verizon's assertion the results reflect an apples' to oranges comparison. Covad noted that until a root cause analysis can be performed against both wholesale and retail results, proof that the results did not reflect parity has never been achieved.

Staff agrees with the majority consensus opinion that it would not be cost efficacious to continue the root cause and definitional analyses that would be required to determine if a parity was ever achieved for this metric, if a benchmark standard is warranted, and/or if Verizon's performance related to this metric would pass under an alternative standard. Given that the "report rate metrics"<sup>10</sup> have not been included in the Performance Assurance Plan (PAP), the benefit of redefining this metric does not outweigh the costs associated with the further

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<sup>9</sup> Covad's non-consensus opinion is included in Section B of Attachment 1.

<sup>10</sup> Due to their larger sample sizes, report rate metrics often show statistically significant results based upon competitively miniscule differences.

investigation and collaboration that would likely be necessary to fix it. Covad also contends that the specials products offered by Verizon should not differ among CLECs. However, staff disagrees that a benchmark standard could be readily developed since the analysis and discussion undertaken by the subgroup indicates that the UNE specials products provided by Verizon do in fact differ from CLEC to CLEC. For these reasons, it is recommended that the Commission adopt the CWG majority consensus proposal to change the performance standard from "Parity with Verizon" to "No Standard" with the understanding that the CLECs would continue to receive monthly data from Verizon on their individual NTRRs for each of their respective sub-metrics under MR-2-01-3200. The aggregate monthly report will also contain the aggregate NTRR for each of the MR-2-01-3200 sub-metrics.

#### CONCLUSION

The proposed modifications are reasonable and will update and streamline the C2C Guidelines. The proposed modifications represent the general consensus recommendations of the CWG and the non-consensus opinion is duly noted. Team members from the Office of Accounting and Finance and the Office of Regulatory Economics assisted with the preparation of this memorandum and agree with its recommendations.

RECOMMENDATION

It is recommended that:

1. Proposed modifications to the Inter-Carrier Service Quality Guidelines (C2C Guidelines) consisting of two administrative changes and two process changes be adopted consistent with the discussion herein.

2. Within 30 days of the date this Order is issued, Verizon New York Inc. shall file with the Secretary, and serve upon each party, the Inter-Carrier Service Quality Guidelines with the corrections, changes and additions recommended herein.

Respectfully submitted,

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**Section A – Administrative Changes to the Guidelines**

<b>C2C Guidelines and Appendices</b>	<b>References to West Virginia</b>	
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1. *Change Proposed:*

Remove References to West Virginia. References to West Virginia will be removed from the Guidelines and Appendices. The removed references appear in the following formats:

- "West Virginia"
- "WV"
- "MDVW" Where the "W" will be removed.

*Rationale:*

This is an administrative change: West Virginia is no longer part of the Verizon Footprint.

2. *Change Proposed*

Delete West Virginia Exhibit 1 from the Appendices.

*Rationale:*

See above.

<b>MR-2</b>	<b>Trouble Report Rate</b>	
<b>MR-3</b>	<b>Missed Repair Appointments</b>	
<b>MR-4</b>	<b>Trouble Duration Intervals</b>	
<b>MR-5</b>	<b>Repeat Trouble Reports</b>	

*Change Proposed:*

Members of the Carrier Working Group agreed to clarify the difference between Disposition Codes versus Trouble Codes in the MR metrics by making certain language changes. The following language was inserted into the designated submetrics:

- "or Trouble codes of FAC, CO and STN for Specials and Trunks." (MR-2 and MR-5)

- "or Trouble codes of FAC, CO and STN for Specials and Trunks." ( MR-4)
- "Trouble codes FAC, CO, and STN" (MR-2-01)
- "or Trouble Codes of No Trouble Found (NTF), Non Plant Classified (NPC), Customer Provided Equipment (CPE) and Came Clear (CC) for Specials" (MR-2-05)
- "Disposition Codes 03, 04, and 05 or Trouble Codes of FAC, CO, and STN". (MR-4-01, MR-4-04 and MR-5-01)
- "Trouble codes of FAC, CO, and STN" (MR-4-05 and 4-06)
- "Disposition Codes 03, 04, and 05 or Trouble Codes of FAC, CO, and STN". (MR-4-07 and MR-4-08)

*Rationale:*

The Carrier Working Group determined that this administrative change was necessary to clarify that Trouble Codes only apply to Specials and Trunks, while Disposition Codes apply to the other products measured under the MR-2, MR-3, MR-4 and MR-5 submetrics.

**Section B – Changes to the Guidelines Requiring a Process Change**

<b>MR-1</b>	<b>Response Time OSS Maintenance Interface</b>	
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1. *Change Proposed:*

Remove the following submetrics which measure performance related to Electronic Bonded Trouble Administration (EBTA) Interface:

- MR-1-07-6060 (% On-Time -- Ticket Closure on Bonded Open Tickets),
- MR-1-08-6060 (% On-Time -- Create Trouble),
- MR-1-09-6060 (% On Time - Status Trouble)
- MR-1-10-6060 (% On Time - Modify Trouble)
- MR-1-11-6060 (% On-Time - Request Cancellation of Trouble), and
- MR-1-12-6060 (% On-Time - Test Trouble - POTs only).

*Rationale:*

The Carrier Working Group determined that the EBTA interface is no longer used by any carrier. Thus, the submetrics are capturing no data and are no longer necessary.

<b>MR-2-01-3200</b>	<b>Network Trouble Report Rate UNE Specials</b>	
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**Section of Guidelines: Performance Standard**

1. *Change Proposed:* Change Performance Standard for MR-2-01-3200 "Network Trouble Report Rate UNE Specials" from "Parity with Verizon Retail" to "No Standard".

*Rationale:*

Verizon has failed to satisfy the parity standard for MR-2-01-3200 "Network Trouble Report Rate UNE Specials" for many years. Since March 2005, Verizon has routinely recorded a monthly score of -5 on this submetric, which is the maximum out of parity performance score under the Guideline's statistical test.

In August 2009, members of the CWG requested an analysis of the performance for MR-2-01-3200 and for the less than standard performance for MR-4-01-1217, MR-4-06-3217, MR-4-08-1217 and MR-5-01-3200. The CWG's review of the CLEC performance component of the metric indicated that repair service for CLEC special services had worsened in 2009. The root cause analysis uncovered that Verizon had reconfigured its practices at its specials repair centers. Verizon has since addressed these shortcomings and repair service has improved. This has resulted in better than standard performance for MR-4-01-1217, MR-4-06-3217, MR-4-08-1217 and MR-5-01-3200, but not for MR-2-01-3200.

The CWG engaged in additional discussions of the submetric MR-2-01-3200 to determine why the standard for this submetric was being missed subsequent to the improved performance on MR-4-01-1217, MR 4-06-3217, MR 4-08-1217 and MR 5-01-3200, and what, if any steps, could be taken to remediate the submetric. After extensive analysis, which began in January 2010, the CWG discussed numerous possible flaws associated with the submetric that are driving chronic lack of parity and, given the nature of the Specials market, there was no reasonable or cost

effective way to fix the measurement definition for the MR-2-01-3200 submetric for UNE Specials.

The Group discussed that a parity standard, which compares the Retail Specials Network Trouble Report Rate to the CLECs' Specials Network Trouble Report Rate, using statistical testing, would be inappropriate if Verizon and the CLECs provide different types of Specials products to their end users. This difference would represent an "apples-to-oranges" comparison between the two product groups. Since valid statistical testing requires the comparison of like groups, a parity standard is not appropriate for the MR-2-01-3200 submetric if it could be determined that the Verizon and CLEC special service circuits measured by MR-2-01-3200 are not reasonably like-to-like.

During this analysis the Group also determined that the large denominators associated with the performance captured under MR-2-01-3200 could periodically result in statistically failing scores, when there were actually minuscule differences between CLEC and Verizon performance. Thus, a large denominator problem undercuts the validity of the statistical scores recorded under this submetric and militates against the continued application of a parity standard for this submetric.

Also during these discussions, the CWG determined that the MR-2-01-3200 trouble report rate metric includes trouble reports that are measured in the other UNE specials repair related metrics, for example, MR-4-01-1217, MR-4-06-3217, MR-4-08-1217 and MR-5-01-3200, such as installation troubles and repeat trouble reports. By retaining the CLEC trouble report rate measurement as an information-only metric, the CWG will be able to comprehensively monitor specials repair performance in the future.

The CWG also examined CLEC-specific and other data to determine whether it would be appropriate to develop a benchmark standard for UNE Specials. The Group noted that the Network Trouble Report Rate on the MR-2-01-3200 submetric varies significantly among the CLECs. The Group also acknowledged that a number of other factors outside of Verizon's control, such as inclement weather and accidents, could influence a CLEC's NTRR. NTRRs could also vary by geography. Thus, CLECs operating in different geographic markets could record different NTRRs. The CWG discussed that a great deal of additional analysis would be necessary to determine a reasonable level at which to set a benchmark standard.

Given these factors and the other factors examined by the CWG, the Group determined that the most efficacious course of action to deal with this "broken" submetric was to change the performance standard from "Parity with Verizon" to "No Standard" with the understanding that the CLECs would continue to receive monthly data on their individual NTRRs for each of their respective submetrics under MR-2-01-3200. The aggregate monthly report will also contain the aggregate NTRR for the MR-2-01-3200 submetric.

**Covad's Non-Consensus Comments:** While consensus was achieved (majority ruled), Covad continued to assert a benchmark standard for MR-2-01 UNE Specials should be applied. Covad noted that limiting to UNE Specials, the product offered by Verizon should not differ among CLECs. That weather and accidents as well as geography issues should not only be monitored by Verizon, but staffed accordingly, so Covad doesn't find these factors to be relevant. In addition, the following are already accounted for requirements that eliminate the factors that are not within Verizon's control: performance metric exclusions and force majeure clauses.

Regarding the elimination of retail compare results (non-standard) per Verizon's assertion the results reflect an apples to oranges comparison, Covad noted that until root cause analysis can be performed against both wholesale and retail results, proof the results did not reflect parity was never achieved.