

**BEFORE THE ARIZONA CORPORATION COMMISSION**

JEFF HATCH-MILLER  
Chairman  
WILLIAM A. MUNDELL  
Commissioner  
MARC SPITZER  
Commissioner  
MIKE GLEASON  
Commissioner  
KRISTIN K. MAYES  
Commissioner

IN THE MATTER OF QWEST )  
CORPORATION'S FILING OF RENEWED )  
PRICE REGULATION PLAN )  
\_\_\_\_\_ )

DOCKET NO. T-01051B-03-0454

IN THE MATTER OF THE INVESTIGATION OF )  
THE COST OF TELECOMMUNICATIONS )  
ACCESS )  
\_\_\_\_\_ )

DOCKET NO. T-00000D-00-0672

SURREBUTTAL

TESTIMONY

OF

DEL SMITH

UTILITIES ENGINEER SUPERVISOR

UTILITIES DIVISION

ARIZONA CORPORATION COMMISSION

JANUARY 12, 2005

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**EXECUTIVE SUMMARY**  
**QWEST CORPORATION**  
**DOCKET NOS. T-01051B-03-0454 & T-00000D-00-0672**

My surrebuttal testimony responds to the rebuttal testimony of Mr. Scott A. McIntyre and Mr. George Pappas as it relates to service quality standards and the penalty provisions of Qwest's Service Quality Plan Tariff and the Alternate Form of Regulation Plan. Contrary to the allegations of Mr. McIntyre that Staff's recommended changes to the Service Quality Plan Tariff penalty/offset thresholds would be punitive to Qwest and that the current standard is cumbersome and unnecessary, I believe that the fine-tuning recommended in my direct testimony is beneficial to Qwest's customers. Similarly, I do not concur with Mr. Pappas that it is appropriate to discontinue the Service Quality Plan Tariff penalties for held order and out-of-service failures. I also do not concur that it is appropriate to terminate the \$2.00 one-time credit penalty that is a part of the current AFOR plan.

1 INTRODUCTION

2 **Q. Please state your name and business address.**

3 A. My name is Del Smith. My business address is 1200 West Washington Street, Phoenix,  
4 Arizona 85007.

5  
6 **Q. By whom are you employed and what is your position?**

7 A. I am employed by the Arizona Corporation Commission (“Commission”) in its Utilities  
8 Division. My title is Utilities Engineer Supervisor.

9  
10 **Q. Have you filed testimony previously in this case?**

11 A. Yes. I filed direct testimony on November 18, 2004.

12  
13 REBUTTAL TESTIMONY OF MR. SCOTT A. MCINTYRE

14 **Q. Was a change to the performance objective for the residence, business and repair**  
15 **centers proposed in Staff’s testimony as suggested by Mr. McIntyre’s rebuttal**  
16 **testimony?**

17 A. No. The objective would remain at 80 percent of the calls to be answered within 20  
18 seconds. What Staff did recommend was a change in the ranges for determining the  
19 applicable penalty or offset for the objective.

20  
21 **Q. If Staff’s recommendations are implemented, will meeting the objective for these**  
22 **centers result in an increased penalty for Qwest as alleged in the rebuttal testimony**  
23 **of Mr. McIntyre on page 20 at lines 21 and 22?**

24 A. No. There would continue to be no penalty to Qwest if the centers met the objective that  
25 80 percent of the calls be answered within 20 seconds.

26

1 **Q. Does Staff agree with the suggestion by Mr. McIntyre in his rebuttal testimony that**  
2 **the penalties for poor answer time performance by these centers be eliminated**  
3 **altogether?**

4 A. No. As long as Qwest continues to perform well, there is no penalty impact to the  
5 Company. Staff believes that the possibility of penalties is an incentive to Qwest to  
6 maintain its performance levels which is a continuing benefit to consumers.

7  
8 **Q. In his rebuttal testimony, Mr. McIntyre states a variety of reasons why it could be**  
9 **difficult to appropriately staff the centers. He also identifies certain other factors he**  
10 **believes can impact center answer time performance. Does this lead Staff to make a**  
11 **change to their recommendation on penalty/offset threshold adjustments?**

12 A. No. While these factors may in fact influence center answer time performance, they are  
13 not new challenges for center management. Qwest is, for the most part, addressing them  
14 appropriately as suggested by the Company's answer time results. Staff does not believe a  
15 modification to the penalty/offset thresholds would negatively impact how the Company  
16 manages its workforce in the centers or responds to events such as inclement weather.

17  
18 **Q. In his rebuttal testimony, Mr. McIntyre recommends a 60-second average wait time**  
19 **instead of the current objective. Did Qwest address this proposal in direct testimony**  
20 **or provide any objective data in rebuttal testimony that would substantiate his**  
21 **recommendation?**

22 A. No. Qwest did not recommend any changes to the Service Quality Plan Tariff in its Direct  
23 Testimony. Mr. McIntyre also does not provide any supporting objective data to  
24 substantiate his assertion that average wait time would be a better measure of customer  
25 satisfaction for answer time response.

1 **Q. Does Staff support a change in the answer time objective as recommended by Mr.**  
2 **McIntyre in his rebuttal testimony?**

3 A. Not at this time. Staff does not believe such a change would be appropriate given the  
4 absence of objective data to substantiate such a change. Further, it is Staff's  
5 understanding that previously Qwest has voluntarily reported parallel results (% answered  
6 within 20 seconds and average wait time measures) for the centers to Staff at the Idaho  
7 Commission and that no clear correlation between the results was evident to Idaho Staff.  
8 In Staff's opinion, an objective that ignores the length of time it takes for a call to be  
9 answered and instead only measures average customer wait time after a customer's last  
10 selection from an automated response system menu is not intuitively a better measurement  
11 of customer satisfaction; especially when the duration for meeting the objective is longer.  
12

13 **Q. Do other states within Qwest's service territory utilize a percent answered with 20**  
14 **second objective for the centers as is the current objective for Arizona comparable?**

15 A. Yes. For example, it is Staff's understanding that Minnesota requires that 90 percents of  
16 the calls be answered within 20 seconds, in a rule making Montana is proposing 85  
17 percent within 20 seconds, retail repair in Nebraska is 90 percent within 20 seconds and  
18 that Oregon is 85 percent within 20 seconds.  
19

20 REBUTTAL TESTIMONY OF MR. DENNIS PAPPAS

21 **Q. In his rebuttal testimony, Mr. Pappas recommends elimination of the \$2.00**  
22 **additional one-time credit. Does Staff agree with his recommendation?**

23 A. No. The \$2.00 additional one-time credit was agreed to by Qwest as a condition for  
24 moving towards an alternate form of regulation ("AFOR"). Staff does not believe that it is  
25 appropriate to eliminate this performance penalty after only one term of the AFOR plan.

1           The existence of the potential penalty serves as an ongoing incentive to Qwest to maintain  
2           its service quality performance.

3  
4       **Q.    In his rebuttal testimony, Mr. Pappas also recommends that the Service Quality Plan**  
5       **penalty provisions for out-of-service and held orders be eliminated. Does Staff agree**  
6       **with his recommendation?**

7       A.    No. Staff believes the existence of these penalties serve as an ongoing incentive to Qwest  
8       to maintain its service quality performance and, as a result, consumers benefit. The  
9       penalties only become an issue if, and should, Qwest service quality deteriorate to  
10       unacceptable levels.

11  
12       **Q.    Did Qwest argue for elimination of service quality penalties in either its original**  
13       **filing in this matter or in its previously filed direct testimony?**

14       A.    No, the Company did not.

15  
16       **Q.    Mr. Pappas suggests in his surrebuttal testimony that the existence of local**  
17       **competition and consumer choice are a sufficient alternative to continuance of**  
18       **service quality penalties. Do you agree with his position?**

19       A.    No. Staff witness Fimbres explains that that Qwest remains the primary provider of  
20       wireline service in its service territory<sup>1</sup>. The Service Quality Plan Tariff, and its  
21       associated penalties, was established to address Qwest past performance issues and  
22       attempt to insure they do not repeat in the future. In Staff's opinion, it is appropriate for  
23       the penalties to remain a part of the Service Quality Plan Tariff. Whether or not the  
24       penalties are imposed remains determined by the commitment Qwest makes toward  
25       maintaining the necessary levels of service quality.

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<sup>1</sup> Direct testimony of Armando Fimbres, November 18, 2004, discussing CLEC Competition.

1 **Q. Mr. Pappas suggests in his rebuttal testimony that because Qwest provides**  
2 **individual bill credits for the same service failures that are covered by the service**  
3 **quality penalties that the penalties are unnecessary. Does Staff agree with his**  
4 **position?**

5 A. No. First, as indicated in Staff's direct testimony, Qwest's Service Quality Plan Tariff  
6 requires Qwest to pay both penalties and bill credits (the same bill credits that Mr. Pappas  
7 describes in his rebuttal testimony) for its service failures. Staff does not agree that  
8 because Qwest is required to pay bill credits to customers that the penalties should be  
9 eliminated; the Service Quality Plan Tariff was designed to provide both. The bill credit  
10 is as an individual customer specific remedy that applies for a specific service failure  
11 whereas; the annual penalties are based on Qwest's cumulative service results. The  
12 penalties were designed to kick-in when on a cumulative basis year end service results for  
13 a category overall drop below an acceptable level and thus provide an incentive for the  
14 Company to improve its service quality.

15  
16 CONCLUSION

17 **Q. Would you please summarize Staff's surrebuttal testimony.**

18 A. Yes. Contrary to the allegations of Mr. McIntyre that Staff's recommended changes to the  
19 Service Quality Plan Tariff penalty/offset thresholds would be punitive to Qwest and that  
20 the current standard is cumbersome and unnecessary, Staff believes that the fine-tuning  
21 recommended in their direct testimony is beneficial to Qwest's customers. As long as  
22 Qwest continues to meet the objectives contained in its tariff no penalties will be incurred  
23 by Qwest. This remains the case even with Staff's recommended threshold revisions. A  
24 continued possibility of penalties should performance decline at some point in the future is  
25 an incentive for Qwest to continue its focus on service quality and thus is an ongoing  
26 benefit to Arizona consumers that should remain in place.

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Similarly, Staff does not concur with Mr. Pappas that it is appropriate to discontinue the Service Quality Plan Tariff penalties for held order and out-of-service failures. Staff also does not concur that it is appropriate to terminate the \$2.00 one-time credit penalty that is a part of the current AFOR plan.

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**Q. Does Staff continue to advocate that the Commission adopt the recommendations contained within their direct testimony?**

8

9

A. Yes, Staff does.

10

11

**Q. Does this conclude Staff's surrebuttal testimony?**

12

A. Yes, it does.