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BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

In the Matter of 2000 Biennial Regulatory Review Telecommunications Service Quality Reporting Requirements	CC Docket No. 00–229

COMMENTS
of the
GENERAL SERVICES ADMINISTRATION

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Summary

GSA addresses proposals to streamline the Commission's service quality reporting program. GSA explains that the proposed changes, which encompass reports on installation and repair intervals for basic local exchange services, exchange access services, and consumer complaints, will eliminate reporting of information that is vital for consumers and regulators.

From GSA's perspective, competition does not diminish the need for timely data on the quality of local exchange services. Indeed, service quality data is necessary for consumers to make informed choices among alternative suppliers. Moreover, the presence of competitors provides a potential incentive for carriers to "cut corners" in the quality of their services in order to offer them at lower prices.

At the present time, service quality reporting requirements apply only to the four carriers under mandatory price cap regulation. Since these firms have substantial incomes and earnings ratios, comprehensive service quality reporting requirements will not constitute an unreasonable financial burden. Indeed, GSA urges the Commission to extend mandatory reporting to encompass more carriers, and to encourage voluntary reporting by additional incumbent and competitive LECs.

GSA also urges the Commission to continue reporting of service quality data disaggregated between residence and business lines. Separated data will provide opportunities for the Commission and consumers to evaluate a carrier's performance in serving each major user group. In addition, the Commission should continue to require separate reporting for urban and rural areas because these regions have different competitive conditions and cost characteristics.

Finally, GSA urges the Commission to extend reports on installation and repair performance to include broadband services. Service quality data on broadband services is necessary for consumers to make informed choices among carriers deploying a complex and potentially confusing array of new technologies.

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COMMENTS
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The General Services Administration ("GSA") submits these Comments on behalf of the customer interests of all Federal Executive Agencies ("FEAs") in response to the Notice of Proposed Rulemaking in CC Docket No. 00–229 ("Notice") released on November 9, 2000. The Notice seeks comments and replies on issues concerning service quality reporting requirements for local exchange carriers ("LECs").

I. INTRODUCTION

Pursuant to Section 201(a)(4) of the Federal Property and Administrative Services Act of 1949, as amended, 40 U.S.C. 481(a)(4), GSA is vested with the responsibility to represent the customer interests of the FEAs before Federal and state regulatory agencies. From their perspective as end users, the FEAs have consistently supported the Commission's efforts to bring the benefits of competitive markets to consumers of all telecommunications services.

Under the Telecommunications Act, the Commission is required to review biennially the regulations pertaining to telecommunications service providers and broadcast ownership, and to determine whether competition has made these regulations obsolete or no longer in the public interest.[1] In order to meet that congressional mandate, the Commission requests comments on proposals to streamline its service quality monitoring program.[2]

The Commission's proposed changes are intended to accomplish three goals:

- eliminate the majority of the existing reporting requirements, which the Commission postulates are no longer pertinent to today's marketplace;
- enhance the remaining reporting requirements to increase protection for consumers; and
- provide ways that the Commission can work with state regulatory agencies to ensure that consumers enjoy high quality telecommunications services throughout the nation.[3]

The Notice describes proposals to accomplish these objectives through modifications in service monitoring procedures, including collection of data describing: (1) the provisioning of telecommunications services; (2) the maintenance and repair of telecommunications equipment and facilities, and (3) the frequency and duration of various network troubles.[4]

The FEAs procure telecommunications services though both mass market and contract tariffs from all carriers under the Commission's service quality reporting regulations. In all cases, the ability to obtain high quality services is critical in allowing

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1 Notice, para. 1, citing Telecommunications Act of 1996, Pub. L. No. 104–104, 110 Stat. 56, codified at 47 U.S.C. § 151 *et seq.* ("Telecommunications Act").

2 *Id.*

3 *Id.*, paras. 2–4.

4 *Id.*, para. 7.

Federal employees to communicate with each other and with members of the general public. Thus, GSA has a vital stake in actions that the Commission takes to modify service quality monitoring procedures for LECs throughout the nation.

II. PROPOSED CHANGES WILL ELIMINATE REPORTING OF SERVICE QUALITY DATA NEEDED BY CONSUMERS AND REGULATORS.

Under the present Automated Reporting Management Information System ("ARMIS"), price cap LECs provide information to the Commission on various measures of service quality.[5] In the Notice, the Commission proposes sharp reductions in these reporting requirements.

The Commission outlines a plan to reduce reporting requirements from more than 30 categories of information to only six.[6] Under the proposed plan, the following service quality measures would be retained: (1) the percentage of installation appointments that are met; (2) the time required to initiate service; (3) the percentage of lines that have problems, including out–of–service lines; (4) the time required to have out–of–service lines repaired; (5) the percentage of repair appointments that are missed; and (6) the time required to repair service.[7]

The Commission proposes to eliminate several major categories of information that are now obtained from price cap LECs. For example, requirements to provide tabulations of service quality complaints concerning residence and business lines would be eliminated.[8] Also, LECs would no longer be required to report installation

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5 *Id.*, para. 14.

6 *Id.*, para. 2.

7 *Id.*, para. 16.

8 *Id.*, Appendix A, Table V and Appendix B.

and repair intervals for switched and special access services provided to interexchange carriers.[9]

GSA believes that these reductions are much too severe. The changes in format that are outlined in the Notice should be adopted because they will make service quality reports more readable, but GSA does not believe the Commission should eliminate major parts of the reporting requirements for price cap LECs.

The Commission's service reporting rules provide information in a uniform format that is helpful for surveillance over local exchange services in many jurisdictions. Indeed, only 30 state commissions currently apply service quality reporting requirements to all LECs under their jurisdiction.[10]

Although competition for local exchange services is beginning to increase, especially in urban areas, this trend increases rather than diminishes the need for service quality data. Moreover, comprehensive service quality reporting requirements will not place an unreasonable burden on larger LECs.

III. COMPETITION DOES NOT DIMINISH THE NEED FOR TIMELY INFORMATION ON THE QUALITY OF LOCAL EXCHANGE SERVICES.

A. Consumers need data to compare services offered by competing carriers.

Service quality data is vital for consumers. In fact, an independent means to help consumers predict service levels and evaluate carriers' service claims is particularly important <u>with</u> more competition.

In the first place, service quality data is necessary to make informed choices among alternative suppliers. Secondly, the presence of competitors provides a

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9 *Id.*, Appendix A, Table I and Appendix B.

10 *Id.*, para. 4, n. 7.

potential incentive for carriers to "cut corners" in order to offer their services at lower prices, with the hope that once committed, subscribers will not quickly change their local exchange service provider.

Most large commercial and government users are experienced in procuring telecommunications services in a competitive environment, but they still need service quality information. Although service quality levels are often specified in contracts, business users depend upon public information on the service quality levels actually achieved by carriers. In fact, achieved service levels for carriers operating in a region may be the primary factor in establishing the technical specifications in a request for proposals for carriers to provide telecommunications services. Also, service level achievements provide an independent means of assessing the likelihood that a carrier will meet the commitments in its proposal.

The Notice requests comments on a "Service Quality White Paper" released by the National Association of Regulatory Utility Commissioners ("NARUC") in November 1998.[11] The NARUC paper, presented as Appendix C to the Notice, suggests a number of useful definitions and formats that can be employed in service quality reports. The paper also contains NARUC's recommendation that reports of all service quality measurements should be available to the public.[12]

GSA concurs with NARUC's recommendation that compilations of current service quality data be readily available. Therefore, GSA urges the Commission to require carriers to post the data on their own websites and on the websites of the state regulatory agencies for their service areas. Also, carriers should be required to make the service quality data available to consumers on request, and to provide information

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11 *Id.*, paras 4 and 44.

12 *Id.*, Appendix C, Sect. I.

to their own customers on the means to obtain the data electronically or in hard copy form.

B. Incumbent LECs continue to control nearly all of the local telecommunications infrastructure.

Incumbent LECs play the principal role in setting the standard for telecommunications service quality. These carriers — especially the LECs under price cap regulation — control nearly all of the local telecommunications infrastructure in the nation.

A recent report by the Common Carrier Bureau's Industry Analysis Division shows that competitive LECs served only 6.7 percent of end user lines as of June 30, 2000.[13] Moreover, only about one–third of this small fraction were served by using the competitive LECs' own facilities.[14] To provide services to two–thirds of their lines, competitors either "resold" facilities owned by incumbent LECs or employed the incumbents' unbundled network elements ("UNEs").[15]

Because competitors have a small market share and are new to most markets, incumbent carriers enjoy substantial power in nearly all regions of the nation. The Industry Analysis Division's report shows that even in New York state and Kansas, where incumbents have the smallest market share, competitive LECs serve only 16 percent of the access lines, <u>including</u> service provided by resale and UNEs.[16]

In addition to the need for consumers to make informed choices, service quality data is necessary for the Commission to maintain regulatory surveillance over incumbent LECs that still enjoy extensive market power. Therefore, although the

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13 Industry Analysis Division, *Trends in Telephone Service,* December 2000, p. 9.1.

14 *Id.*

15 *Id.*

16 *Id.*, Table 9.5.

Commission should adopt changes that make service quality data easier to access and track, GSA recommends that the Commission not substantively reduce the reporting obligations on price cap LECs, at least until the next biennial review.

IV. COMPREHENSIVE SERVICE QUALITY REPORTING REQUIREMENTS WILL NOT UNDULY BURDEN CARRIERS.

The Commission requires service quality reports only by carriers for whom price cap regulation is mandatory.[17] The Commission does not collect service quality data from competitive LECs or from smaller incumbent LECs, including those serving rural areas.[18]

When the service quality reporting system was established, eight companies were included — the seven regional Bell operating companies and GTE.[19] Through mergers, the mandatory reporting group has been reduced to four carriers. The 1999 revenues for these carriers were: Bell South – $25.2 billion; Qwest – $17.0 billion; SBC – $49.4 billion; and Verizon – $58.5 billion.[20] Moreover, in that year these carriers enjoyed substantial return levels:[21]

BellSouth	21.05 %
U S WEST	19.09 %
SBC	18.76 %
Bell Atlantic	13.64 %
GTE	23.09 %

17 Notice, para. 8.

18 *Id.*, para. 29.

19 *Id.*

20 Federal Communications Commission, *Statistics of Common Carriers*, August 11, 2000, Table 1.1; and *Trends in Telephone Service,* December 2000, Table 10.1. Revenue for Qwest is total for Qwest and U S WEST. Revenue for Verizon is total for Bell Atlantic and GTE.

21 Industry Analysis Division, *Interstate Rate–of Return Summary*, April 4, 2000.

Comprehensive service quality reporting requirements should not place an unreasonable financial burden on carriers with these revenues and return levels.

The Notice requests comments on extending the service quality reporting to additional carriers, and mentions options such as reporting by additional incumbent LECs or competitive LECs meeting size thresholds.[22] The Commission also requests comments on voluntary reporting.[23]

To provide consumers with more information to make selections among carriers, GSA recommends that the Commission extend mandatory reporting beyond the four largest LECs. GSA concurs with the suggestion that the Commission adopt a reporting threshold based on the total number of access lines provided in all of the jurisdictions that a carrier serves.[24]

GSA recommends that service quality reporting be mandatory for any incumbent or competitive LEC that provides — through its own facilities, resale or UNEs — more than two percent of the nation's access lines. Moreover, reports should encompass services furnished to interexchange carriers, and service complaints from consumers. Also, GSA urges the Commission to encourage voluntary reporting by all additional incumbent and competitive LECs. The "voluntary" reports should be submitted in the same format and employ the same definitions as the required reports in order to facilitate comparisons among more carriers.

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22 Notice, para. 30.

23 *Id.*

24 *Id.*

V. THE COMMISSION SHOULD OBTAIN DISAGGREGATED SERVICE QUALITY DATA.

Under the present rules, LECs provide data on installation and repair intervals, as well as service quality complaints, disaggregated between residence and business lines.[25] The Commission tentatively concludes that it should continue this requirement for separate data, but invites comments on this issue.[26]

GSA urges the Commission to continue the requirement for separate data for residence and business lines. This format will provide opportunities for the Commission and consumers to evaluate more precisely a carrier's performance in serving each major user group.

Also, price cap LECs now provide disaggregated service quality data for Metropolitan Statistical Areas ("MSAs") and other areas ("Non–MSAs").[27] The Notice invites comments on a recommendation by the United States Telephone Association ("USTA") to abandon this distinction.[28]

From its perspective as an end user of services in urban and rural communities, GSA urges the Commission not to adopt USTA's recommendation. Competitive conditions, resource requirements and the costs of providing telecommunications service differ significantly between MSAs and Non–MSAs, so that service quality levels should be monitored separately.

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25 *Id.*, Appendix A, Tables II and V.

26 *Id.*, para. 27.

27 *Id.*, Appendix A, Tables II and V.

28 *Id.*, para. 28.

VI. INFORMATION ON THE QUALITY OF BROADBAND SERVICES IS ALSO VITAL FOR CONSUMERS.

Finally, the Commission observes that service quality reports address basic local exchange and exchange access services, but do not encompass broadband services.[29] Since the deployment of new technologies and advanced services is a matter of particular interest to the Commission, the Notice requests comments on the benefits and costs of adding reporting requirements for broadband services.[30]

GSA urges the Commission to extend reports on installation and repair performance to include broadband services. As GSA has explained in previous Comments concerning broadband reporting, it is important to have reliable and geographically targeted information on wideband telecommunications services in order to implement all of the pro–competitive tools at the Commission's disposal.[31] If the Commission's surveillance does not encompass quality measures for broadband services, it is unlikely that most consumers will be able to make informed choices among the carriers deploying a complex and potentially confusing array of new technologies to provide these services.

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29 *Id.*, para. 25.

30 *Id.*, para. 26.

31 *In the Matter of Local Competition and Broadband Reporting*, CC Docket No. 99–301, Comments of GSA, December 3, 1999, p. i.

VII. CONCLUSION

As a major user of telecommunications services, GSA urges the Commission to implement the recommendations set forth in these Comments.

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January 12, 2001

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