IV - PERFORMANCE ANALYSIS & STATISTICS

This chapter addresses the collection and analysis of relevant performance statistics for Verizon New York (Verizon NY) operations and the associated performance results.

A - BACKGROUND

The analysis of Verizon NY performance indicators helped guide DCI consultants in performing interviews with both management and non-management personnel (including installation and repair crews), in conducting field observations, and in reviewing workforce management systems and procedures (in particular, systems used for workload planning, scheduling, and control). While these analyses focused primarily on data relevant to implementation of the Verizon Incentive Plan (VIP) Retail Service Quality Plan, Verizon's Intrastate Special Services Process Improvement Program (PIP), New York State service quality standards for telephone companies, and New York special services guidelines, we also performed a limited review of other recent historical data. DCI analyzed performance results from the March 2002 timeframe forward due to changes made in the criteria for the various performance indicators in the New York State service quality standards adopted with the VIP in March 2002 and with the concurrence of the NYDPS. The intent of DCI's reviews and investigations was to identify those causal factors that led up to the service problems that Verizon NY has experienced. Clearly identifying and defining elements that led up to these problems helped DCI consultants to focus recommendations on the steps that need to be taken to avoid the reoccurrence of such problems in the future.

The background for this chapter is segmented into the following four sections:

- Analyses of VIP service objectives and other applicable performance measures for plain old telephone services (POTS) and special services
- Focused review of high/low entities
- Service inquiry report (SIR) reviews
- Measurements administration

ANALYSIS OF SERVICE QUALITY OBJECTIVES

In New York State, Verizon has been required by the New York Public Service Commission (NYPSC) to monitor and report on the following four different types of service quality measures:

- VIP Retail Service Quality Plan
- Verizon's Intrastate Special Services Process Improvement Program
- New York State Service Quality Standards for Telephone Companies
- New York Special Services Guidelines

This section highlights performance measures as well as Verizon NY's associated results. The organization, processes, and systems that Verizon NY has in place to monitor and report on these performance measures are included in *Section D – Measurements Administration* of this chapter.

VIP Retail Service Quality Plan

The VIP Retail Service Quality Plan, instituted March 1, 2002, requires Verizon NY to meet various performance standards for a three-year period. The VIP, which makes no distinction between residential and business customers, is summarized in *Exhibit IV-1*.

Exhibit IV-1

VIP RETAIL SERVICE QUALITY PLAN

Service Element	Nomenclature	Threshold Performance
Troubles	Reports per 100 access lines (statewide average)	3.3 or less
Installations	% installed within five days (statewide average)	80% or more
Complaints	Number of chargeable complaints per 10,000 lines (statewide average)	5.5 or less through May 2002; definition of chargeable complaints changed in June 2002, with NYPSC retroactively modifying threshold target to 0.94 chargeable complaints or less
Out-of-service (OOS)	% of OOS > 24 hours (statewide average)	20% or less
Outliers	Count of misses by geographic service area	175 or less reports in first plan year (PY1); maximum number of reports in subsequent plan years equals 125 plus bonus points; 138 in second plan year (PY2) given 13 PY1 bonus credits

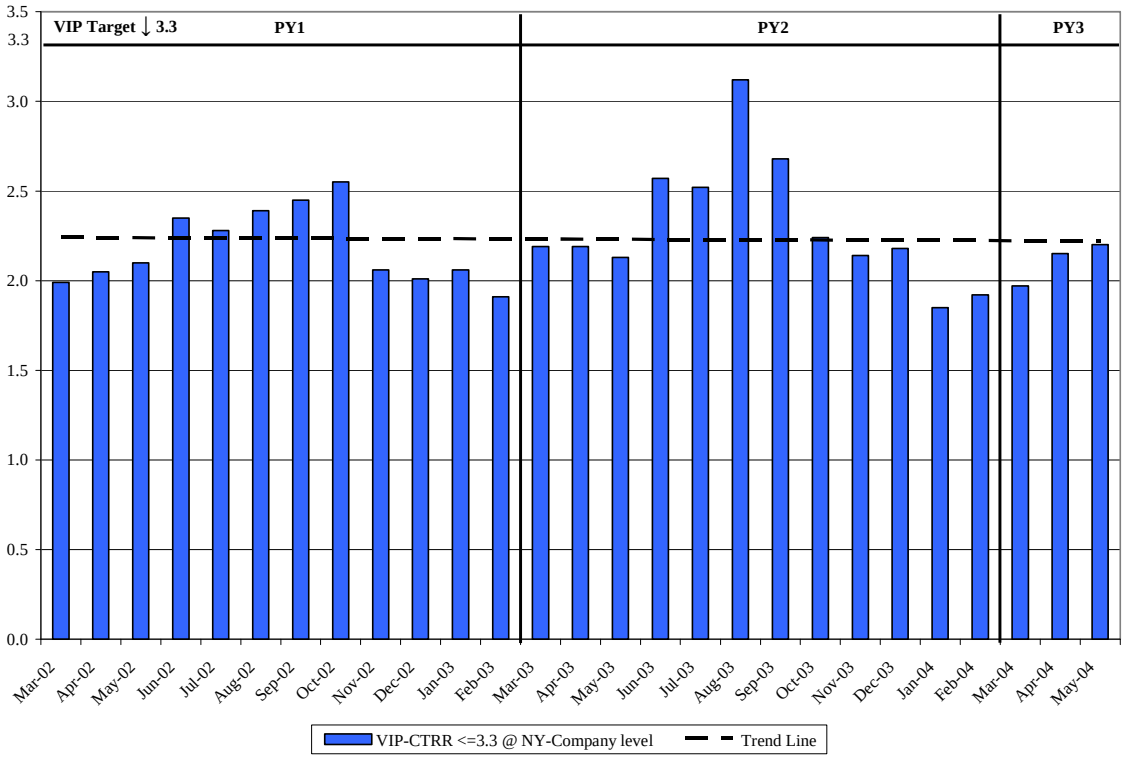
Exhibit IV-2 through *Exhibit IV-8* on the following pages document Verizon NY's performance results versus each of the VIP Retail Service Quality Plan targets since March 2002.

Customer Trouble Report Rates

Exhibit IV-2 illustrates customer trouble report rates (CTRRs) (only initial reports on a statewide average) by month (March 2002–May 2004). Since the VIP's inception, Verizon NY has not missed its annual target of 3.3 trouble reports per 100 access lines. Verizon NY's annual statewide results were 2.15 in PY1, 2.31 in PY2, and 2.12 through May 2004 in PY3.

Exhibit IV-2

TROUBLE REPORT RATES (STATEWIDE)*
MARCH 2002–MAY 2004



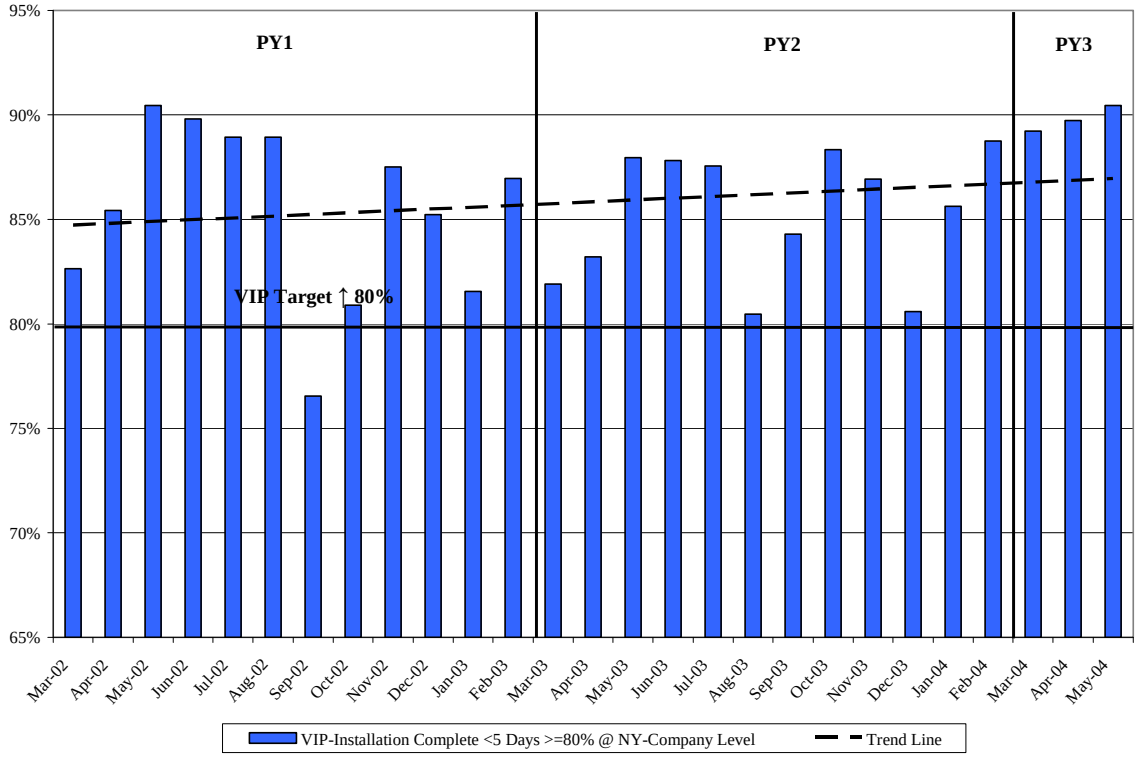
* Shows monthly average statewide results against Verizon NY's annual VIP target of 3.3 (or less) trouble reports per 100 access lines.

Installations

Exhibit IV-3 illustrates installations completed within five days (statewide average) by month (March 2002–May 2004). The monthly results have been above the 80% VIP target for all months except one since the VIP was implemented in March 2002. The trend line is slightly improving, and there appears to be a reduction in the volatility of the monthly results from PY1 to PY2. Verizon NY's annual statewide results were 85.4% in PY1, 85.3% in PY2, and 89.6% through May 2004 in PY3.

Exhibit IV-3

INSTALLATIONS WITHIN FIVE DAYS (STATEWIDE)*
MARCH 2002–MAY 2004



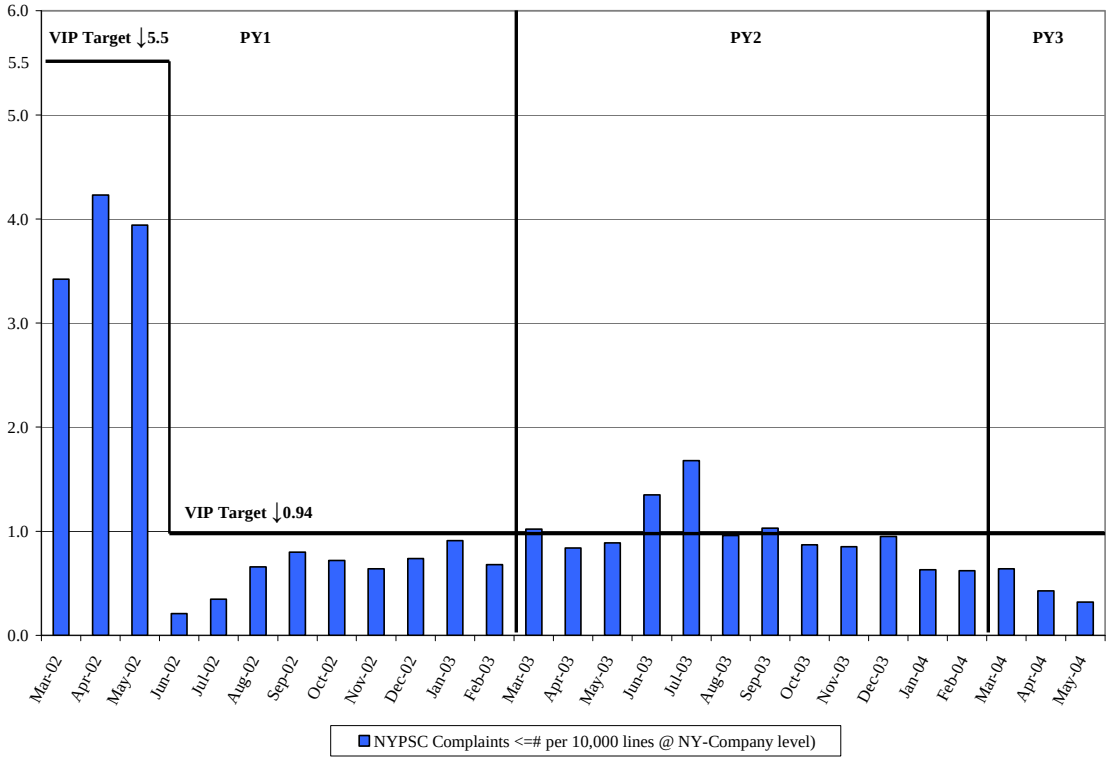
* Shows monthly average statewide results against Verizon NY's annual VIP target of 80% (or more) of basic service installations within five days.

Customer Complaints

Exhibit IV-4 illustrates NYPSC complaints (statewide average), by month (March 2002–February 2004), against its target (5.5 through May 2002 and 0.94 subsequently). As shown in *Exhibit IV-4*, starting in June 2002, Verizon NY's complaints under the revised NYPSC complaint-handling process initially rose until July 2003, when it began improving. Since then, the number of complaints has steadily declined.

Exhibit IV-4

PSC COMPLAINTS (STATEWIDE)*
MARCH 2002–FEBRUARY 2004



* Shows monthly average statewide results against Verizon NY's annual VIP target of 5.5 complaints (or less) per 10,000 access lines (through May 2002) and 0.94 complaints per 10,000 access lines (thereafter).

Under Verizon's Performance Regulatory Plan (PRP), which preceded the VIP, NYPSC complaints were calculated as chargeable complaints per 100,000 customer accounts. Starting in March 2002 with the VIP, however, NYPSC complaints began to be calculated as chargeable complaints per 10,000 access lines. Starting in June 2002 (partway through VIP PY1), the definition of a chargeable complaint changed again when the NYPSC implemented new processes for handling complaints through use of a Quick Resolution System (QRS) (for the first time a complaint is submitted) and a Standard Resolution System (SRS) (for a complaint that is subsequently resubmitted).

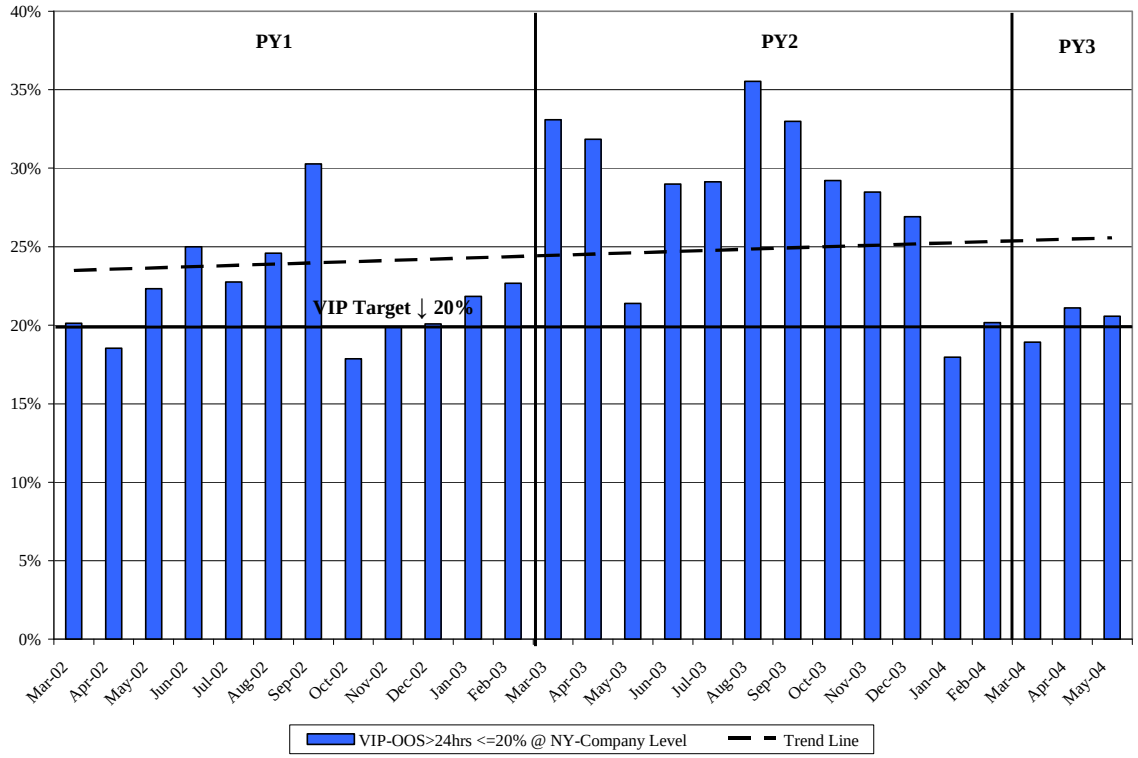
QRS complaints are generally not considered chargeable against Verizon NY; however, SRS complaints are. (See *Chapter VI – Customer Service* for additional discussion about complaint-handling processes.) Although the definition changed in June 2002, the VIP target was not changed until May 2004, when it was lowered from 5.5 chargeable complaints per 10,000 access lines to 0.94 per 10,000 access lines. In its May 2004 ruling, the NYPSC retroactively modified the VIP target to 0.94 but determined that it would not be reasonable to strictly apply the new target for PY2, as it was a transition year and Verizon NY needed time to adapt to the new complaint-handling process. In PY2, Verizon was at 0.97, slightly above the 0.94 target. However, the new target will be fully applicable for PY3. In the first three months of PY3, Verizon NY's has been substantially under the 0.94 target.

Out-of-Service

Exhibit IV-5 illustrates the percentage of OOS > 24 hours (statewide average) by month (March 2002–May 2004). Verizon NY has been unfavorably above the 20% VIP target for most months since the VIP was implemented in March 2002. Verizon NY's annual statewide results were 22.7% in PY1, 28.6% in PY2, and 20.4% through May 2004 in PY3. Overall, the trend line since March 2002 has been unfavorably increasing. However, since August 2003, results have improved and in early 2004, the percentage has begun to approximate the 20% target.

Exhibit IV-5

OUT-OF-SERVICE > 24 HOURS (STATEWIDE)*
MARCH 2002–FEBRUARY 2004



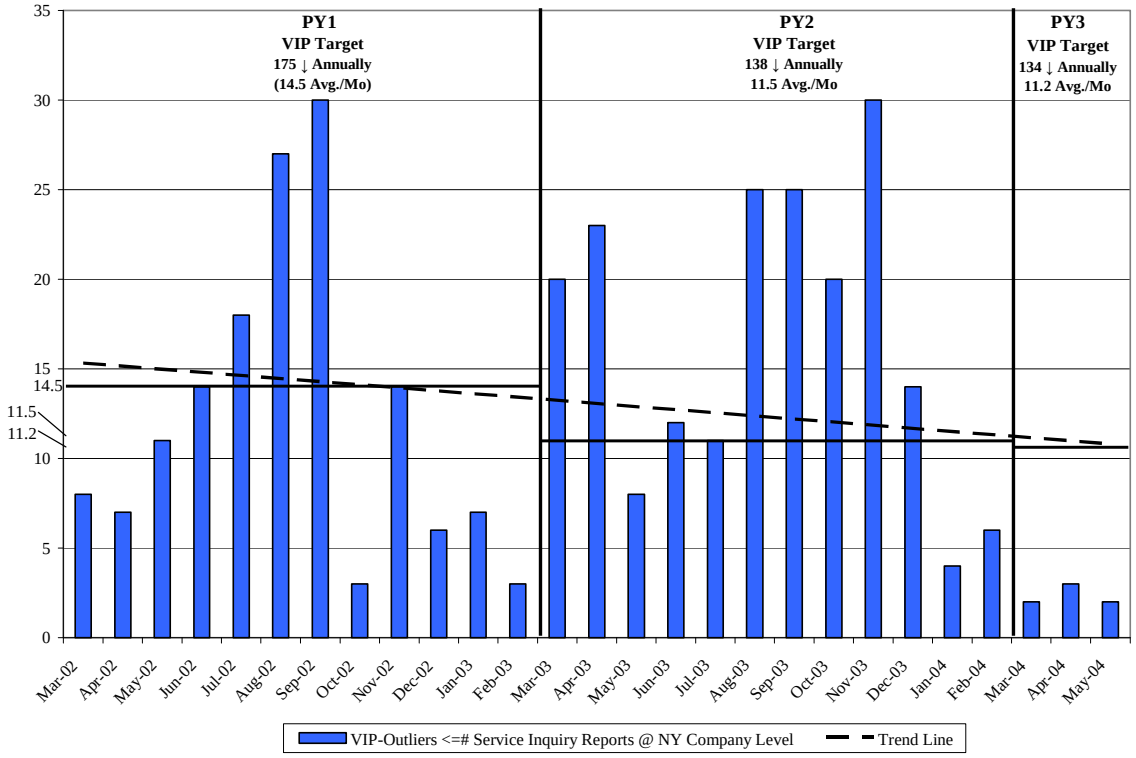
* Shows monthly average statewide results against Verizon NY's annual VIP target of 20% (or less) of out-of-service > 24 hours.

Outliers

Exhibit IV-6 illustrates outliers (on a statewide basis) by month (March 2002–May 2004). In PY1, Verizon NY met its yearly target (175) with only 165 SIRs and with only three months over target, averaged on a monthly basis. In PY2, however, Verizon NY was above its target (138), averaged on a monthly basis, resulting in 198 SIRs, or 60 too many. In PY3 (through May 2004), Verizon NY's running rate is below its yearly target (134), with a total of nine SIRs in the first three months of the year.

Exhibit IV-6

OUTLIERS (STATEWIDE)**
MARCH 2002–FEBRUARY 2004



** Shows monthly results against Verizon NY's annual VIP target averaged on monthly basis.

Exhibit IV-7 illustrates outliers by type per month (on a statewide basis) since the VIP was implemented in March 2002. Verizon NY was favorably under its objective in PY1 but unfavorably over its objective in PY2. In PY3 (through May 2004), Verizon NY's running rate would keep it under the PY3 target; however, later months in PY1 and PY2 often have had a greater number of SIRs than March–May.

Exhibit IV-7

STATEWIDE OUTLIERS BY TYPE
MARCH 2002–FEBRUARY 2004

	Plan Year 1												
	Mar-02	Apr-02	May-02	Jun-02	Jul-02	Aug-02	Sep-02	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Total
85% CTRR ≤ 3.34	0	0	0	0	0	1	0	0	0	0	0	0	1
COE CTRR > 5.54	0	0	0	1	1	2	1	0	0	0	0	0	5
SA > 48	0	1	4	4	5	7	10	1	5	1	2	1	41
OOS > 24	3	3	7	13	13	16	23	5	6	5	4	4	102
Installation Missed Appointments	0	0	0	0	1	0	0	0	0	0	0	0	1
Installation Completions ≤ 5days	5	3	0	0	0	0	0	0	2	0	2	0	12
Answer Performance	0	0	0	0	0	0	3	0	0	0	0	0	3
Network Trunk Blockages	0	0	0	0	0	0	0	0	0	0	0	0	0
Total SIRs	8	7	11	18	20	26	37	6	13	6	8	5	165 Actual
													175 Objective
												UNDER	(10) Difference

	Plan Year 2												
	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Jan-04	Feb-04	Total
85% CTRR ≤ 3.34	0	0	0	0	0	1	1	1	0	0	0	0	3
COE CTRR > 5.54	0	0	1	0	1	2	2	0	2	0	0	1	9
SA > 48	6	7	2	5	4	4	5	6	10	2	0	0	51
OOS > 24	10	11	5	7	6	17	14	13	18	12	4	5	122
Installation Missed Appointments	2	1	0	0	0	1	1	0	0	0	0	0	5
Installation Completions ≤ 5days	2	4	0	0	0	0	2	0	0	0	0	0	8
Answer Performance	0	0	0	0	0	0	0	0	0	0	0	0	0
Network Trunk Blockages	0	0	0	0	0	0	0	0	0	0	0	0	0
Total SIRs	20	23	8	12	11	25	25	20	30	14	4	6	198 Actual
													138 Objective
												OVER	60 Difference

	Plan Year 3-In Progress												
	Mar-04	Apr-04	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Jan-04	Feb-04	Total
85% CTRR ≤ 3.34	0	0	0										0
COE CTRR > 5.54	0	0	0										0
SA > 48	0	0	0										0
OOS > 24	2	3	2										7
Installation Missed Appointments	0	0	0										0
Installation Completions ≤ 5days	0	0	0										0
Answer Performance	0	0	0										0
Network Trunk Blockages	0	0	0										0
Total SIRs	2	3	2										7 Actual
													134 Objective
													(127) Difference

The VIP objective for outliers is a count of target misses (and associated service inquiry reports) for the following performance targets, which are similar to those included in the New York State service quality standards for telephone companies:

- 85% central office equipment (COE) CTRR for all offices ≤ 3.34
- COE CTRR ≥ 5.54 (per office)
- OOS > 24 hours ≤ 20.04%
- Service affecting (SA) > 48 hours ≤ 20.04%
- % installations within five days ≥ 80%
- % missed installations ≤ 10%
- % answered within 30 seconds (answer time performance)
  - Repair (80% within 30 seconds)
  - Business office (80% within 30 seconds)
- Operator assistance average speed of answer (ASA) ≤ 3 seconds
- % final trunk blockages where Verizon owns both ends ≤ 3%

Each month, each measured entity (e.g., central office entity, installation and maintenance center, call center) is required to meet each of the targets applicable to it. On a company-wide basis, therefore, Verizon NY has 8,316 opportunities (excluding final trunk groups) to meet the performance targets (693 entities times 12 months). Under the VIP, SIRs are triggered when one of these entities experiences a "miss" in any three of the last five months (current month plus two of prior four months) for all targets except final trunk blockages, where a SIR is triggered based on having a "miss" for three consecutive months. Under the VIP, Verizon NY is permitted a certain number of outlier misses in each plan year before penalties apply.

The two categories where most outliers have occurred are OOS > 24 hours and SA > 48 hours, although CTRR, installation, and answer time performance metrics have also resulted in misses. Verizon NY has reported no instances where its percentage of final trunk blockages has been ≥ 3% since the VIP was implemented in March 2002.

In VIP PY1, Verizon NY made its outliers target; however, in VIP PY2, it did not. In PY1, Verizon NY's performance resulted in 175 opportunities missed in which a SIR was required for each instance. In PY2, Verizon NY's performance resulted in 198 opportunities missed in which a SIR was required for each instance. *Exhibit IV-8* illustrates PY2's SIRs by region and by type. Subsequently, in PY3 (through May 2004), Verizon NY's performance has resulted in only seven opportunities missed.

Exhibit IV-8

SIRS
BY REGION AND BY TYPE
PY2

	Opportunities Per Month	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	# Opportunities Missed
COE >5.5	61													
SA>48	13													
OOS>24	13						7	5	2	4	2			20
Inst Missed Appt.	13													
Inst Compl < 5 days	13													
Liberty Region	113						7	5	2	4	2			**20**
COE >5.5	77					1	1							2
SA>48	10	2	5	2	4	4	4	2	1	2	1			27
OOS>24	10	5	2	3	5	3	4	4	5	6	5	3	4	49
Inst Missed Appt.	9	1	1				1	1						4
Inst Compl < 5 days	9	2	4					2						8
Island Metro Region	115	10	12	5	9	8	10	9	6	8	6	3	4	**90**
COE >5.5	402			1			1	2		2			1	7
SA>48	12	4	6		1			3	5	8	1			28
OOS>24	12	5	5	2	2	3	6	5	6	8	5	1	1	49
Inst Missed Appt.	10	1												1
Inst Compl < 5 days	10													
Capital Region	446	10	11	3	3	3	7	10	11	18	6	1	2	**85**
		Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	
CTRR - 85% <=3.34	1						1	1	1					3
Answer Performance	18													
Network Performance														
NY-Company	19						1	1	1					**3**
		Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	
Total	**693**	**20**	**23**	**8**	**12**	**11**	**25**	**25**	**20**	**30**	**14**	**4**	**6**	**198**

In VIP PY1, Verizon NY was required to pay $15 million as a result of missing the OOS > 24 hours metric. A rebate was paid to approximately 400,000 customers at $35.12 per out-of-service incident. Included among these customers were competitive local exchange carriers (CLECs) providing UNE-P/Resale service to end customers. UNE-Loop was not included.

In VIP PY2, Verizon NY missed two objectives: OOS > 24 hours and outliers. By missing both, $40 million in rebates were required. A rebate applicable to the OOS > 24 hours miss was paid to approximately 553,000 customers at $35.73 per occurrence. A rebate applicable to the outliers miss was paid to approximately 9,564,000 customers at $2.03 per access line.

Verizon's Intrastate Special Services Process Improvement Program

The VIP was initially designed to address only POTS standards; however, an addendum letter (dated February 8, 2002) titled "Verizon's Intrastate Special Services Process Improvement Program" added special services standards, as shown in *Exhibit IV-9*. These standards specifically focus on non-access (intraLATA) only.

Exhibit IV-9

VERIZON'S INTRASTATE SPECIAL SERVICES PROCESS IMPROVEMENT PROGRAM

Service Element	Nomenclature	Threshold Performance
On time performance (met commitments)	% of circuits completed on or before the order due date	1Q–2Q 2002 (implementation) 3Q 2002 80%, 4Q 2002 82% 1Q 2003 84%, 2Q 2003 86% 3Q 2003 88%, 4Q 2003 90% 1Q 2004 90% (1st two months only)
Maximum interval	% of special services provisioned within the maximum installation intervals DS1 - 60 business days or less DS3 - 90 business days or less	90% or more
Mean time to clear (MTTC)	Average duration from trouble receipt to trouble clearance	9 hours or less

The improvement milestones in this program relate to provisioning and maintenance of intrastate special services circuits, which are private line services that originate from an end user's premise within NY and terminate at either another end user's premise or a carrier's point-of-presence within NY. No more than 10% of the traffic riding on the circuit can leave the state. The effective dates of this program spanned from March 1, 2002 to February 29, 2004. From its start until June 30, 2002, Verizon was to implement the strategies set forth in the improvement program. Then, starting July 1, 2002 and ending February 29, 2004, Verizon tracked performance on a quarterly basis (except that 2004 results were based on a two-month average for January and February only).

Verizon was required to provide credits as follows:

- Regarding the on time performance measure, Verizon was to provide one credit for each circuit that was not installed on time within a given quarter.
- Regarding the maximum interval measure, Verizon was to provide one credit for each circuit that was installed beyond the maximum interval within a quarter.
- Regarding mean time to clear, Verizon was to provide one credit for each occurrence of an OOS condition lasting longer than nine hours.

Exhibit IV-10 through *Exhibit IV-12* document Verizon NY's performance results for each of Verizon's Intrastate Special Services Process Improvement Program's individual performance measures.

On Time Performance

[redacted]

Exhibit IV-10

SPECIAL SERVICES PIP
ON TIME PERFORMANCE

[redacted]

[redacted]

Maximum Interval

[redacted]

Exhibit IV-11

SPECIAL SERVICES PIP
MAXIMUM INTERVAL

[redacted]

[redacted]

Mean Time to Clear

Exhibit IV-12 illustrates Verizon NY's monthly performance results for mean time to clear. [redacted]

Exhibit IV-12

SPECIAL SERVICES PIP
MEAN TIME TO CLEAR

[redacted]

While Verizon NY has achieved each of its quarterly PIP targets for the on time performance and maximum interval measures, it has missed its MTTC target three of six quarters, resulting in customers being due a credit for 25% of service charges. These misses resulted in approximately $400,000 worth of credits (third quarter of 2003), $375,000 (fourth quarter of 2003), and $250,000 (first quarter of 2004; two months only). They were primarily attributable to:

- Service to one particular customer
- A blackout (August 2003)
- A hurricane (September 2003 Hurricane Isabel)

New York State Service Quality Standards for Telephone Companies

The New York telephone service standards (effective October 2000) include service quality measures, all of which are primarily POTS-related, as displayed in *Exhibit IV-13*. Reporting of results for all of these standards is required for telephone companies in New York with 500,000 access lines or more. Only Verizon NY falls subject to this requirement. All other New York telephone companies have fewer than 500,000 access lines and are only required to report CTRR results for the purposes of these standards, although Frontier Telephone of Rochester is required to report other than CTRR based on its Open Market Plan (OMP).

Exhibit IV-13

NEW YORK STATE SERVICE QUALITY STANDARDS FOR TELEPHONE COMPANIES

Service Element	Nomenclature	Threshold Performance
MAINTENANCE SERVICE (a)		
Customer trouble report rate (initial reports)		
Per individual central office entity	Reports per 100 access lines	5.5 reports or less
Percentage of total entities (for those providers with seven or more offices) at 3.3 or less	Reports per 100 access lines	85% or greater
Out-of-service (OOS) clearing time	% of OOS > 24 hours	20% or less
Service-affecting clearing time	% of SA > 48 hours	20% or less
INSTALLATION SERVICE (b)		
Basic service installations	% installed within 5 days	80% or greater
Missed basic service installation appointments	% missed	10% or less
NETWORK SERVICE		
Final trunk group blockages	% of calls blocked	3% or less
ANSWERING TIME PERFORMANCE (c)		
Business office	% answered within 30 seconds	80% or greater
Repair service bureau	% answered within 30 seconds	80% or greater
Operator assistance (d)	% answered within 10 seconds	90% or greater
Operator assistance (d)	Average answer time (seconds)	3 seconds or less

(a) Overall CTRR results shall be reported at the central office entity level; other maintenance results shall be reported at the appropriate maintenance administrative entity level.
(b) All installation performance results shall be reported at the appropriate installation administrative level and shall exclude those instances where the subscriber requests a later date or where substantial construction is required.
(c) All answer time performance results shall be reported at the appropriate administrative entity levels.
(d) New York companies may choose which of these two measures to report.

Although these service quality standards became effective in October 2000, Verizon management indicates that it did not begin to manage its operations to these standards until March 2002 when the VIP became effective. Between October 2000 and March 2002, Verizon New York was operating under the PRP, which measured performance previously in place. After the standards were modified in October 2000, the NYPSC agreed that Verizon New York would be held to the pre-existing standards, not the modified ones, for the remainder of the PRP. However, Verizon also measured its performance under the modified standards while the PRP was in place and dually reported its performance under the pre-existing and modified standards until the VIP became effective. The major differences between the PRP standards and the current ones are the following:

- CTRR
  - Subsequent troubles are no longer included in the current CTRR measure, but they were included in the PRP.
  - Coin reports are included in the current CTRR measure, but they were not included in the PRP.
- OOS>24 hours – Under the PRP measure, the 24-hour clock was stopped in "no access" situations, while it continues to run in those situations under the current OOS measure. In addition, the 24-hour clock continued to run on weekends and holidays under the PRP, but it stops on weekends and holidays under the VIP.
- Service affecting > 48 hours – This measure was not included in the PRP.
- Installations missed appointments and % completed in % days – Under the service standard measured in the PRP, all completed orders were counted, while the standard measured in the VIP counts only initial inward orders.
- Missed repair appointments – This measure was included in the PRP but has been eliminated in the VIP.

Unlike Verizon NY's VIP or Intrastate Special Services PIP, no penalties or credits apply under these NYPSC standards.

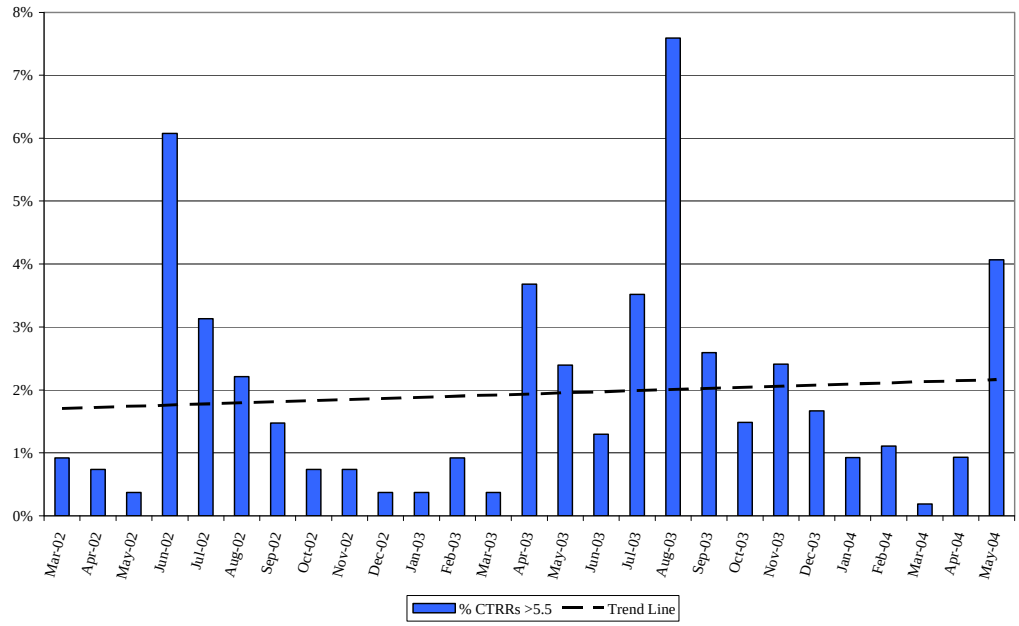
Exhibit IV-14 through *Exhibit IV-24* document Verizon NY's performance results against each of the New York service quality standards for telephone companies.

Trouble Report Rates

Exhibit IV-14 illustrates the percentage of Verizon NY's central offices with CTRRs ≥ 5.5 by month (March 2002–May 2004). Verizon NY's results show a trend line that is unfavorably increasing, despite its seasonal variations where results are typically better in winter and worse in summer.

Exhibit IV-14

% OF ENTITIES WITH CTRR > 5.5
MARCH 2002–MAY 2004

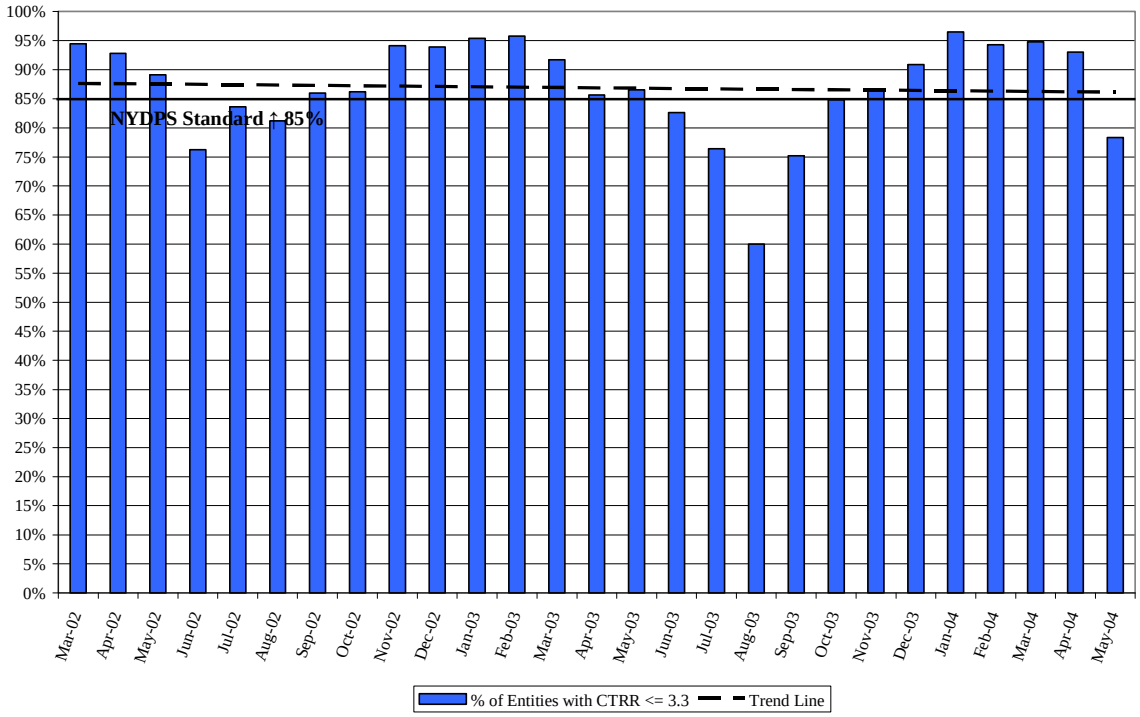


In the 14 months prior to the VIP, the percentage was generally lower (favorable) than those months since the VIP was established. However, given changes in the CTRR calculation between the PRP and VIP measures (exclusion of subsequents and inclusion of coin reports in VIP), it is inaccurate to develop any conclusion based on this observation.

Exhibit IV-15 illustrates 85% COE CTRR ≤ 3.3 (all offices) by month (March 2002–May 2004). Verizon NY's results show significant seasonal variation, where results are typically better in winter and worse in summer, although August 2003 was substantially the lowest month (unfavorable) since the VIP was established in March 2002. In August 2003, according to Verizon NY management, trouble report rates were abnormally high because of a number of extraordinary events, including a blackout and contract-related job actions. Verizon NY's results show a trend line that is slightly declining; however, if August 2003 is ignored, the trend line is relatively flat.

Exhibit IV-15

% OF COE ENTITIES WITH CTRR ≤ 3.3
MARCH 2002–MAY 2004



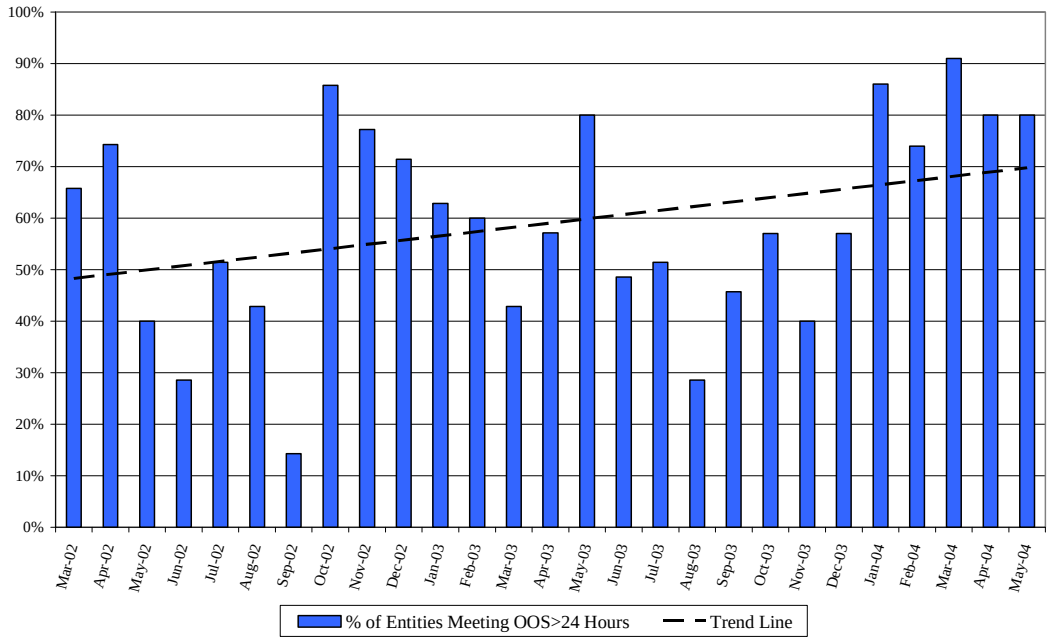
In the 14 months prior to the VIP, results were typically better than results through 2003. However, given changes in the CTRR calculation between the PRP and VIP measures (exclusion of subsequents and inclusion of coin reports in VIP), it is inaccurate to develop any conclusion based on this observation.

OOS > 24 Hours

Exhibit IV-16 illustrates the percentage of Verizon NY's 35 installation and maintenance centers (IMCs) meeting the OOS > 24 hours target of 20% (or less) by month (March 2002–May 2004). This trend line indicates that the percentage is substantially increasing (favorable), although considerable variability exists. During PY2, according to Verizon NY, it experienced a number of abnormal events in the summer of 2003 that adversely affected its performance under this measure. In particular, severe storms marked by heavy rains for sustained periods created high volumes of trouble reports and job actions related to contract negotiations negatively impacted performance. Although Verizon NY's performance appears to be increasing since the VIP was established in March 2002, this observance is primarily due to its very low performance results for the months just after the VIP began.

Exhibit IV-16

PROPORTION OF ENTITIES MEETING OOS > 24 HOURS
MARCH 2002–MAY 2004



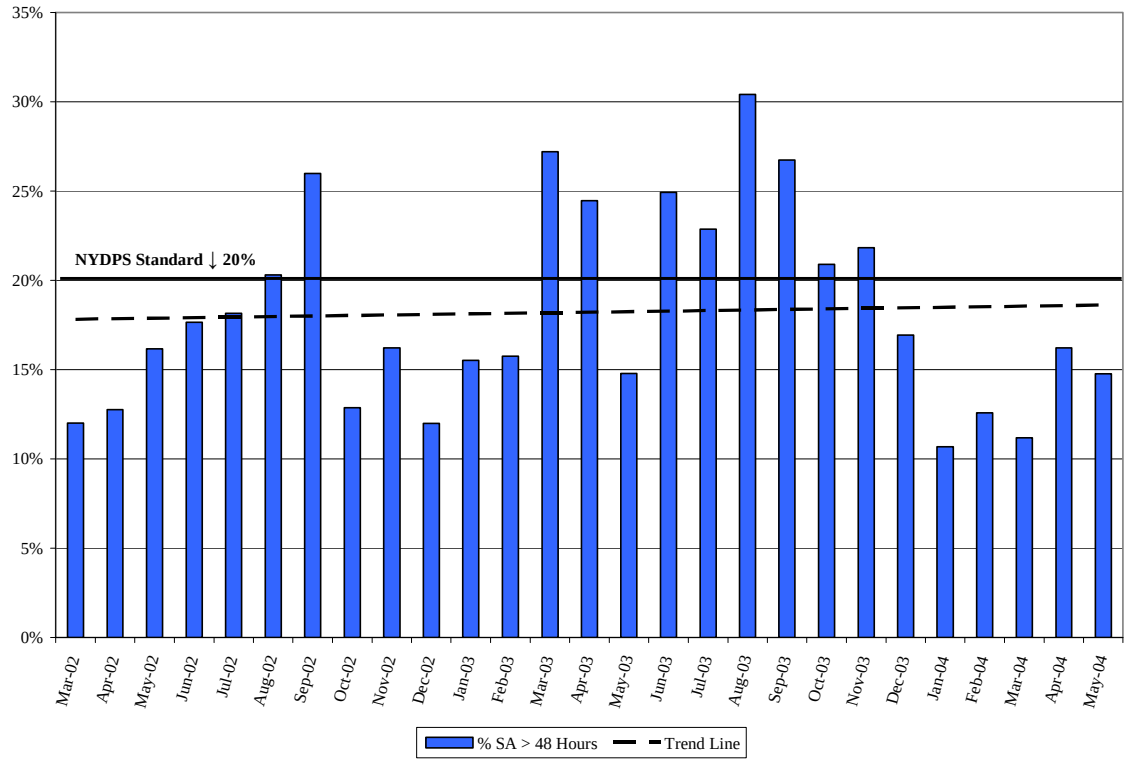
In the 14 months prior to the VIP, monthly performance results were generally better than those that have occurred since the VIP was established in March 2002. However, given changes in the OOS calculation of the PRP and VIP measures (continuing to run the 24-hour clock in "no-access" situations and stopping the clock on weekends and holidays in VIP), it is inaccurate to develop any conclusion based on this observation.

SA > 48 Hours

Exhibit IV-17 illustrates the percentage of service-affecting (SA) trouble reports > 48 hours (statewide average) by month (May 2002–May 2004). (Trouble reports that are not an out-of-service condition are considered service-affecting.) Verizon NY has had difficulty in the past in achieving the 20% (or less) target. The trend line for its percentage has been relatively flat, although in early 2004, improvements have been made.

Exhibit IV-17

% SA > 48 HOURS
MARCH 2002–MAY 2004

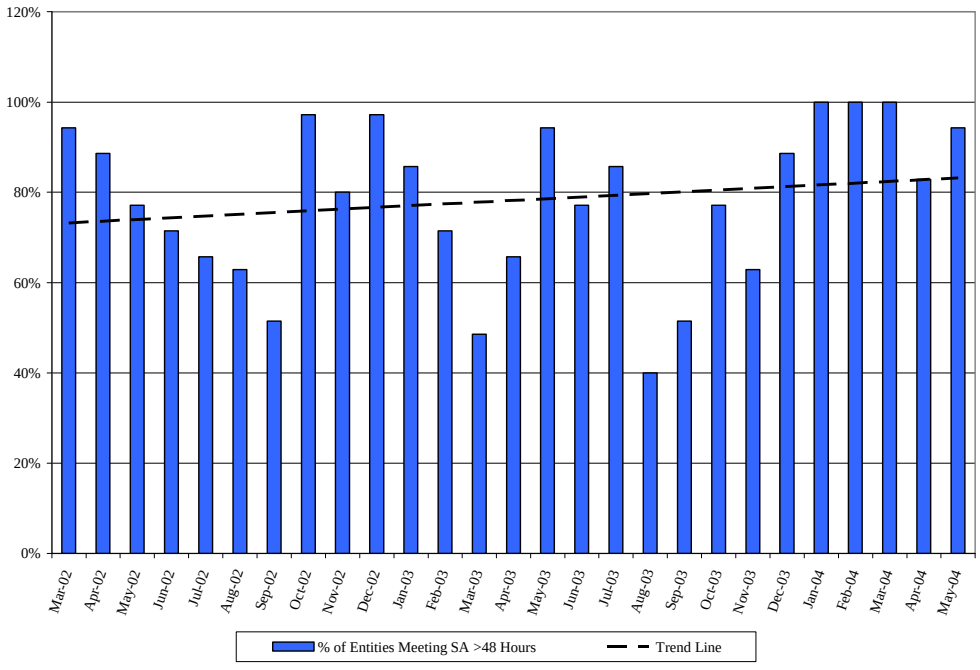


As the SA > 48 hours measure was not part of the PRP, Verizon NY indicates that it did not manage operations to achieve this target, although results were tracked. Yet, in the 14 months prior to the VIP, results were generally better than those obtained in the months since the VIP was established.

Exhibit IV-18 illustrates the proportion of Verizon NY installation maintenance centers (IMCs) meeting the SA > 48 hours target of 20% (or less) by month (March 2002–May 2004). This trend line indicates that the percentage is slightly increasing (favorable), although considerable variability exists.

Exhibit IV-18

PROPORTION OF ENTITIES MEETING SA > 48 HOURS TARGET
MARCH 2002–MAY 2004



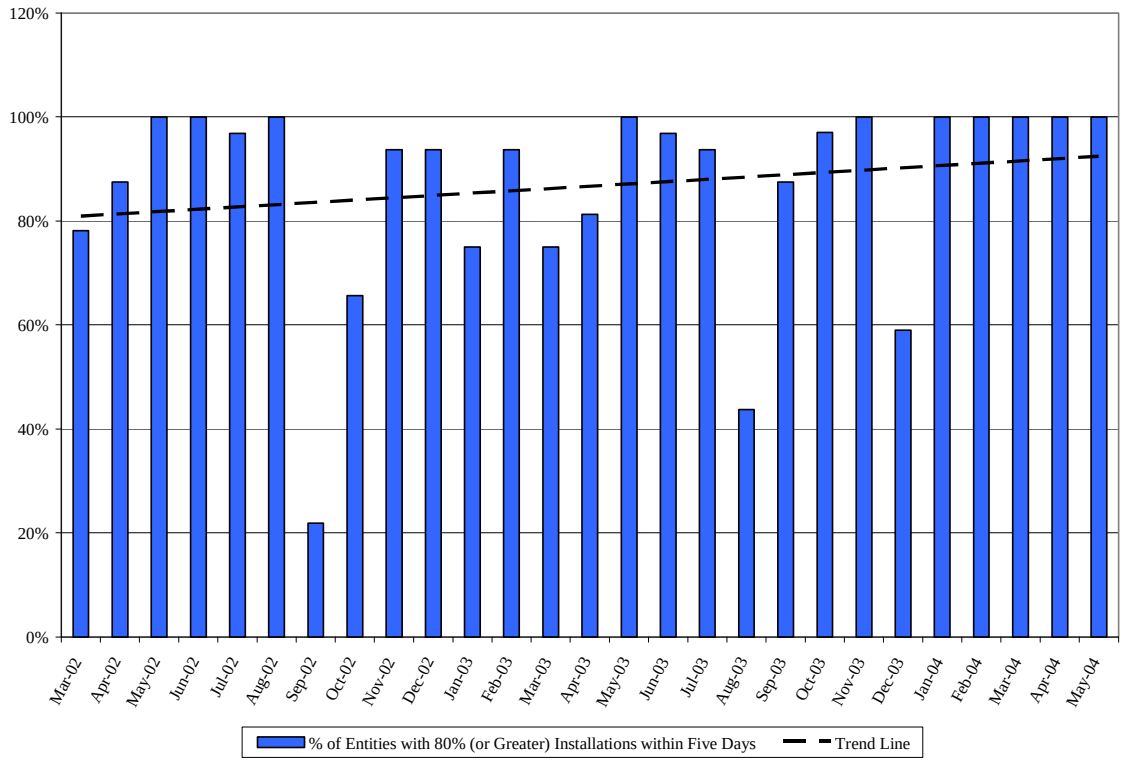
In the 14 months prior to the VIP, results were generally better than those obtained since March 2002.

Basic Service Installations within Five Days

Exhibit IV-19 illustrates the proportion of Verizon NY's 32 districts meeting the basic service installations within five days target of 80% (or more) by month (March 2002–May 2004). Verizon NY's results show a trend line that is favorably increasing, despite a few recent months where results have significantly slipped. These unfavorable months include September 2002 (delays in installation clocks when attempting to send staff to repair because of excessive summer storms), August 2003 (blackout), and December 2003 (storms and impact of replacing employees accepting early retirement offer).

Exhibit IV-19

% OF ENTITIES WITH 80% (OR GREATER)
BASIC SERVICE INSTALLATIONS WITHIN FIVE DAYS
MARCH 2002– MAY 2004



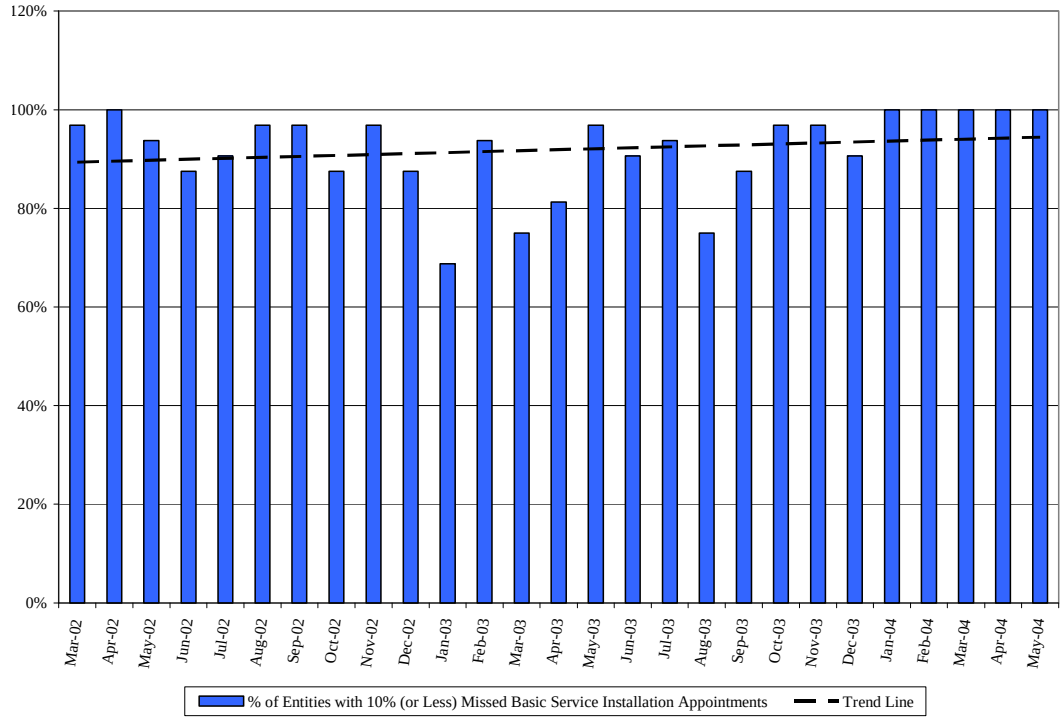
In the 14 months prior to the VIP, results based on all orders were generally poorer than those months since the VIP was established, when results were based on inward orders only. Again, given changes in the calculation of the PRP and VIP measures (only counting inward orders and not counting moves and changes), it is inaccurate to develop any conclusion based on this observation.

Missed Basic Service Installation Appointments

Exhibit IV-20 illustrates the proportion of Verizon NY districts meeting the missed basic service installation appointments target of 10% (or less) by month (March 2002–May 2004). The trend line indicates that the percentage has been improving over time. In the early months of 2004, 100% of Verizon NY's districts have met the target.

Exhibit IV-20

PROPORTION OF ENTITIES MEETING 10% (OR LESS)
MISSED BASIC SERVICE INSTALLATION APPOINTMENTS
MARCH 2002–MAY 2004



In the 14 months prior to the VIP, results based on all orders were generally poorer than those months since the VIP was established, when results were based on inward orders only. Again, given changes in the calculation of the PRP and VIP measures (only counting inward orders and not counting moves and changes), it is inaccurate to develop any conclusion based on this observation.

Final Trunk Blockages

For VIP purposes, Verizon is required to submit SIRs only for final trunk blockages where Verizon owns both ends. It excludes final trunk blockages where trunks are owned in other terminating categories, specifically incumbent local exchange carrier (ILEC), CLEC, interexchange (IEX) carrier, and wireless. However, as part of reporting for NY telephone service quality standards, Verizon reports on all terminating categories. Verizon and the New York Department of Public Service (NYDPS) have agreed not to require Verizon to file multiple reports for such groups where each report would say the same thing, as this decision eliminates unnecessary, duplicative reporting. On a monthly basis, reports on each terminating trunk group are made to staff, who keeps a database of such groupings identifying the terminating carrier as well as the blockage that is data specific to each group.

Business Office % Answered within 30 Seconds

Exhibit IV-21 and *Exhibit IV-22* illustrate service level (% answered within 30 seconds) results by month (March 2002–May 2004) for the consumer (residential) and general business centers. Only in a few months have service level results dropped below the 80% target.

Exhibit IV-21 illustrates that generally, most consumer call centers have favorably met the 80% target; however, the most noticeable drop below 80% happened in September 2003, which was the month in which Hurricane Isabel hit New York City.

Exhibit IV-21

BUSINESS OFFICE % ANSWERED WITHIN 30 SECONDS
CONSUMERS
MARCH 2002–MAY 2004

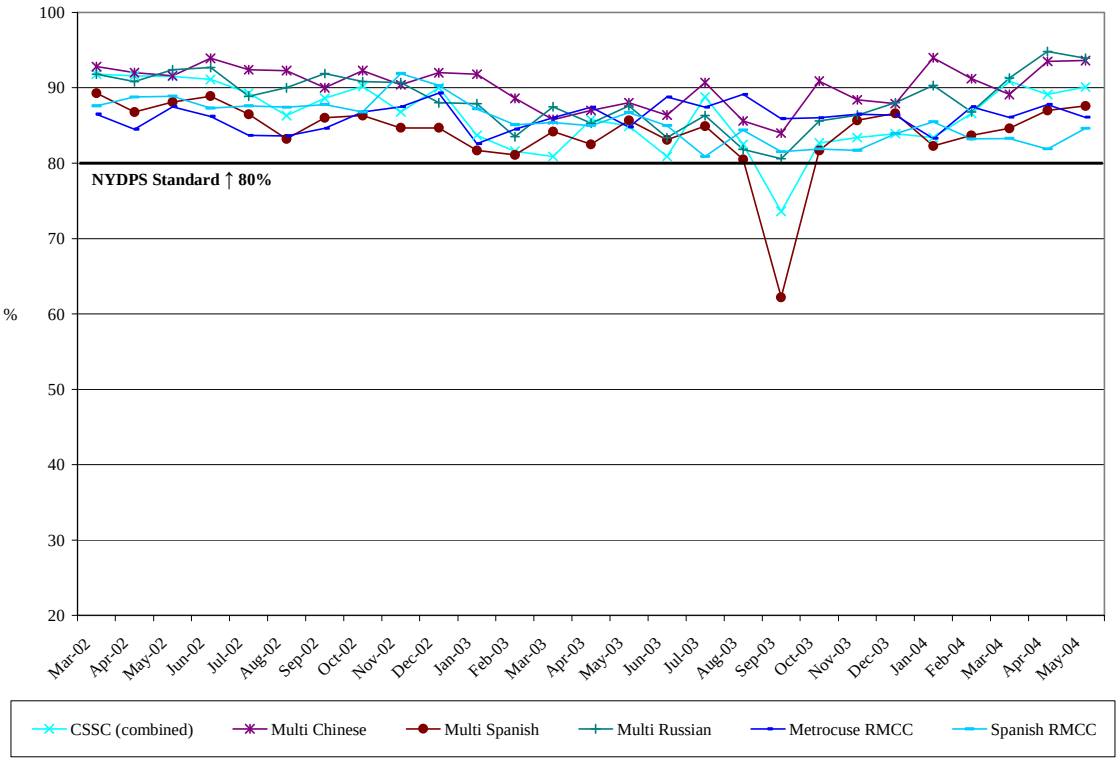
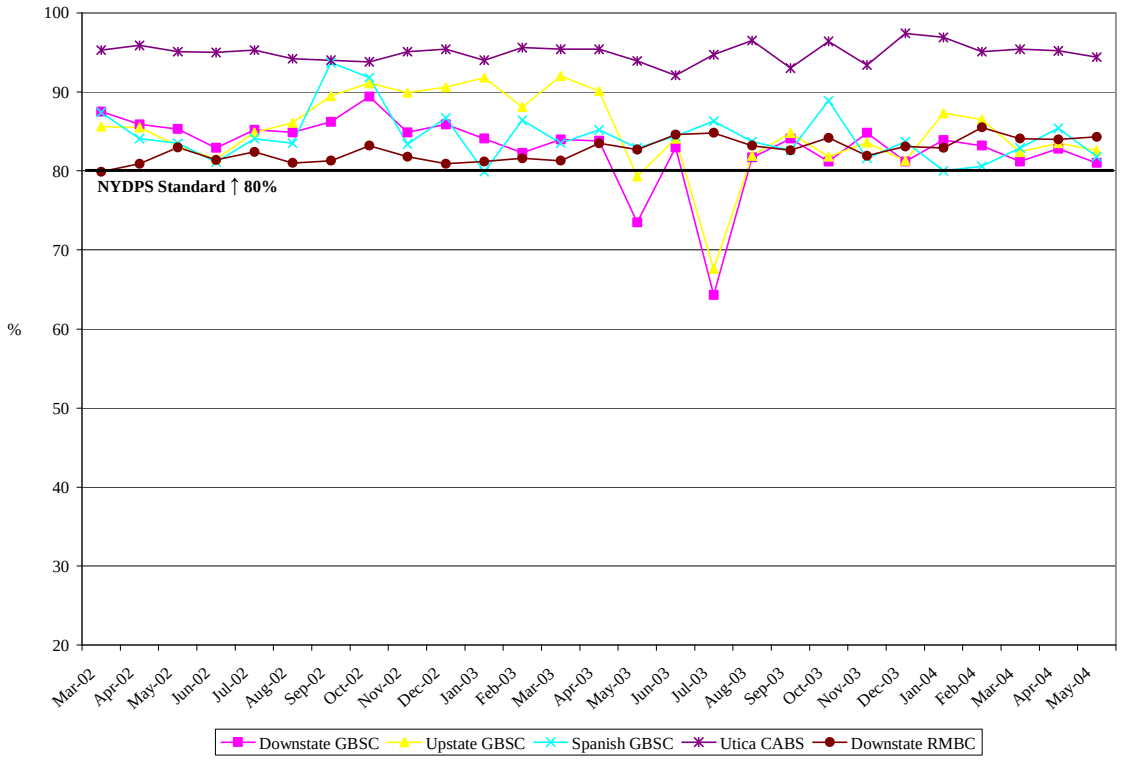


Exhibit IV-22 illustrates that generally, most general business call centers have favorably met the 80% target; however, the most noticeable drops below 80% happened in May and July of 2003. Respectively, these drops were attributable to a marketing effort in May for the Freedom package, which generated unanticipated volumes, and pre-strike activity in July.

Exhibit IV-22

BUSINESS OFFICE % ANSWERED WITHIN 30 SECONDS
GENERAL BUSINESS
MARCH 2002–MAY 2004

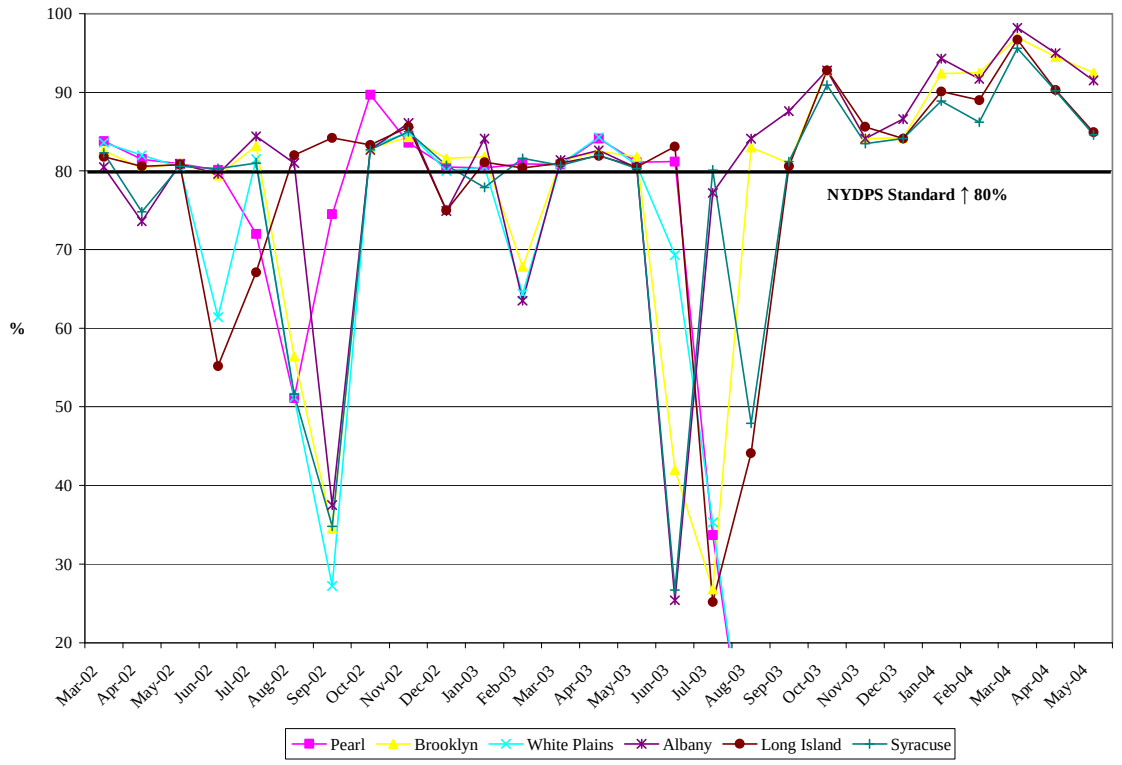


Repair Service Bureau % Answered within 30 Seconds

Exhibit IV-23 illustrates service level results per month (March 2002–May 2004) by call center for the Verizon Repair Response Center (VRRC) organization. In July 2003, three of these call centers (Brooklyn, Pearl Street, and White Plains) were consolidated into one center in Brooklyn to gain efficiencies. As shown, all six VRRC centers have, at times, experienced service level results below the 80% target (unfavorable), especially in the summers of 2002 and 2003, although SIRs were generated only in September 2002 by Pearl Street, Brooklyn, and White Plains. According to Verizon NY management, most problems in responding to repair requests occur in summer months, when such requests are usually up (due to wet weather or storms) and staffing is down (due to vacations and increased absences).

Exhibit IV-23

REPAIR SERVICE BUREAU % ANSWERED WITHIN 30 SECONDS
MARCH 2002–MAY 2004

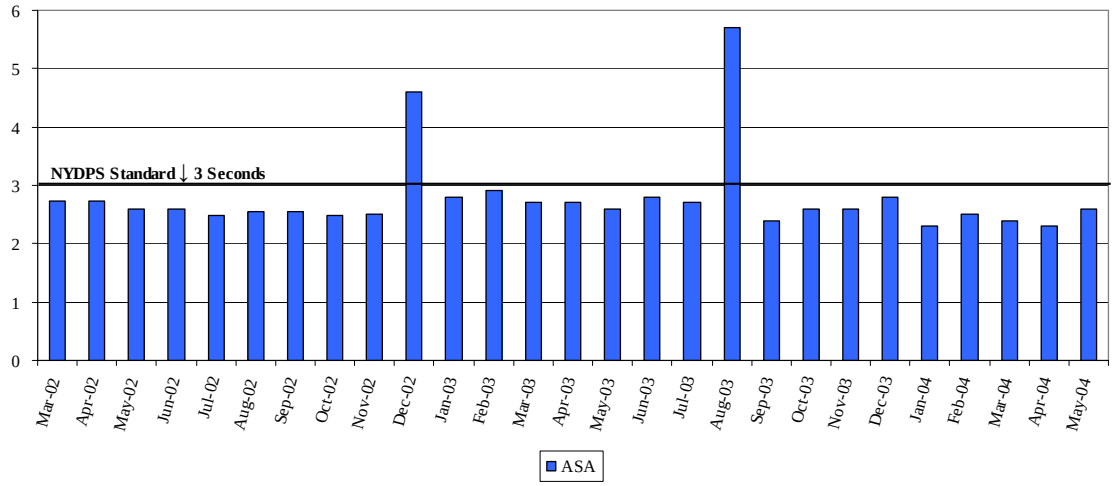


Operator Assistance ASA

Regarding Operator Assistance measures, Verizon NY has elected to report ASA, rather than service level results; therefore, *Exhibit IV-24* illustrates by month (March 2002–May 2004) operator assistance average speed of answer (ASA) on a company-wide basis. Verizon NY has typically met its target, with only two months during this period rising above three seconds, specifically December 2002 (weather) and August 2003 (blackout).

Exhibit IV-24

OPERATOR ASSISTANCE ASA
MARCH 2002–MAY 2004



New York Special Services Guidelines

The New York special services guidelines (effective December 20, 2001) include the service quality measures displayed in *Exhibit IV-25*. These guidelines relate to both access (interLATA) and non-access (intraLATA).

Exhibit IV-25

SPECIAL SERVICES GUIDELINES

Service Element	Nomenclature	Threshold Performance Range
ORDERING OF SERVICE		
1A - Order confirmation timeliness (SS-OR-1)	% of on time access service responses where the confirmed in-service date and/or estimated in-service date is provided within 72 hours from receipt of the request	95%-100%
INSTALLATION OF SERVICE		
2A - Provisioning on time performance (met commitments) (SS-PR-1)	% of installation orders completed on or before their commitment due dates	96%-100%
2B - Missed installation appointment delays (SS-PR-2)	Average # of business days by which missed installations are delayed (between committed due date and actual work completion date)	0-3
2C - Quality of installation work (SS-PR-3)	CTRR per 100 special service circuits during the first 30 days of service	0-4
2D - Missed appointments due to a lack of facilities (SS-PR-4)	% of orders missed (dispatched orders completed after the commitment due date), due to a lack of facilities	No target
2E - Percent jeopardies (SS-PR-5)	% of missed orders where advance notice is provided (orders with missed due dates that receive jeopardy notices prior to close of business on the due date)	No target
ONGOING MAINTENANCE OR REPAIR OF SERVICE		
3A - Reliability of service (SS-MR-1)	CTRR per month per 100 special service circuits (disposition codes 3, 4, 5, 7, and 9)	0-3.5
3B - Promptness of repair (SS-MR-2)	Average duration in hours between reporting of a trouble by a customer and the clearance of that trouble by the carrier (disposition codes 3, 4, 5, 7, and 9)	0-9

Unlike Verizon NY's VIP or Intrastate Special Services PIP, no penalties or credits apply under these special services guidelines.

Exhibit IV-26 through *Exhibit IV-33* document Verizon NY's performance results for individual performance measures of the special services guidelines.

Order Confirmation Timeliness

[redacted]

Exhibit IV-26

ORDER CONFIRMATION TIMELINESS
JANUARY 2002–MAY 2004

[redacted]

On Time Performance

[redacted]

Exhibit IV-27

ON TIME PERFORMANCE
JANUARY 2002–APRIL 2004

[redacted]

Missed Installation Appointment Delays

[redacted]

Exhibit IV-28

MISSED INSTALLATION APPOINTMENT DELAYS
JANUARY 2002–APRIL 2004

[redacted]

Quality of Installation Work

[redacted]

Exhibit IV-29

QUALITY OF INSTALLATION WORK
JANUARY 2002–APRIL 2004

[redacted]

Missed Appointments Due to a Lack of Facilities

[redacted]

Exhibit IV-30

MISSED APPOINTMENTS DUE TO A LACK OF FACILITIES
JANUARY 2002–APRIL 2004

[redacted]

Percent Jeopardies

[redacted]

Exhibit IV-31

PERCENT JEOPARDIES
JANUARY 2002–MAY 2004

[redacted]

Reliability of Service

[redacted]

Exhibit IV-32

RELIABILITY OF SERVICE
JANUARY 2002–APRIL 2004

[redacted]

Promptness of Repair

[redacted]

Exhibit IV-33

PROMPTNESS OF REPAIR
JANUARY 2002–APRIL 2004

[redacted]

FOCUSED REVIEW OF HIGH/LOW ENTITIES

DCI performed computer-based analyses of a wide range of available performance statistics, which allowed DCI consultants to determine how well specific geographical service areas are performing in relation to the norm for Verizon NY. These analyses allowed for the identification of specific localized pockets of significantly above-average and significantly below-average service results within Verizon NY. This type of assessment also assisted DCI consultants in identifying geographical areas for site visits and observations. Operational data reviewed included:

- POTS
  - Trouble report rates
  - OOS> 24 hours
  - SA > 48 hours
  - % installations within five days
  - % missed basic service installation appointments
- Special services
  - Installation of service
  - Ongoing maintenance or repair of service

Previously, Verizon NY management indicated that the Nassau/Suffolk geographic area is one in which many service quality problems have already been identified. In fact, in early 2003, Verizon NY performed an analysis of the Island Metro Region to identify conclusions and recommendations for addressing these problems. Our analyses helped to identify other “superior” or “inferior” geographic areas in this region and in others.

For example, *Exhibit IV-34* displays the monthly trouble report rates (%) for outside plant (disposition code 4) in Verizon NY's 35 IMCs. This chart is not designed to easily segment report rates by IMC but rather to illustrate the volatility that some of these centers exhibited in 2003.

Exhibit IV-34

MONTHLY TROUBLE REPORT RATE
OUTSIDE PLANT 2003

[redacted]

Exhibit IV-35 is an example of a single IMC that illustrates the number of troubles received each weekday (excluding Saturdays, Sundays, and holidays) in 2003. It also displays mean, mean+20%, mean+30%, mean+40%, and mean+50%.

Exhibit IV-35

DAILY TROUBLE REPORT RATE
OUTSIDE PLANT
EXAMPLE IMC DATA
2003

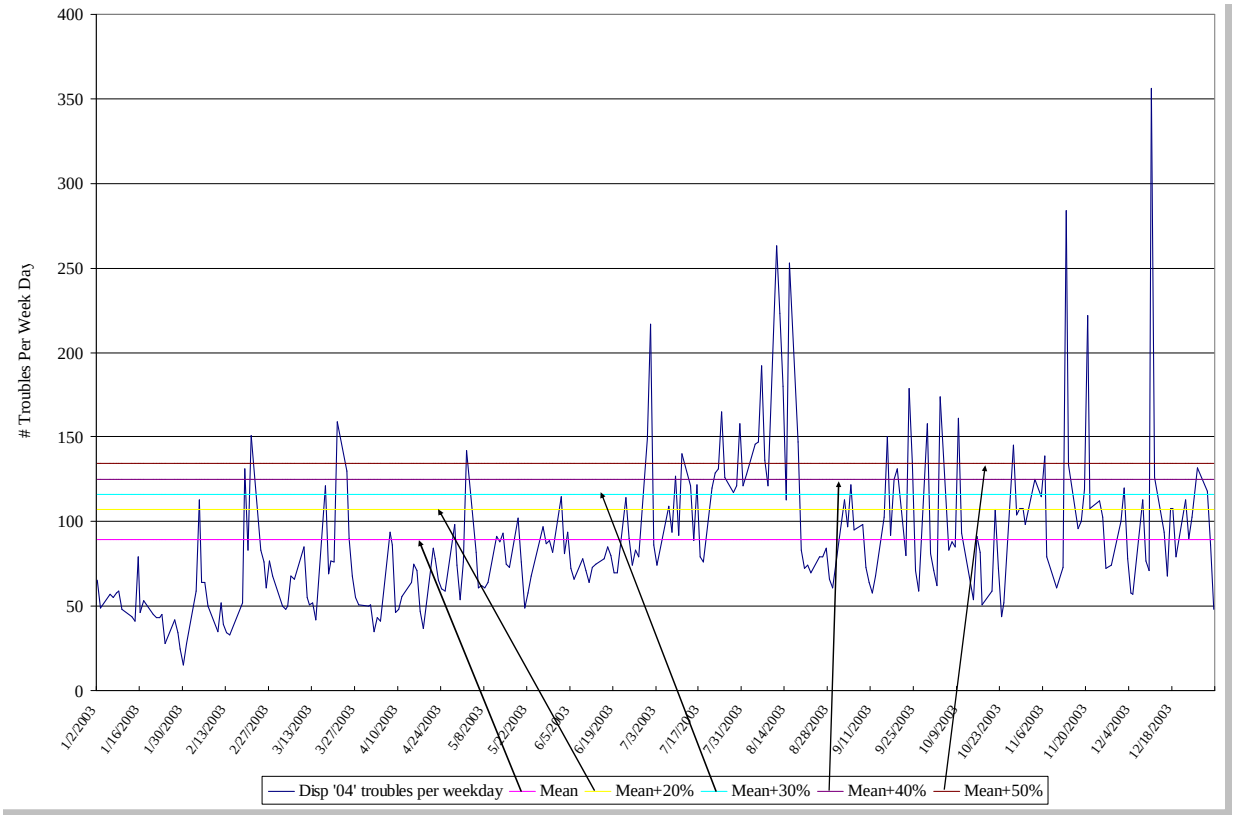


Exhibit IV-36 displays the number of weekdays (out of 251) in which the number of reported outside plant troubles exceeded its annual average by greater than 20% (up to > 100% by 10% increments).

Exhibit IV-36

EXTREME TROUBLE DAYS

[redacted]

Using similar data and associated analyses as input, coupled with DCI's interviews, review of documents, site visits, and field observations, DCI identified processes, management techniques, and organizational structures that resulted in superior or inferior performance. Superior business practices or structures were then reviewed for possible implementation across the organization with the intention of raising Verizon NY's overall level of performance, as discussed further in *Chapter VIII – Best Practices*. Processes, management techniques, and organizational structures that have resulted in inferior performance are discussed further in *Chapter VII – Field Operations*.

SERVICE INQUIRY REPORT REVIEW

Every time Verizon NY experiences a "regulatory" miss involving the VIP, Verizon's Intrastate Special Services Process Improvement Program, or NY special services guidelines, a service inquiry report must be submitted to NYDPS staff. Responses to the NYDPS for POTS and special services SIRs are handled by two different Verizon NY organizations.

- POTS SIRs – The QAT Staff Director, who is responsible for monitoring and reporting POTS performance measures, reports to the Executive Director, Performance Assurance, who reports to the Senior Vice President, Northeast. The Staff Director tracks measures on a daily basis and notifies Verizon NY management, if applicable, when metrics are in jeopardy of resulting in a NYPSC miss. If a metric target (or threshold) is missed at the end of a month, then the QAT Staff Director notifies the appropriate Director/Region President, who creates a formal written SIR in response. The QAT Director then reviews such reports and sends them on to the Verizon NY Regulatory staff, which in turn sends them to the NYDPS.
- Special Services SIRs – The National Operations Metrics Team is responsible for monitoring and reporting special services performance measures. If a metric is missed at the end of a month, then this team notifies the Special Services Team within the National Service organization, which in turn notifies the appropriate individual within the Enterprise Solutions Group (ESG) organization to create a formal written SIR in response. The Special Services Team reviews these reports, shares information with directors, and then sends the reports on to the Verizon NY Regulatory staff, which sends them to the NYDPS.

Regardless of whether a service inquiry report relates to POTS or special services, the NYDPS expects it to address the following:

- An explanation of why the miss happened
- A description of the driving factor(s) or root cause(s)
- An action plan to address the miss
- When the target (or threshold) will be achieved again

VIP SIRs for PY1, PY2, and PY3 are shown in *Exhibit IV-37*. These SIRs are generally only related to POTS, not to special services, as the VIP is POTS-oriented.

Exhibit IV-37

VIP SIRS COUNT BY MONTH

	Plan Year 1												
	Mar-02	Apr-02	May-02	Jun-02	Jul-02	Aug-02	Sep-02	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Total
85% CTRR ≤ 3.34	0	0	0	0	0	1	0	0	0	0	0	0	1
COE CTRR > 5.54	0	0	0	1	1	2	1	0	0	0	0	0	5
SA > 48	0	1	4	4	5	7	10	1	5	1	2	1	41
OOS > 24	3	3	7	13	13	16	23	5	6	5	4	4	102
Installation Missed Appointments	0	0	0	0	1	0	0	0	0	0	0	0	1
Installation Completions ≤ 5days	5	3	0	0	0	0	0	0	2	0	2	0	12
Answer Performance	0	0	0	0	0	0	3	0	0	0	0	0	3
Network Trunk Blockages	0	0	0	0	0	0	0	0	0	0	0	0	0
Total SIRs	8	7	11	18	20	26	37	6	13	6	8	5	165 Actual
													175 Objective
												UNDER	(10) Difference

	Plan Year 2												
	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Jan-04	Feb-04	Total
85% CTRR ≤ 3.34	0	0	0	0	0	1	1	1	0	0	0	0	3
COE CTRR > 5.54	0	0	1	0	1	2	2	0	2	0	0	1	9
SA > 48	6	7	2	5	4	4	5	6	10	2	0	0	51
OOS > 24	10	11	5	7	6	17	14	13	18	12	4	5	122
Installation Missed Appointments	2	1	0	0	0	1	1	0	0	0	0	0	5
Installation Completions ≤ 5days	2	4	0	0	0	0	2	0	0	0	0	0	8
Answer Performance	0	0	0	0	0	0	0	0	0	0	0	0	0
Network Trunk Blockages	0	0	0	0	0	0	0	0	0	0	0	0	0
Total SIRs	20	23	8	12	11	25	25	20	30	14	4	6	198 Actual
													138 Objective
												OVER	60 Difference

	Plan Year 3-In Progress												
	Mar-04	Apr-04	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Jan-04	Feb-04	Total
85% CTRR ≤ 3.34	0	0	0										0
COE CTRR > 5.54	0	0	0										0
SA > 48	0	0	0										0
OOS > 24	2	3	2										7
Installation Missed Appointments	0	0	0										0
Installation Completions ≤ 5days	0	0	0										0
Answer Performance	0	0	0										0
Network Trunk Blockages	0	0	0										0
Total SIRs	2	3	2										7 Actual
													134 Objective
													(127) Difference

Special services SIRs are shown in *Exhibit IV-38.*

Exhibit IV-38

SS SIRS COUNT BY MONTH

	2002												
	Jan-02	Feb-02	Mar-02	Apr-02	May-02	Jun-02	Jul-02	Aug-02	Sep-02	Oct-02	Nov-02	Dec-02	Total
1A-Order confirmation timeliness SS-OR-1													0
2A-On time performance SS-PR-1			7	4	4	4	5	6	8	7	8	7	60
2B-Missed installation appointment delays SS-PR-2			7	6	6	6	8	9	7	9	10	10	78
2C-Quality of installation work SS-PR-3			6	6	6	4	6	6	4	5	4	4	51
2D-Missed appointments due to a lack of facilities SS-PR-4													0
2E-Percent jeopardies SS-PR-5													0
3A-Reliability of service SS-MR-1			1	1	2	2	1	3		2			12
3B-Promptness of repair SS-MR-2			2										2
Total SIRs			**23**	**17**	**18**	**16**	**20**	**24**	**19**	**23**	**22**	**21**	**203**

	2003												
	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Total
1A-Order confirmation timeliness SS-OR-1													0
2A-On time performance SS-PR-1	5	5	5	6	4	5	5	4	4	7	6	6	62
2B-Missed installation appointment delays SS-PR-2	8	9	8	7	8	8	8	7	7	6	7	6	89
2C-Quality of installation work SS-PR-3	2	2	2	2	3	2	2	1	1	1	1	1	20
2D-Missed appointments due to a lack of facilities SS-PR-4													0
2E-Percent jeopardies SS-PR-5													0
3A-Reliability of service SS-MR-1							1	1	1	1		1	5
3B-Promptness of repair SS-MR-2				1	1	1	1	2	3	3	3	3	18
Total SIRs	**15**	**16**	**15**	**16**	**16**	**16**	**17**	**15**	**16**	**18**	**17**	**17**	**194**

	2004												
	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Total
1A-Order confirmation timeliness SS-OR-1													0
2A-On time performance SS-PR-1	5	5	5	5									20
2B-Missed installation appointment delays SS-PR-2	6	7	7	7									27
2C-Quality of installation work SS-PR-3	1	2	2	2									7
2D-Missed appointments due to a lack of facilities SS-PR-4													0
2E-Percent jeopardies SS-PR-5													0
3A-Reliability of service SS-MR-1	1	1	1	1									4
3B-Promptness of repair SS-MR-2	1	2	2	2									7
Total SIRs	**14**	**17**	**17**	**17**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**65**

MEASUREMENTS ADMINISTRATION

The measurements administration functions for Verizon NY are generally segmented by POTS and special services.

Organization & Staffing

POTS

The Verizon organization that is responsible for VIP performance measures is the Quality Assurance Team (QAT), which is located in Freeport (Long Island). The QAT is headed by a Staff Director. Reporting to the Staff Director are seven managers, all of whom are responsible for maintaining and reporting on the VIP Retail Service Quality Plan, on quality sampling and adjustments, and on rebates. The seven managers primarily hold responsibility for quality sampling and adjustments with the Staff Director, who is in turn responsible for reporting functions.

Each month, QAT provides an Excel spreadsheet, which includes both unadjusted and adjusted figures, to NYDPS staff. The QAT is also responsible for monitoring and reporting New York State service quality standards for telephone companies. When asked whether there is a specific Verizon organization that is responsible for any other internal performance measures, DCI was told that individual groups maintain their own measures. While performance under the VIP is a primary focus of management, given the substantial financial penalties associated with missing its targets, individual groups and their managers also use customer care indices, health of the network (HON) reports, and other network services metrics included in the National Operations scorecard reports.

Special Services

The Verizon organization that is responsible for special services performance measures is the National Operations Metrics Team. The primary purpose of this organization is to monitor and report special services performance measures, as discussed in greater detail in *Section C – Service Inquiry Report Review*. Its role is not to provide a quality assurance function similar to that performed by the QAT for POTS measures.

Quality Sampling & Adjustments

POTS

Quality sampling is performed at the IMC (geographic area) level, in which Verizon NY applies adjustments (as necessary) for maintenance metrics. In 1995, Verizon NY began a "sample and adjust" program. Under this program, each month, QAT staff conducts 7,000 samples based on 35 IMCs multiplied by 200 samples each for high-level measures involving SA > 48 hours, OOS > 24 hours, or CTRR (even if there were no SA or OOS misses). The QAT then calculates the error rate, the percent measured, and an adjustment factor. Verizon NY uses the Network Analysis and Measurement System (NAMS) to create three different samples (A/B/C) for each IMC code. If sample A fails a validation test, then QAT looks at sample B; if sample B fails, then sample C is used. QAT uses statistically-valid random samples so they can extrapolate the results to the whole population. Verizon NY believes that quality sampling aids in the standardization of measurement practices.

For each sample by IMC code, results are computed and compared to the universe results. No adjustment is necessary if differences are $\leq 1\%$. The QAT uses a twelve-month rolling average for development of the adjustment factor, if adjustment is necessary. For CTRR only, the adjustment factor flows down below the IMC code.

Starting with the PRP, prior to the VIP, Deloitte & Touche performed an external review of 2,520 items annually. Of the items Deloitte & Touche has sampled each year, their auditors have found only 10 to 20 errors that QAT has not identified. Deloitte & Touche is also auditing the VIP, and the VIP PY1 audit is expected to be completed shortly. The audit plan for VIP PY1 is similar to prior PRP work plans, with 840 audit verifications to be done, involving two selections/IMC/month, which will result in Deloitte & Touche sampling 5,040 measurement items. Two other items, which were to be added to the VIP audit plan starting with PY1, were:

- VIP Manager's Sampling Plan (MSP)
- CWA Service Quality Measurement Accuracy Hotline

The VIP Manager's Sampling Plan was introduced because the unions believed that managers were misrepresenting results. Negotiation occurred between Verizon and the unions, which resulted in additional audit activities by QAT and Deloitte & Touche. A random sample of all managers with access to systems is conducted (33 managers/month though only 30/month is required). QAT picks a random day, then reviews the Loop Management Operations System (LMOS) log tape or the vRepair audit trail (whichever is applicable) on a line-by-line basis. The resulting information is shared with each director. No major problems (only minor coding mistakes) had been noted until recently. In 2004 the Manager's Sampling Plan did identify a potential problem for four Manhattan bureaus for March through May 2004. These issues are being addressed by Verizon NY and NYPSC staff. MSP-QAT findings are reviewed with sampled managers to ensure corrective actions are taken.

Verizon NY and the unions have failed to come to a final agreement regarding the CWA Service Quality Measurement Accuracy Hotline, which was supposed to deal with the situation where an associate identified any errors or procedural issues. S/he could report it to the union, who in turn would report it directly to the QAT, who would investigate each situation. Verizon NY and the CWA have been unable to reach agreement on the specifics of this program and, therefore, it has yet to be implemented.

Special Services

Verizon NY does not have a similar quality sampling and adjustment process for its retail special services measures.

Systems Used

The primary systems used by Verizon NY for tracking, analysis, and reporting of installation and maintenance statistics include the following:

- *Service Order Results Database* (SORD) is used to develop service performance results for all retail provisioning measures, including those under the New York uniform measurement guidelines, specifically installation missed appointments and installation completions in < 5 days. The system aggregates from IMC to NY company-level reporting.
- *Network Analysis and Measurement System* (NAMS) is used in the old NYNEX area to develop service performance results for all retail maintenance measures, including those under the New York uniform measurement guidelines. These guidelines also include VZ-coin, resale, and UNE-Platform, in addition to VZ-POTS. NAMS receives a daily feed from vRepair of all closed trouble tickets as well as a daily or monthly feed from Network Services Database (NSDB) of line count information by wire center. The system aggregates from COEs (540 entities) to IMCs (35 centers) to NY company-level (1) reporting. It contains 90 days' worth of data before the data is removed and saved offline. Other systems are used for the former Bell Atlantic and GTE regions.
- *Network Order Results Database* (NORD), which contains several years' worth of data, is used in the former NYNEX area for detailed analysis of trouble reports. Verizon can group the troubles by area to identify particular trouble spots.
- *Maintenance and Installation Operational Planning System* (MIOPS) is used (five times a day) to generate a listing of open trouble reports.

The development and implementation of the Network Operations Results Mart (NORM), which is the replacement system for SORD, NAMS, and NORD, as well as NAMS, the equivalent system used in the former GTE region, is currently in progress. The equivalent system for the former Bell Atlantic region is not included in this implementation. Verizon anticipates that this one system will eventually replace other similar systems throughout the Verizon footprint. NORM will be fed from the Network Metric Platform (NMP), which contains provisioning and maintenance data for retail and wholesale data, as Verizon is consolidating feeds from various Operating Support System (OSS) systems.

B - FINDINGS

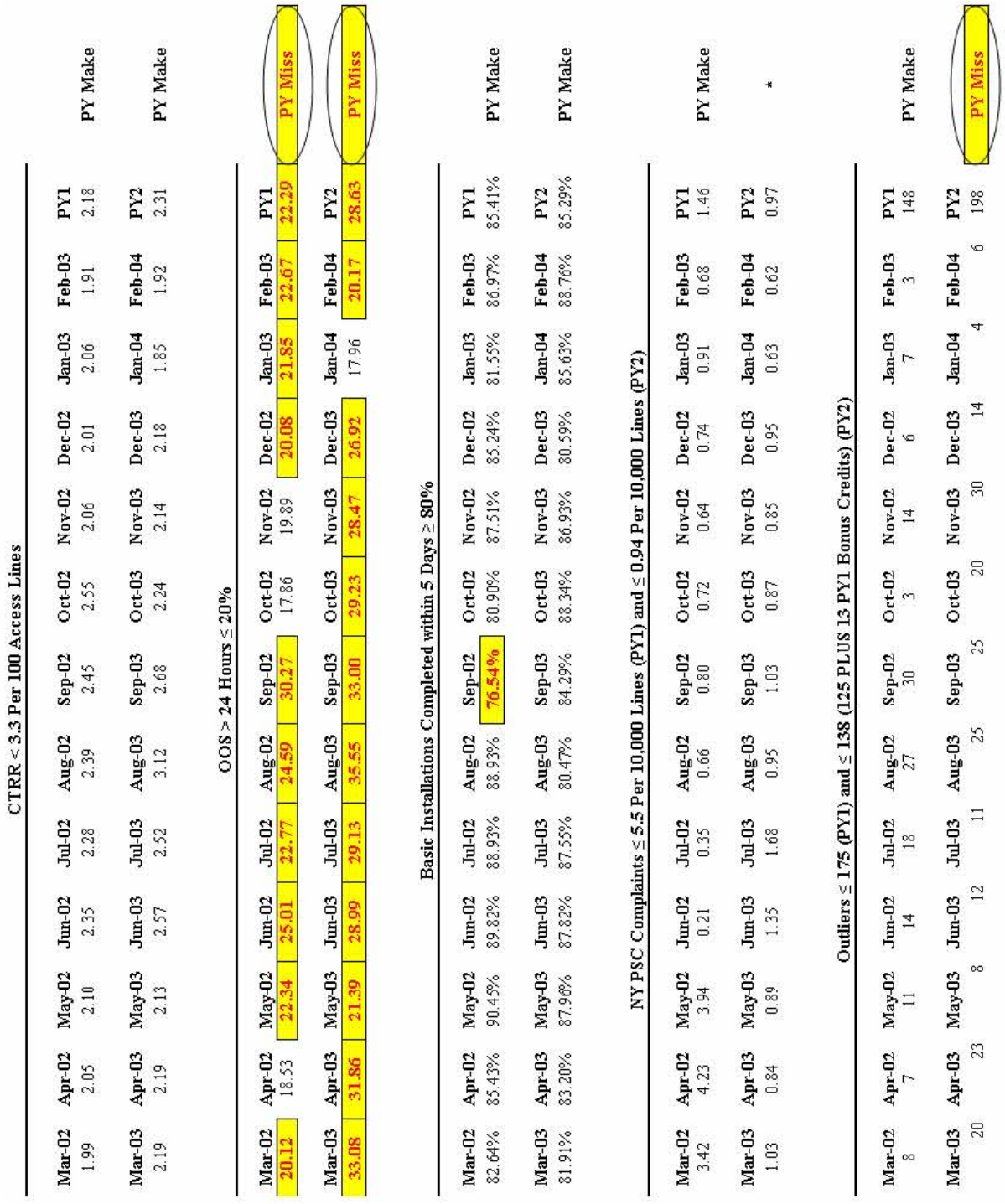
The primary performance results findings are included in this chapter; however, other related service quality findings are included in other chapters.

Finding IV-1 **Out-Of-Service > 24 Hours And Service Affecting > 48 Hours Are The Primary VIP Indicators Of Service Quality Problems.**

Exhibit IV-39 on the following page illustrates Verizon NY's VIP POTS results for the first two plan years. Verizon NY has been unfavorably above the 20% (or less) target for OOS troubles cleared in 24 hours, one of the VIP's "Big 5" performance objectives at the Verizon NY company-wide level, for most months since the VIP was implemented in March 2002. In VIP PY1, the annual objective was missed, as were nine out of twelve months. In VIP PY2, the annual objective was missed, as were eleven out of twelve months.

Exhibit IV-39

BIG 5 PY1 AND PY2 RESULTS



CTRR < 3.3 Per 100 Access Lines

Mar-02	Apr-02	May-02	Jun-02	Jul-02	Aug-02	Sep-02	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	PY1	PY Make
1.99	2.05	2.10	2.35	2.28	2.39	2.45	2.55	2.06	2.01	2.06	1.91	2.18	
Mar-03	**Apr-03**	**May-03**	**Jun-03**	**Jul-03**	**Aug-03**	**Sep-03**	**Oct-03**	**Nov-03**	**Dec-03**	**Jan-04**	**Feb-04**	**PY2**	**PY Make**
2.19	2.19	2.13	2.57	2.52	3.12	2.68	2.24	2.14	2.18	1.85	1.92	2.31	

OOS > 24 Hours ≤ 20%

Mar-02	Apr-02	May-02	Jun-02	Jul-02	Aug-02	Sep-02	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	PY1	PY Miss
20.12	18.53	22.34	25.01	22.77	24.59	30.27	17.86	19.89	20.08	21.85	22.67	22.29	
Mar-03	**Apr-03**	**May-03**	**Jun-03**	**Jul-03**	**Aug-03**	**Sep-03**	**Oct-03**	**Nov-03**	**Dec-03**	**Jan-04**	**Feb-04**	**PY2**	**PY Miss**
33.08	31.86	21.39	28.99	29.13	35.55	33.00	29.23	28.47	26.92	17.96	20.17	28.63	

Basic Installations Completed within 5 Days ≥ 80%

Mar-02	Apr-02	May-02	Jun-02	Jul-02	Aug-02	Sep-02	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	PY1	PY Make
82.64%	85.43%	90.45%	89.82%	88.93%	88.93%	76.54%	80.90%	87.51%	85.24%	81.55%	86.97%	85.41%	
Mar-03	**Apr-03**	**May-03**	**Jun-03**	**Jul-03**	**Aug-03**	**Sep-03**	**Oct-03**	**Nov-03**	**Dec-03**	**Jan-04**	**Feb-04**	**PY2**	**PY Make**
81.91%	83.20%	87.98%	87.82%	87.55%	80.47%	84.29%	88.34%	86.93%	80.59%	85.63%	88.76%	85.29%	

NY PSC Complaints ≤ 5.5 Per 10,000 Lines (PY1) and ≤ 0.94 Per 10,000 Lines (PY2)

Mar-02	Apr-02	May-02	Jun-02	Jul-02	Aug-02	Sep-02	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	PY1	PY Make
3.42	4.23	3.94	0.21	0.35	0.66	0.80	0.72	0.64	0.74	0.91	0.68	1.46	
Mar-03	**Apr-03**	**May-03**	**Jun-03**	**Jul-03**	**Aug-03**	**Sep-03**	**Oct-03**	**Nov-03**	**Dec-03**	**Jan-04**	**Feb-04**	**PY2**	*****
1.03	0.84	0.89	1.35	1.68	0.95	1.03	0.87	0.85	0.95	0.63	0.62	0.97	

Outliers ≤ 175 (PY1) and ≤ 138 (125 PLUS 13 PY1 Bonus Credits) (PY2)

Mar-02	Apr-02	May-02	Jun-02	Jul-02	Aug-02	Sep-02	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	PY1	PY Make
8	7	11	14	18	27	30	3	14	6	7	3	148	
Mar-03	**Apr-03**	**May-03**	**Jun-03**	**Jul-03**	**Aug-03**	**Sep-03**	**Oct-03**	**Nov-03**	**Dec-03**	**Jan-04**	**Feb-04**	**PY2**	**PY Miss**
20	23	8	12	11	25	25	20	30	14	4	6	198	

* In its May 2004 ruling, the NYPSC retroactively modified the VIP target to 0.94 but determined that it would not be reasonable to strictly apply the new target for PY2, as it was a transition year and Verizon NY needed time to adapt to the new complaint-handling process. In PY2, Verizon was at 0.97, slightly above the 0.94 target.

Although the SA > 48 hours measure is not one of the VIP's "Big 5" performance objectives, misses for both the SA > 48 hours and the OOS > 24 hours targets are counted as outliers, thereby resulting in service inquiry reports. Most outliers occur when targets are missed for the current month and two of the prior four months. For these two performance measures, the outlier targets are:'

- OOS > 24 hours ≤ 20.04%
- SA > 48 hours ≤ 20.04%

They also represent the two measures where the largest number of outlier misses (resulting in service inquiry results) was generated during PY1 and PY2, as shown in *Exhibit IV-7*. During PY1, these two performance measures accounted for 143 (87%) of the outlier misses out of a total of 165. During PY2, they accounted for 173 (87%) out of 198. There is no single cause for these misses but rather a number of contributing causes that, together, make it difficult for Verizon to meet its objectives, as discussed in further detail in *Chapter VII – Field Operations*. As an example, *Exhibit IV-40* illustrates that the number of OOS > 24 hours misses is significantly high, especially for the Capital and Island Metro regions.

Exhibit IV-40

OOS > 24 HOURS MISSES BY REGION AND IMC

[redacted]

Finding IV-2 **Verizon NY's Failure To Clear POTS Trouble Reports On A Timely Basis Has Resulted In Significant VIP Penalties In Its First Two Plan Years.**

The VIP establishes a specific penalty structure of customer credits that is tied to its "Big 5" objectives as well as to pricing flexibility. Missing objectives, regardless of the degree of miss, requires that credits be given to customers or that other actions be taken.

In VIP PY1 (March 2002–February 2003), Verizon NY missed the OOS > 24 hours ≤ 20% target, one of the "Big 5" metrics, resulting in a penalty payment of $15 million. Its penalty came in the form of a rebate to approximately 400,000 customers at $35.12 per out-of-service incident (customers whose service was out for more than 24 hours at any given time during the plan year). Each affected customer saw credits in either its April 2003 or May 2003 bill. The credits were in addition to any other credit that may have been due under tariff.

Accordingly, Verizon NY was also directed to file a corrective action plan by July 31, 2003 for achievement of all five VIP service goals in PY2 of the VIP Retail Service Quality Plan. The NYPSC was also troubled that Verizon was not doing enough to correct problems in areas experiencing chronically poor service. A number of entities experienced multiple or repeated SIRs during PY1. Therefore, given the overall decline in service performance, the existence of pockets of persistently poor service, Verizon NY's significant reductions in budgeted expenditures, and its reliance on productivity reflected in its improvement plans, the NYPSC initiated a comprehensive service quality proceeding to review Verizon's retail service quality, including special services. Designed to aid the NYPSC in evaluating Verizon's long-term approach to service quality, this review was ordered. Following a formal bid process, DCI was awarded this project, and the review began in October 2003.

However, in VIP PY2 (March 2003–February 2004), Verizon NY continued to experience service quality problems. It missed two "Big 5" objectives: OOS > 24 hours and outliers. By missing both, $40 million in credits were required. A rebate applicable to the OOS > 24 hours miss was paid to approximately 553,000 customers at $35.73 per occurrence. A rebate applicable to the outliers miss was paid to approximately 9,564,000 customers at $2.03 per access line.

Although Verizon NY is not subject to penalties with regard to the New York State service quality standards for telephone companies, Verizon NY's performance results also indicate problems with out-of-service and service-affecting conditions.

To date, therefore, Verizon NY has been required to pay $55 million in credits as a result of missing its VIP POTS targets.

Finding IV-3 **Several Factors That Contributed To The Service Quality Problems In 2003 Were Within The Control Of Verizon NY Management.**

According to Verizon NY management, the 2003 network expense budget for New York had an overrun of 42% or $274 million. The estimated dispatch load for New York was forecasted based on the trend from previous years. Conditions, however, did not stay on trend. Heavy rains were encountered, complex labor negotiations were undertaken, separation of significant numbers of employees occurred, and shocks resulting from Hurricane Isabel and the August blackout had to be absorbed. The repair load was [redacted] than forecasted. The other major factor contributing to the overrun was that productivity was forecasted to increase [redacted], but an increase of only [redacted] was achieved.

DCI's review of Verizon NY's factors identified the following issues, which were further investigated in this study:

- ***Heavy rain*** – DCI obtained rainfall information from five different locations in New York, specifically Buffalo, Syracuse, Albany, Central Park, and Islip. Cumulative rainfall at the end of the year was a couple of inches above average in Islip (starting in June), five inches above average in Central Park (starting in June), and 8 inches above average in Albany (starting in June), whereas Buffalo and Syracuse ended the year several inches below average—never actually going above average. In DCI's opinion, a well-maintained telecommunications network should not experience trouble report volumes from rainfall that is not significantly different from the average year. This issue is further discussed in *Chapter VII – Field Operations*.
- ***Complex labor negotiations –*** These negotiations would have been a known issue going into the year and should have been incorporated into the planning for the year.
- ***Separation of a significant number of employees*** – Such separation was a Verizon NY management decision.
- ***Hurricane Isabel and the August blackout*** – Although these specific occurrences would be unforeseen, they had more of an effect than they should have had.
- ***Repair load*** – Repair load was higher than it should have been with good outside plant maintenance.

- ***Productivity was lower than forecasted*** – In fact, productivity was forecasted to increase by [redacted] on average—an increase that had never been achieved in the preceding years, as shown in *Exhibit IV-41*. This forecast in productivity was the responsibility of Verizon NY management. Productivity was forecasted to increase at a rate that had never been achieved in the preceding years as shown in *Exhibit IV-41*. To forecast significant increase in productivity without a clear plan for achieving that productivity increase is an unrealistically ambitious assumption. Even the SEP program as it was implemented did not support this aggressive of an improvement in productivity. The decision to incorporate such a high rate of productivity appears to be a tops-down directive with little bottoms-up input.

Exhibit IV-41

VERIZON NY LABOR PRODUCTIVITY TRENDS (2000–2003)

[redacted]

As a result of this analysis, DCI focused its analysis on the volatility of the workload as a condition of both the network plant conditions and the steps that were taken to achieve the productivity improvement forecasted in 2003. The results of these analyses are contained in *Chapter VII – Field Operations*.

Finding IV-4 **Many Verizon NY Performance Results Involving POTS Measures Have Improved In Early 2004 Over The Comparable 2003 Results.**

The following POTS measures have shown improvement in results during early 2004 over the comparable 2003 results:

- CTRR (statewide) (average)
- Installations within five days (statewide) (average)
- NYPSC complaints (statewide)
- OOS > 24 hours (statewide) (average)
- Outliers (statewide)
- % of COE entities with CTRR ≤ 3.3
- Proportion of entities meeting OOS > 24 hours
- % SA > 48 hours
- Proportion of entities meeting SA > 48 hours
- % of entities with 80% (or greater) basic service installations within five days
- Proportion of entities meeting 10% (or less) missed basic service installation appointments
- Business office-consumer % answered within 30 seconds
- Repair service bureau % answered within 30 seconds
- Operator assistance ASA
- NY complaints
- Repeat report rates
- Subsequent report rates

In selected cases, the improvement is significant; in others it is not. Apparent reasons for these improvements are the increased staffing in 2004 and the reduced trouble load because of improved weather conditions. Regardless of the reasoning, DCI believes that the outside plant problems still exist and will be a problem in years with bad weather conditions. If sufficient staffing levels are maintained to accommodate the increased trouble volumes, Verizon can possibly meet the required service levels. However, if Verizon NY reduces its force based on an under forecasted work load or an over forecasted productivity as in the recent past, or if outside plant improvement expenditures are not sufficient to improve outside plant performance, then in DCI's opinion, service levels will not be met.

The actions that are required by Verizon NY to address Finding IV-1, Finding IV-2, Finding IV-3, and Finding IV-4 are detailed in the recommendations that are included in this report.

Finding IV-5 **Verizon NY Has Failed To Meet Special Services Targets Regarding Installation And Repair.**

Verizon NY's performance results involving installation measures under the New York Special services guidelines have generally not met the appropriate target and/or the level of service has been declining. Specifically, Verizon NY has had considerable difficulty with provisioning on time performance (met commitments—SS-PR-1), missed installation appointment delays (SS-PR-2), and quality of installation work (SS-PR-3), as discussed in *Exhibit IV-42*, *Exhibit IV-43*, and *Exhibit IV-44*. [redacted]

Exhibit IV-42

KEY PROBLEM AREAS
SPECIAL SERVICES INSTALLATION PERFORMANCE RESULTS
ON TIME PERFORMANCE

[redacted]

Exhibit IV-43 illustrates that Verizon NY has never met its three-day target for missed installation appointment delays, although 2004 results appear to be improving.

Exhibit IV-43

KEY PROBLEM AREAS
SPECIAL SERVICES INSTALLATION PERFORMANCE RESULTS
MISSED INSTALLATION APPOINTMENT DELAYS

[redacted]

[redacted]

Exhibit IV-44

KEY PROBLEM AREAS
SPECIAL SERVICES INSTALLATION PERFORMANCE RESULTS
QUALITY OF INSTALLATION WORK

[redacted]

[redacted]

Exhibit IV-45

KEY PROBLEM AREAS
SPECIAL SERVICES MAINTENANCE PERFORMANCE RESULTS

MEAN TIME TO CLEAR

[redacted]

Although no penalties or credits apply to New York's special services guidelines, Verizon NY's poor performance results under these guidelines are illustrative of the company's problems involving installation of special services. The credits Verizon NY paid for missing its MTTC target under Verizon NY's Intrastate Special Services PIP reflect Verizon NY's problems involving repair of special services.

Verizon NY does not have a well-coordinated action plan to meet special services objectives. Nor does it appear to have regularly-scheduled meetings to coordinate responses to special services problems. When, in April 2004, DCI consultants requested the minutes of Verizon NY's last three coordination meetings, they were provided with minutes from July 2003, October 2003, and February 2004.

Indications are that without having significant penalties involving special services, such as those found in the VIP, Verizon NY is not paying appropriate attention to service quality in the special services area. Verizon NY believes that special services are a highly competitive service and should not be subject to a penalty plan. Furthermore, Verizon NY also believes that the objectives that had been set by the NYPSC were not attainable in a cost-effective manner.

Finding IV-6 Other Performance Measures, Such As Complaints, Repeat Rates, And Subsequent Rates, Indicate Service Quality Issues.

Customer Complaints (All Types)

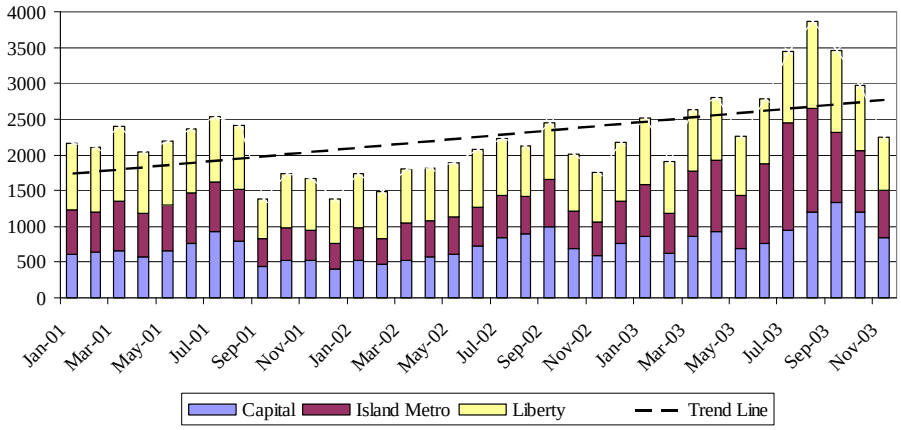
Exhibit IV-46 illustrates Verizon NY complaints in total for all regions and for all types of complaints, not just for NYPSC chargeable complaints. The major types of complaints can be broken down by source, including:

- Official NYPSC chargeable complaints
- Customer Relations office(s)
- Executive
- Federal Communications Commission
- Other external agencies

Exhibit IV-46 also indicates that complaints in total are generally rising. Complaints by region are shown in *Exhibit IV-47*, *Exhibit IV-48*, and *Exhibit IV-49*, with Capital and Island Metro rising.

Exhibit IV-46

NY COMPLAINTS



Verizon NY also segments its complaints by business process, business unit/functional department, and topic. By far, the largest number of complaints is attributable to service delivery.

Exhibit IV-47 illustrates Capital Region complaints, which are rising unfavorably.

Exhibit IV-47

VERIZON NY COMPLAINTS IN CAPITAL REGION

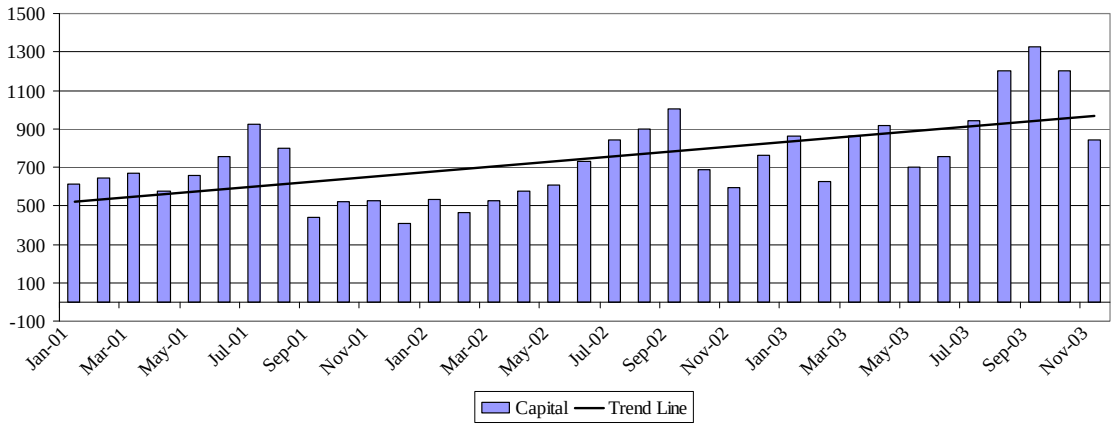


Exhibit IV-48 illustrates Island Metro Region complaints, which are also rising unfavorably.

Exhibit IV-48

VERIZON NY COMPLAINTS IN ISLAND METRO REGION

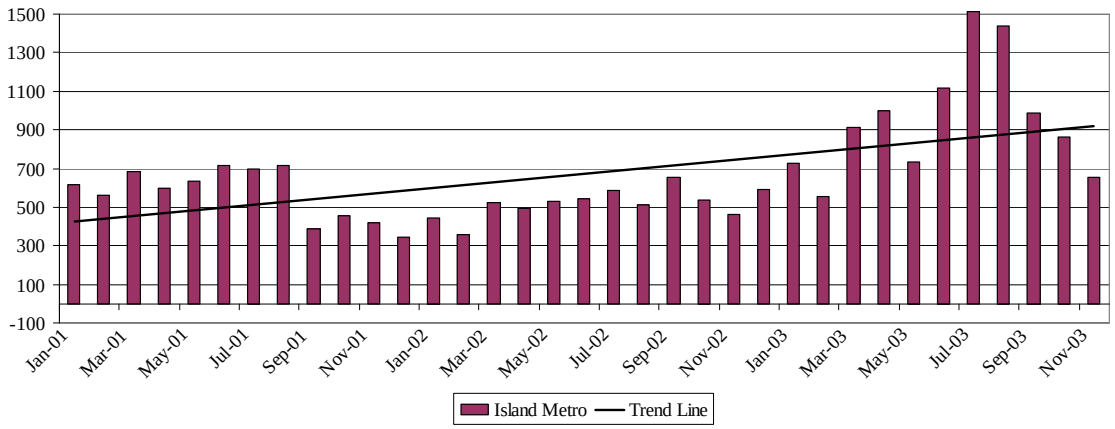
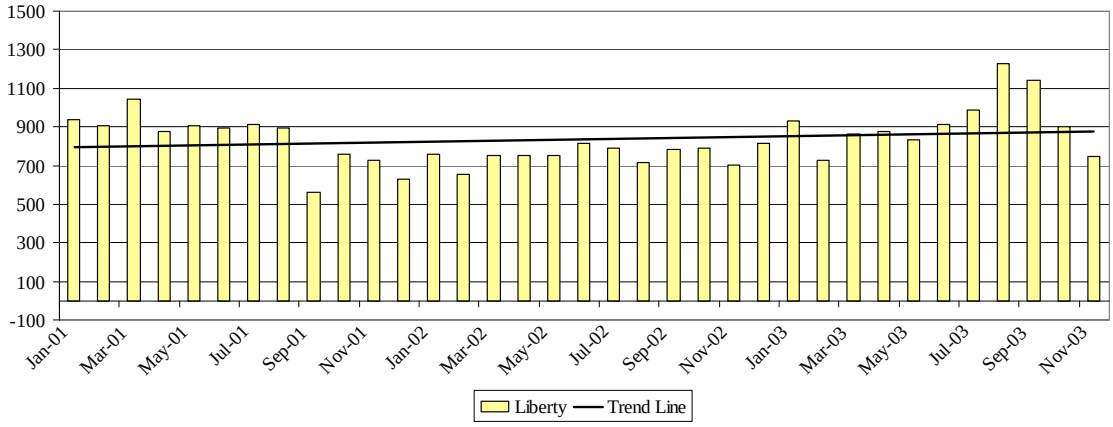


Exhibit IV-49 illustrates Liberty Region complaints, which are remaining fairly stable overall but are actually likely increasing (unfavorably) if only data since September 2001 were considered.

Exhibit IV-49

VERIZON NY COMPLAINTS IN LIBERTY REGION



Trouble Report Rates (Repeats and Subsequents)

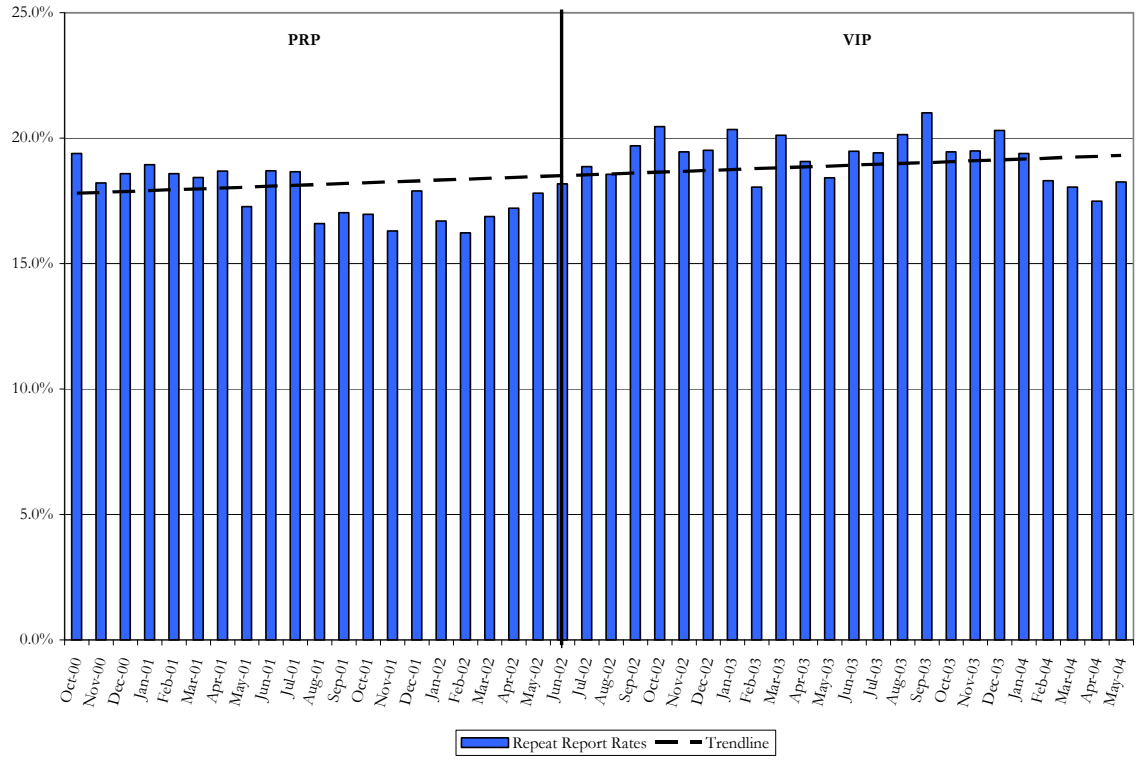
Other performance measures for which telephone companies are typically held accountable include:

- Repeat report rates
- Subsequent report rates

Exhibit IV-50 illustrates repeat report rates (statewide average) by month (October 2000–May 2004). Verizon NY defines repeat report rates as the number of repeat reports divided by the number of initial trouble reports (not including report or subsequent reports), where repeat reports are customer troubles that occur within 30 days of a prior service order (even if the cause of trouble found in the repeated order differs from the prior service order). Although no target exists (as it is not a NYPSC standard), repeats are increasing unfavorably. The repeat report rates for the first five months in 2004, however, are favorably down, albeit slightly.

Exhibit IV-50

REPEAT REPORT RATES
OCTOBER 2000–MAY 2004



According to Verizon NY management, because under the OOS > 24 hours measure the 24-hour clock continues to run where "no access" to the customer's premises is possible, Verizon NY has instituted practices that increase repeat reports. To minimize the effects of "no access," Verizon NY managers have implemented a series of steps that enable them to close these reports before the 24-hour objective. Verizon NY has informed the NYDPS of its process in this area. Verizon NY's process is also somewhat similar to the other large telephone company in New York. This practice drives the repeat rate higher when some customers whose troubles were closed, but not cleared, call back within 30 days to report the trouble again.

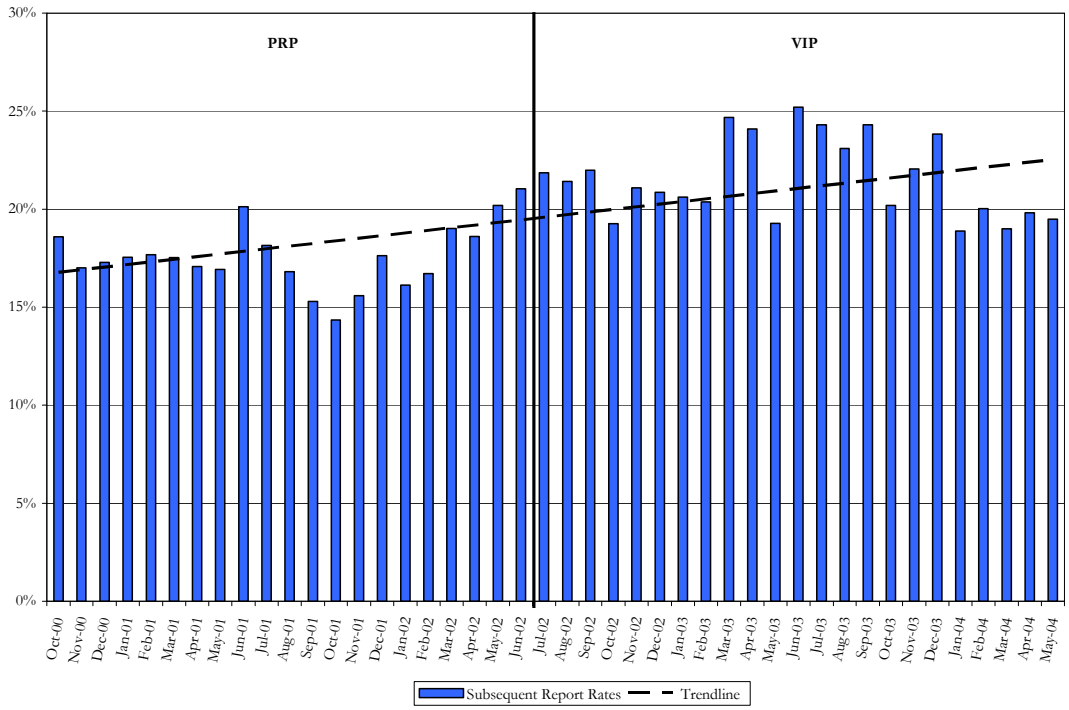
Regardless, DCI consultants strongly believe that an increasing trend in repeat report rates can be indicative of service quality problems, specifically Verizon NY's inability to fix troubles the first time a report is made.

Exhibit IV-51 illustrates subsequent report rates (statewide average) by month (October 2000–May 2004). Verizon NY defines subsequent report rates as the number of subsequent reports divided by the sum of initial trouble reports and subsequent report rates (not including repeat reports), where subsequent report rates are defined as reports prior to the trouble being cleared. (DCI expected Verizon NY to calculate the percentage

as the number of subsequents divided by the initial trouble reports, but the company does not.) Although no target exists (as it is not a NYPSC standard), the trend line indicates that subsequents are significantly increasing in an unfavorable direction, although the rates for the first five months in 2004 are favorably down, albeit slightly.

Exhibit IV-51

SUBSEQUENT REPORT RATES
OCTOBER 2000–MAY 2004



Before the NYPSC standards were revised in October 2000, subsequent reports were measured as part of the overall customer trouble report rate for each central office entity. After a two-year collaborative process involving NYPSC staff, industry parties, the New York State Attorney General's office, Communications Workers of America (CWA), and others, the Commission adopted revised service quality standards that reflected the collaborating parties' agreement that subsequent reports should no longer be included in the customer trouble report rate. The parties agreed that subsequent reports are not a reliable indicator of network troubles because customers can and do repeatedly call the repair center on the same report for reasons unrelated to the initial trouble.

Regardless, DCI consultants strongly believe that an increasing trend in subsequent report rates is indicative of service quality problems, specifically Verizon NY's inability to clear trouble reports in a timely manner.

Finding IV-7 **The Practice Of Closing Out "No Access" Troubles To Disposition Code 666 To Avoid An OOS>24 Condition Results In Additional Repeat Reports.**

The NYDPS also asked DCI to comment on any instances where the service quality standards might be causing some unusual actions on the part of Verizon NY management. This is one of the instances identified.

Dispatched OOS customer troubles that cannot be cleared because of a "no access" situation and that will exceed 24 hours are often closed by Verizon NY to disposition code 666 to avoid exceeding the 24-hour objective. According to Verizon NY it makes at least three attempts at access within the 24-hour window after which the trouble report is closed. While this practice is within the current interpretation of the Telephone Service Standards, the associated Uniform Measurement Guidelines do not specify the time period within which attempts at access must be made. NYDPS staff reviewed the practices of the only two companies in New York State required to report performance for the Percent Out-of-Service Over 24 Hours metric, Verizon New York and Frontier Telephone of Rochester. Both companies comply with the spirit of the telephone service standards concerning no access conditions. Verizon has indicated that they make more than one attempt to gain access before closing an OOS trouble report. The Commission established the standards with minimum levels of expected performance. Companies are free to distinguish themselves in a competitive environment on the basis of service quality by exceeding these minimum requirements. Verizon NY has chosen a 24-hour window in order to minimize its potential exposure to penalties under the VIP.

However, Verizon NY's action necessitates that the customer call Verizon NY the next day, or later, to report the same problem. Not only is this an inconvenience to the customer but it also results in an increase in repeat rates – which are not measured in the service quality standards. As illustrated in *Exhibit IV-52*, the repeat trouble reports as a result of this practice are excessive, especially in the Liberty Region.

Exhibit IV-52

OUT OF SERVICE TROUBLES CHARGED TO DISPOSITION CODE 666

	# OOS Troubles Charged	# Closed Within 24 Hours	% Closed Within 24 Hours	% Repeat Reports Within 7 Days
New York	59,929	31,087	51.9%	50.9%
Capital	6,306	1,495	23.7%	36.7%
Island Metro	14,777	6,477	43.8%	46.8%
Liberty	38,846	23,115	59.5%	55.6%

DCI recognizes that that the troubles closed to a no access disposition code account for just over 1% of all troubles measured in the OOS>24 metric in 2003. Therefore, the actual impact on the performance metric is small, although specific customers affected by this practice experience a greater impact – they are required to re-contact Verizon for resolution of the problem.

Finding IV-8 **The Quality Of SIR Responses Does Not Adequately Address Necessary Improvement Efforts.**

Because the Verizon NY SIR population is small and non-homogenous, statistical sampling was not used from the population as a whole. Instead, DCI consultants reviewed all SIRs (excluding final trunk blockages where Verizon does not own both ends) at least cursorily. Included in this review were SIRs involving both POTS and special services.

In this review, DCI consultants frequently found that SIRs, regardless of type:

- Did not identify detailed corrective actions
- Did not include detailed improvement plans for undertaking corrective actions
  - Tasks
  - Assigned responsibilities
  - Milestones
  - Schedules
- Did not include specific dates when improvements might be expected (only a quarter was generally mentioned); this problem has recently been corrected by Verizon NY, working with NYPSC staff

One of the "root causes" that Verizon NY frequently mentions for its trouble reports and its out-of-service conditions is wet weather, which occurs most often in summer. Yet Verizon NY has failed to implement the appropriate practice it needs to plan for peaks in demand caused by seasonal patterns.

Finding IV-9 **A Formal Quality Assurance Function, Similar To That For POTS Measures, Has Not Been Developed For Special Services Performance Measures.**

The National Operations Metrics Team is responsible for monitoring and reporting special services performance measures. If a metric is missed at the end of a month, then this team notifies the Special Services Team within the National Service organization, which in turn notifies the appropriate individual within the ESG organization to create a formal written SIR in response. The Special Services Team reviews these reports, shares their information with directors, and then sends the reports on to the Verizon NY Regulatory staff, which in turn sends them to the NYDPS. This process is not a formal quality assurance function.

Conversely, Verizon NY performs a formal quality assurance function for retail POTS measures in which QAT uses statistically-valid sampling techniques to review and adjust (if necessary) these measures. As previously discussed, Verizon NY believes that quality sampling aids in the standardization of measurement practices. However, Verizon NY does not perform a similar function for its retail special services measures.

Verizon NY also performs a formal quality assurance function involving the VIP Manager's Sampling Plan. However, it does not perform a similar function for its retail special services activities.

C - RECOMMENDATIONS

Recommendation IV-1 **Develop A Coordinated Action Plan For Addressing Special Services Targets. (Refer To Finding IV-5.)**

To provide improved service quality to its New York customers and to minimize penalties in any future PIP (if applicable), Verizon NY management should institute corrective actions in a timely manner. A detailed and comprehensive improvement plan for special services, with detailed listings of tasks, schedules, milestones, and assigned responsibilities, should be developed by 2004 year-end.

Furthermore, DCI believes that a dialogue should be established between the NYDPS and Verizon NY on the appropriateness of a penalty plan, the best measures to use to measure special services performance, and the service objectives to be attained.

Recommendation IV-2 **Address Declining Performance Results In "Other" Performance Measures As Identified During This Review. (Refer To Finding IV-6.)**

Just because a performance measure has not been part of the NYPSC standards does not mean that it should not be addressed when attempting to improve service quality. Unfavorable trends in other indicators—such as subsequents and repeat report rates—can point to difficulty in achieving the NYDPS standards. DCI consultants performed analyses of many other indicators to get at the root causes of Verizon NY's inability to achieve NYDPS standards. Verizon NY must also look at the root causes of performance results other than solely the NYDPS standards, if it is to successfully address OOS>24 and SA>48 problems.

Recommendation IV-3 **Perform An Internal Review Of Verizon NY's No Access Process With The Intention Of Identifying Methods To Reduce The Customer Repeat Reports That Result From Its Existing No Access Process. (Refer To Finding IV-7.)**

As a result of the OOS>24 hour service standard objective, Verizon NY has implemented a process in which a no access situation results in the trouble report being closed even though the problem has not been repaired. This requires the customer to repeat his/her trouble report to Verizon NY, which results in additional cost and customer dissatisfaction. Verizon NY needs to review its no access process and find a way to reduce the customer repeat reports that result from it.

Such a review should include the following components:

- An analysis of the high repeat report locations to determine the primary causes.
- A review of the process used to obtain adequate "Can Be Reached Numbers".
- A review of the completeness of the technicians' actions in following the no access process.
- A review of the comprehensiveness of the information on the door tag that is left for the customer.
- Evaluate the development of a process to follow up with customers after a trouble is closed as a "no access" to avoid requiring the customer to repeat the filing of trouble reports.

Recommendation IV-4 **Improve SIR Responses So As To Make Them Useful Tools For Implementing Change. (Refer To Finding IV-8.)**

It appears that SIR responses have become little more than brief reports that Verizon NY feels it must send to NYPSC staff, rather than being a real tool for implementing change. When problems continually occur with performance measures, Verizon NY should also be developing a detailed and comprehensive improvement plan, with detailed listing of tasks, schedules, milestones, and assigned responsibilities.

Recommendation IV-5 **Establish A Formal Quality Assurance Function For Special Services Measures. (Refer To Finding IV-9.)**

Verizon NY's quality assurance activities in regards to POTS measures are praiseworthy, but they need to be extended to special services measures. Similar sample, review, and adjustment activities now being done for POTS should also be performed for special services. Not only will such a function help to ensure accurate reporting of performance results, but will provide Verizon NY management with insight as to causes behind poor performance results.