STATE OF MINNESOTA

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Beverly Jones Heydinger	Chair
David C. Boyd	Commissioner
Nancy Lange	Commissioner
Dan Lipschultz	Commissioner
Betsy Wergin	Commissioner

In the Matter of a Rulemaking to Consider Possible Amendments to Minnesota Rules parts 7810.4100 through 7810.6100	PUC Docket No. P-999/R-14-413 Revisor's ID Number R-04269

COMMENTS OF
CITIZENS TELECOMMUNICATIONS COMPANY OF MINNESOTA, LLC
and
FRONTIER COMMUNICATIONS OF MINNESOTA, INC.

On August 4, 2014, the Minnesota Public Utilities Commission ("Commission") issued a *Notice for Comments* ("Notice") in this docket, seeking comments regarding possible changes to the Commission's existing rules, parts 7810.4100 through 7810.6100. In general, the Notice sought input from parties regarding the level and scope of competition in the telecommunications market in Minnesota, as well as any specific proposals for rule changes. In response to that Notice, Citizens Telecommunications Company of Minnesota, LLC ("CTC-Minnesota") and Frontier Communications of Minnesota, Inc. ("Frontier-Minnesota", or collectively "Frontier") offer the following comments.

The Commission's existing service quality rules have been in place for many years, and were adopted at a time when the telecommunications market and dominant means of communication were very different. Nearly 100% of Minnesota consumers relied on their incumbent wireline carrier for the preferred method of communication, voice. The state's telecommunications market is much different today, both in terms of the services customers rely upon for communication and the number and type of providers that offer those services. As the Commission examines its rules in this docket, it should be guided by the significant changes in how people communicate, communication priorities and available alternatives in the event of a service outage. There has been a major shift in the reliance on wireline voice service from the time when the service quality rules were established. Today, only 5% of Twin Cities' households and only 7% of outstate households rely solely on wireline service[1], meaning most households not only have an alternative form of voice communication in the event of a wireline service outage, but a preferred alternative form of voice communication.

In general, customers today are more reliant on their broadband service than their wireline voice telephone service. In response, broadband service is now Frontier's flagship service offering and the service most customers would prefer be restored first in the event of a service outage. Because of the decline in wireline voice as the preferred form of communication and the alternative forms of voice communication available to most consumers, Frontier's experience is that customers are most concerned about the reliability of their connection to the Internet, rather than their voice service. Given the choice between an interruption of their broadband service or their voice service, most customers would prefer a loss of voice service to a loss of broadband service.

Wireless voice service has become the primary vehicle which customers use for voice communication. Wireless connections in the state outnumber wireline connections by more than 2 to 1. Nearly everyone has a wireless device, and very few rely entirely on wireline voice services. Nationwide, 41.0% of households do not have a wireline phone. Nearly two-thirds of those aged 25-29 have only wireless telephones[2] indicating this trend toward reliance on wireless as the primary preference for voice communication will continue as the population ages.

Thus, the two primary communications services demanded by customers are broadband service and wireless service, with wireline voice service taking a backseat. But conversely, legacy Commission rules necessitate that those telecommunications carriers subject to the Commission's rules prioritize voice restoral over broadband and are not reflective of today's consumer desires.

From the supply perspective, the number of carriers offering wireline, wireless, and/or broadband services has mushroomed in recent years. Customers can take service from traditional

---

[1] US Department of Health and Human Services, *Wireless Substitution: State-level Estimates from the National Health Interview Survey, 2012*, released December 18, 2013.

[2] U.S. Department of Health and Human Services, *Wireless Substitution: Early Release of Estimates from the National Health Interview Survey, July-December 2013, released July 2014, page 2.*

wireline carriers (such as Frontier), from competitive wireline providers, from various wireless providers, from different types of VoIP providers; or from some combination of those providers. All manner of service offerings and bundled packages are available. Customers can decide to be wireline-only, wireless-only, broadband-only, or some other permutation. As it pursues its investigation in this docket, the Commission should keep in mind the full expanse of Minnesota's telecommunications market of today.

In the Notice, the Commission listed several specific areas of interest. Frontier addresses those specifics as follows.

<u>Competition in Minnesota's telecommunications market</u>

As indicated by the information sought in the Notice and by the discussions at the Commission's consideration of this matter at its May 15, 2014 meeting, there is a common understanding that the existence of competition in the telecommunications market would warrant changes in the Commission's service quality rules, specifically parts 7810.4100 through 7810.6100. As Frontier noted in its earlier comments in this matter, the need for regulatory oversight of telecommunications by the Commission was driven by the fact that at one time, telecommunications was not an open competitive market, like that of most other products and services. In a competitive market, the types of products or services provided, the prices for those products or services, and the way in which those product and services are provided are driven by market forces. Customers choose the products or services they desire from the provider of their choice. However, in the single-provider market environment of telecommunications that existed in years gone by these market forces did not exist, and the Commission was empowered to mandate all of those matters, as a surrogate for the market forces that shape other markets. With the emergence of competition in the state's telecommunications markets, it is appropriate for the Commission to re-examine the need for any prescriptive rules regarding the way services are provided, and specifically its service quality rules.

In examining the telecommunications market in Minnesota, it is important to recognize the wide variety of providers available to customers today. Besides the traditional wireline carriers or incumbent local exchange carriers ("ILECs"), such as Frontier, today's customer may satisfy their telecommunications needs through service obtained from competitive wireline carriers ("CLECs"), wireless carriers, cable companies, and VoIP providers of various types. It is important to note that the Commission's rules and authority over service quality only extend to a portion of these providers. Wireless carriers and VoIP providers are clearly outside the Commission's rules on service quality; the effective application of those rules to CLECs and cable companies is less clear. ILECs remain fully under the Commission's service quality rules. Thus, even if the Commission decides to modify their rules, there will continue to be a disparity between providers, with the obligations under the rules extending only to a fraction of the market.

Recent government figures illustrate the current state of Minnesota's telecommunications market. Traditional ILECs serve approximately 1.3 million lines; VoIP providers serve approximately 1.2 million lines; wireless providers serve approximately 5.2 million subscribers[3]. In the Twin Cities Metro Area, 37% of households are "wireless-only"; that is, they have chosen not to subscribe to wireline service, and use wireless service for their telecommunication needs. For the outstate area, 35% of households have made that same choice. Only 5% of Twin Cities' households and only 7% of outstate households rely solely on wireline service[4]. This shift toward wireless-only service continues, with more customers embracing that approach year-over-year.

What these figures mean is that the Commission's service quality rules apply to only about 17% of the lines in the state. Or put another way, ILECs, while only a small fraction of the market, are encumbered with rigorous service quality requirements that do not apply to the larger providers in the market. Further, it is clear that consumers see wireline and wireless services are substitutes. Indeed, over one-third of Minnesota households have decided that they no longer desire to purchase wireline service.

Competition in Frontier's telecommunications market

The statewide view of the telecommunications market is mirrored in those areas served by Frontier. Frontier serves areas both in the Twin Cities Metro Area as well as a large segment of outstate Minnesota. In 2001, Frontier served approximately 287,000 access lines; currently, we serve approximately 146,000. In other words, over the past 13 years we have lost roughly half of our customers to competitors of one sort or another.

Looking at the matter on an exchange-specific basis, during the period of 2012 and 2013, Frontier ported out customer numbers to 32 different competitors in nearly all of its 161

[3] FCC Wireline Competition Bureau, *Local Telephone Competition, Status as of June 30, 2013*, released June 2014.
[4] US Department of Health and Human Services, *Wireless Substitution: State-level Estimates from the National Health Interview Survey, 2012*, released December 18, 2013.

exchanges. Only nine exchanges did not experience a port-out to a competitor during that period. Thus, we experienced the loss of customers to competitors in 94% of our exchanges. Those nine exchanges without porting activity account for approximately 1,500 access lines out of a total of roughly 146,000 or about 1% of our customer base. Looking at it the other way, 99% of our customer base is in exchanges subject to current and active competition.

Wireless substitution

A threshold question that must be addressed in this rulemaking is whether wireless service is a substitute for wireline service. Indeed, the Commission raises this issue explicitly in the Notice. Actually, the Commission has already addressed this question in the past, on several occasions.

The Commission has approved several requests from wireless carriers to be designated as Eligible Telecommunications Carriers ("ETCs"), under the provisions of the Telecommunications Act of 1996. As the Commission explained, "The Telecommunications Act of 1996 is designed to open the nation's telecommunications markets to competition. Its universal service provisions are designed to keep competition from driving rates to unaffordable levels for low-income consumers and those in rural, insular, and high cost areas by subsidizing those rates. Only those carriers that have been designated as eligible telecommunications carriers ("ETC"s) are eligible to receive those subsidies."[5] In approving one of those ETC designation requests by RCC Minnesota, the Commission noted that the Administrative Law Judge assigned to the docket had concluded that "the record as a whole supports the proposition that consumers in Minnesota would receive the usual benefits of competition should RCC be designated as an ETC." In its order designating RCC Minnesota as an ETC, the Commission stated that "The ALJ, however, found that the evidence demonstrated that RCC should be able to compete for basic service and this will enable customers to choose between land lines and wireless phones for local service."[6], and further "The Commission concurs in and adopts the ALJ's conclusions".[7]

Thus in approving wireless carriers as ETCs, the Commission explicitly concluded that the

[5] Commission's *Order Granting Conditional Approval and Requiring Additional Filings*, issued July 31, 2003 in Docket PT6182,6181/M-02-1503, page 2.

[6] Commission's *Order Granting Conditional Approval and Requiring Additional Filings*, issued July 31, 2003 in Docket PT6182,6181/M-02-1503, page 8.

[7] Commission's *Order Granting Conditional Approval and Requiring Additional Filings*, issued July 31, 2003 in Docket PT6182,6181/M-02-1503, page 8.

service provided by those wireless carriers is in direct competition with wireline service. The Commission repeated that conclusion in its other wireless ETC designation dockets.

> "The Commission finds that Hickory Tech's filing, subject to a satisfactory compliance filing, meets the public interest. Consumers would receive the benefits of competition. They would have a choice of providers, features, local calling areas, usage amounts and prices."[8]

> "The Commission tentatively finds that granting the Company's petition would be in the public interest. Customers would be likely to benefit from increased competition, including the provision of services and functionalities that the incumbent providers do not offer." And, "The Commission will grant preliminary approval to the Company's application, finding that the Company has made a credible showing of its ability and intention to provide a high quality, affordable universal service offering throughout its proposed service area."[9]

Ultimately, the Commission approved wireless ETCs covering essentially all of Minnesota, excepting the Metro Area where there were no ETCs subsidies available due to the low cost to provide service.

While the Commission may have concluded that wireless service is a viable competitor to wireline service, the decisions of customers provide another perspective. Looking again at the data released by the Department of Health and Human Services that was mentioned above, we find that 58% of Minnesota households have both a wireless and a wireline phone. Most telling, however, are the statistics for households that have only a single phone connection. 35% of outstate Minnesota households are wireless-only; only 7% are wireline-only. 37% of Minnesota households in the Twin Cities are wireless-only; only 3% are wireline-only[10]. So, in situations that reflect true substitution (one or the other, but not both), customers are between five and twelve times more likely to choose wireless to wireline service.

There are various ways to look at this question, but ultimately the nub of the matter is

[8] Commission's *Order Granting Conditional Approval and Requiring Additional Filings,* issued August 14, 2003 in Docket PT6213/M-03-591, page 9.

[9] Commission's *Order Granting Conditional Approval and Requiring Further Filings,* issued March 19, 2003 in Docket PT6153/AM-02-686, pages 11 and 15.

[10] 1% of Minnesota households have no telephone service.

whether customers will drop wireline service and retain wireless service (or vice versa), when faced with that decision. Put another way, when faced with a choice of having only one service (wireline or wireless), which do customers choose? Clearly, customers see wireless and wireline service as direct competitors and substitutes.

<u>Department of Justice *Horizontal Merger Guidelines*</u>

The Notice asked commenters to address the market power analysis described in the U.S. Department of Justice's *Horizontal Merger Guidelines* ("DoJ Guidelines"). The DoJ Guidelines "outline the principal analytical techniques, practices, and the enforcement policy of the Department of Justice and the Federal Trade Commission (the 'Agencies') with respect to mergers and acquisitions involving actual or potential competitors ('horizontal mergers') under federal antitrust laws."[11] The DoJ Guidelines bear on situations where the number of competitors in a market is being reduced through acquisition or merger. No mergers or acquisitions are being considered in this Commission docket, so the focus of most of the analysis in DoJ Guidelines is not relevant to the matters under consideration in this docket. However, one of the topics covered by the DoJ Guidelines addresses the measurement or quantification of market concentration existing in a market. This topic may be instructive to the examination in this docket.

The DoJ Guidelines describe the use of the Herfindahl-Hirschman Index ("HHI") to measure market concentration. The HHI is calculated by summing the squares of the individual competitor's market shares. Based on the results of that computation, the HHI would describe a market with an index of less than 1,500 as unconcentrated; a market with an index between 1,500 and 2,500 as moderately concentrated; and a market with an index in excess of 2,500 as highly concentrated[12].

With some assumptions, the HHI approach could be applied to the telecommunications market in Minnesota. A problem with this approach is that particular carriers do not provide service to the entire state of Minnesota, but rather to specific limited geographic areas. For example, Frontier provides service within its ILEC exchange areas, but not elsewhere in the state. However, it is possible to approach the matter by focusing on competitor types, rather than specific competitors. Some ILEC serves essentially all of the population of Minnesota; some wireless

[11] U.S. Department of Justice *Horizontal Merger Guidelines*, issued August 19, 2010, page 1.
[12] U.S. Department of Justice *Horizontal Merger Guidelines*, issued August 19, 2010, pages 18 and 19.

carrier provides serves essentially all the population of Minnesota; etc. The market shares of these various competitor types are listed in the FCC's *Local Telephone Competition: Status as of June 30, 2013* report mentioned earlier.

A number of assumptions need to be made to use this approach. The FCC report does break out wireline and VoIP services between residential and business customers. However, the report does not make that same breakdown for wireless services. For purposes of this computation, it is assumed that half of the wireless lines are residential and half are business. Customers generally have a choice of at least two wireless carriers, oftentimes more than two. Two wireless providers with equal market shares are assumed for this computation. One CLEC is assumed to be providing service, as well as one cable company. Stand-alone VoIP services (such as Vonage) are available nearly everywhere. The assumptions conservatively reflect the status facing the vast majority of Minnesota customers.

With those assumptions, the calculations follow:

	Total			Residential			Business		
Competitor type	Lines	Market share	Share Squared	Lines	Market share	Share Squared	Lines	Market share	Share Squared
ILEC	1,284	17%	279	862	21%	455	423	12%	134
CLEC	456	6%	35	88	2%	5	369	10%	102
CLEC VoIP	620	8%	65	406	10%	101	214	6%	34
Wireless A	2,624	34%	1,164	1,312	32%	1,055	1,312	36%	1,291
Wireless B	2,624	34%	1,164	1,312	32%	1,055	1,312	36%	1,291
Stand-alone VoIP	82	1%	1	60	1%	2	22	1%	0
	7,690	100%		4,040	100%		3,652	100%	
HHI			**2,709**			**2,672**			**2,852**

All three of these perspectives show the telecommunications market to be at the low end of a highly concentrated designation. Further, the figures demonstrate that the largest providers, presumably the ones with the greatest market power, are the wireless carriers.

<u>Qwest Forbearance Petition for Phoenix, Arizona</u>

The Notice also referenced a petition by Qwest, asking the FCC to forbear from certain regulations in the Phoenix MSA regarding: wholesale obligations; switched access services; Part 61 price cap regulations; and some requirements regarding acquiring lines, discontinuing services, and transfers of control[13]. Thus, the bulk of the FCC's examination in that docket was related to wholesale services, not retail services. Indeed, the FCC noted that, "We find that Qwest faces competition in the Phoenix MSA from numerous competitors, though principally for retail services."[14] The FCC correctly noted that the wholesale telecommunications market is entirely different from the retail telecommunications market. The service quality rules at issue in this docket relate to retail services, and need to be considered in the context of the retail telecommunications market.

In its examination of the Phoenix wholesale telecommunications market, the FCC found little evidence of wholesale providers other than Qwest. Regarding the question of switched access regulations, the FCC found that the customer's local service provider possessed market power over the switched access service to that customer. Again, neither wholesale services nor switched access services are at issue in this docket, and the FCC's findings on these matters in Phoenix do not bear on the issues in this docket.

Regarding the retail services that were a part of the Qwest petition, as a preliminary matter the FCC concluded that wireless services were not a competitor to Qwest's retail services. The FCC arrived at this conclusion because the docket contained no "evidence that would support a conclusion that mobile wireless service constrains the price of wireline service."[15] For the FCC in that docket, the only metric that would mark a competitive situation in its eyes was "econometric analyses that estimate[d] the cross-elasticity of demand between mobile wireless and wireline access services."[16] Lacking such "econometric analyses", the FCC dismissed wireless services as a competitor. It is not clear that any kind of econometric analysis for cross-elasticity of demand is even possible in Minnesota, since service prices for ILECs, at least, are not primarily market-driven but rather are subject to regulatory constraints and obligations from both a state and federal level.[17] As they are in Minnesota, wireless providers were major players in the Phoenix telecommunications market. Approximately 30% of households in the Phoenix area were

---

13 FCC *Memorandum Opinion and Order*, Docket 09-135, released June 22, 2010, paragraph 22.
14 FCC *Memorandum Opinion and Order*, Docket 09-135, released June 22, 2010, paragraph 66.
15 FCC *Memorandum Opinion and Order*, Docket 09-135, released June 22, 2010, paragraph 58.
16 FCC *Memorandum Opinion and Order*, Docket 09-135, released June 22, 2010, paragraph 58.
17 For example, as a condition of its alternative regulatory plans, Frontier has capped its local service rates for periods of several years.

"wireless-only" in 2010[18]. Blinding their eyes to the prominent status of wireless service in the retail marketplace, the FCC concluded that Qwest and Cox constituted a duopoly for telephone service in Phoenix.

The FCC recognized that this approach conflicted with its earlier decisions, but concluded that, absent any "econometric analyses that estimate the cross-elasticity of demand between mobile wireless and wireline access services", its hands were tied by the "comprehensive analytic approach"[19] it had decided to employ, and it could not recognize wireless services as competitors to wireline service. This Commission should not tie itself into such theoretical knots in this docket, but rather look at the facts presented by real customers and real providers in the today's telecommunications market.

Specific rule changes

The Notice asked parties to suggest specific changes to the language of rules 7810.4100 through 7810.6100. As shown by the discussion above, the retail telecommunications market in Minnesota is a competitive one. As such, the actions and behaviors of the competitors primarily need to satisfy customers, since unsatisfied customers will vote with their feet and terminate service from carriers with which they are unhappy. That is not to say there is no need for Commission rules, but rather that those rules should focus on matters that are not part of the normal market interplay between customer and provider.

The changes proposed would remove obsolete material and update expectations to reflect the current state of the telecommunications market. Several rules are proposed to be deleted. In actuality, most of these rules play no part in the decisions Frontier makes about its operations and procedures. For example, Rule 7810.4100 requires a telephone utility to have test facilities. Frontier has test facilities, not because the rule says we must, but because prudent management practices and a desire to provide satisfactory service to customers require it.

Frontier does not believe that the changes it proposes will have a deleterious effect on the overall service quality provided to customers. Most of the proposed changes are to rules that have little, if any, practical bearing on the service quality received by customers. Other changes would

[18] US Department of Health and Human Services, *Wireless Substitution: State-level Estimates from the National Health Interview Survey, January 2007 - June 2010*, released April 20, 2011.
[19] FCC *Memorandum Opinion and Order*, Docket 09-135, released June 22, 2010, paragraph 61.

bring the service standards into conformity with the expectations of today's customers.

As mentioned earlier, these rules apply only to a small fraction of the overall telecommunications market in Minnesota. To the extent that an asymmetric burden can be removed from one segment of providers, the competitive equity of the market will be improved.

7810.4100 ACCESS TO TEST FACILITIES.

Current rule language)
Each telephone utility shall provide or have access to test facilities which will enable it to determine the operating and transmission capabilities of circuit and switching equipment, either for routine maintenance or for fault location.

Proposed rule language)
This rule can be deleted. The micro-managing of provider operations by rule is no longer necessary or useful. Deletion of the rule will not adversely impact service quality, as carriers are keen to provide satisfactory service to their customers in order to retain their business.

7810.4300 ACCURACY REQUIREMENTS.

Current rule language)
All meters and/or recording devices used to record data and prepare customers' bills shall be in good mechanical and electrical condition, shall be accurately read, and shall not involve approximations. All meters and/or recording devices shall accurately perform the following.

For message rate service, where timing of length of message is not involved, the meter and/or recording device shall show accurately the number of completed messages sent by the station which it is measuring. For message rate and/or toll service when in addition to recording the calls it is necessary to time the calls, the meter and/or recording device shall show accurately the number of calls and the talking time involved in each call and the station making such call. When the recording equipment provides coded information that is used to automatically prepare customer bills, accurate interpretation of such coded information is required.

Proposed rule language)
Much of the content of this rule can be deleted, as unnecessary at this time. The deleted aspects of

the rule will not adversely impact service quality, as carriers are keen to provide satisfactory service to their customers in order to retain their business. Frontier proposes a simplified version:

All meters and/or recording devices used to record data and prepare customers' bills shall accurately read and record the data.

7810.4900 ADEQUACY OF SERVICE.

Current rule language)

Each utility shall employ reasonable engineering and administrative procedures to determine the adequacy of service being provided to the customer. Traffic studies shall be made and records maintained to the extent and frequency necessary to determine that sufficient equipment and an adequate operating force are provided during the busy hour, busy season. Each telephone utility shall provide emergency service in all exchanges operated in which regular service is not available at certain periods during the 24 hours of the day. When service is not continuous for the full 24-hour day, proper arrangements shall be made for handling emergency calls during the off-periods by the use of alarms maintained in proper conditions with someone conveniently available so that emergency calls will be given prompt attention.

Each utility shall employ adequate procedures for assignment of facilities. The assignment record shall be kept up to date and checked periodically to determine if adjustments are necessary to maintain proper balance in all groups.

Proposed rule language)

Much of the content of this rule can be deleted, as unnecessary at this time. The deleted aspects of the rule will not adversely impact service quality, as carriers are keen to provide satisfactory service to their customers in order to retain their business. Frontier proposes a simplified version:

Each utility shall employ reasonable engineering and administrative procedures to determine the adequacy of service being provided to the customer.

Each utility shall employ adequate procedures for assignment of facilities. The assignment record shall be kept up to date and checked periodically.

7810.5000 UTILITY OBLIGATIONS.

Current rule language)
Each telephone utility shall provide telephone service to the public in its service area in accordance with its rules and tariffs on file with the commission. Such service shall meet or exceed the standards set forth in this chapter. Each telephone utility has the obligation of continually reviewing its operations to assure the furnishing of adequate service. Each telephone utility shall maintain records of its operations in sufficient detail as is necessary to permit such review and such records shall be made available for inspection by the commission upon request at any time within the period prescribed for retention of such records. Each utility shall make measurements to determine the level of service for each item included in these rules. Each utility shall provide the commission or its staff with the measurements and summaries thereof for any of the items included herein on request of the commission or its staff. Records of these measurements and summaries shall be retained by the utility as specified by the commission.

Where a telephone utility is generally operated in conjunction with any other enterprise, suitable records shall be maintained so that the results of the telephone operation may be determined upon reasonable notice and request by the commission.

Proposed rule language)
This rule can be retained as it is.

7810.5100 TELEPHONE OPERATORS.

Current rule language)
Suitable practices shall be adopted by each telephone utility concerning the operating methods to be employed by operators with the objective of providing efficient and pleasing service to the customers. Telephone operators shall be instructed to be courteous, considerate, and efficient in the handling of all calls, and to comply with the provisions of the Communications Act of 1934 in maintaining the secrecy of communications. All operator-handled calls shall be carefully supervised and disconnects made promptly. When an operator is notified by a customer that the customer has reached a wrong number on a direct-dialed call, the customer shall be given a bill credit when the claim has been substantiated.

Proposed rule language)

Much of the content of this rule can be deleted, as unnecessary at this time. The deleted aspects of the rule will not adversely impact service quality, as carriers are keen to provide satisfactory service to their customers in order to retain their business. Frontier proposes a simplified version:

When an operator is notified by a customer that the customer has reached a wrong number on a direct-dialed call, the customer shall be given a bill credit when the claim has been substantiated.

7810.5200 ANSWERING TIME.

Current rule language)
Adequate forces shall be provided at local manual offices in order to assure that 95 percent of the calls will be answered within ten seconds. Ninety percent of repair service calls, calls to the business office, and other calls shall be answered within 20 seconds. An "answer" shall mean that the operator or representative is ready to render assistance and/or ready to accept information necessary to process the call. An acknowledgment that the customer is waiting on the line shall not constitute an answer.

Proposed rule language)
The reference to manual offices is obsolete, and should be deleted. The "90% answered within 20 seconds" is a high bar, exceeding the results achieved by call centers in other industries. A more representative standard is 80% answered within 20 seconds. Alternatively, some carriers may desire to operate and organize their call centers around different call center metrics. For example, Frontier has been operating under an answer time metric of an average answer time, with the standard being an average answer time of 60 seconds. The rule should allow for carriers to choose the metric that best fits their business plans.

Frontier proposes a revised version:

Eighty percent of repair service calls, calls to the business office, and other calls shall be answered within 20 seconds. Alternatively, the average answer time for repair service calls, calls to the business office, and other calls shall be 60 seconds or less. An "answer" shall mean that the operator or representative is ready to render assistance and/or ready to accept information necessary to process the call. An acknowledgment that the customer is waiting on the line shall not constitute an answer.

7810.5300 DIAL SERVICE REQUIREMENTS.

Current rule language)
Sufficient central office capacity and equipment shall be provided to meet the following minimum requirements during average busy season, busy hour:

A. Dial tone within three seconds on at least 98 percent of telephone calls. Dial tone delays of more than 2.6 percent of calls on a continuing basis indicates a need for investigative or corrective action.

B. Complete dialing of called numbers on at least 97 percent of telephone calls without encountering an all-trunks busy condition within the central office.

Proposed rule language)
This rule can be deleted. The deletion of the rule will not adversely impact service quality, as carriers are keen to provide satisfactory service to their customers in order to retain their business.

7810.5400 INTEROFFICE TRUNKS.

Current rule language)
Local interoffice trunks shall be provided so that at least 95 percent of telephone calls offered to the group will not encounter an all-trunks-busy condition. For toll connecting trunks, this figure shall be at least 97 percent. When the completion rate falls below 95 percent on a continuing basis investigative or corrective action should be initiated.

Proposed rule language)
This rule can be deleted. The deletion of the rule will not adversely impact service quality, as carriers are keen to provide satisfactory service to their customers in order to retain their business.

7810.5500 TRANSMISSION REQUIREMENTS.

Current rule language)
Telephone utilities shall furnish and maintain adequate plant, equipment, and facilities to provide satisfactory transmission of communications between customers in their service areas. Transmission shall be at adequate volume levels and free of excessive distortion. Levels of noise

and cross talk shall be such as not to impair communications.

Proposed rule language)
This rule can be retained as it is.

7810.5800 INTERRUPTIONS OF SERVICE.

Current rule language)
Each telephone utility shall make all reasonable efforts to prevent interruptions of service. When interruptions occur, the utility shall reestablish service with the shortest possible delay. The minimum objective should be to clear 95 percent of all out-of-service troubles within 24 hours of the time such troubles are reported. In the event that service must be interrupted for purposes of working on the lines or equipment, the work shall be done at a time which will cause minimal inconvenience to customers. Each utility shall attempt to notify each affected customer in advance of the interruption. Emergency service shall be available, as required, for the duration of the interruption.

Every telephone utility shall inform the commission, as soon as possible, of any major catastrophe such as that caused by fire, flood, violent wind storms, or other acts of God which apparently will result in prolonged and serious interruption of service to a large number of customers.

Proposed rule language)
The existing standard of clearing 95% of out-of-service troubles is a very stringent expectation, which has an enormous impact on the carrier’s resources and work processes, and necessitates prioritizing restoral of wireline voice service over the much preferred priority of broadband service restoral. A number of changes have occurred since the standard was first put into rule that warrant a change. In the vast majority of cases, customers whose wireline voice service is interrupted are not left without means to carry on voice communications. Roughly 95% of Minnesota customers have a wireless telephone which will be available for any communications needs during an outage. The importance of broadband service in customers’ lives now generally exceeds the importance of their wireline voice service. Customers generally are more concerned about the prompt restoral of their broadband service, rather than their voice service. However, the existing standard forces carriers to prioritize the restoral of voice service over broadband service, in direct conflict with customer wishes. Therefore, a revision to the rule to reflect the current

environment and more closely align with customer desires is appropriate. Frontier proposes a revised version:

Each telephone utility shall make all reasonable efforts to prevent interruptions of service. When interruptions occur, the utility shall reestablish service as soon as practicable. The minimum objective should be to clear 85 percent of all out-of-service troubles within 24 hours of the time such troubles are reported, or by the date of a repair appointment established with the customer. In the event that service must be interrupted for purposes of working on the lines or equipment, the work shall be done at a time which will cause minimal inconvenience to customers.

Every telephone utility shall inform the commission, as soon as possible, of any major catastrophe such as that caused by fire, flood, violent wind storms, or other acts of God which apparently will result in prolonged and serious interruption of service to a large number of customers.

7810.5900 CUSTOMER TROUBLE REPORTS.

Current rule language)
Arrangements shall be made to receive customer trouble reports 24 hours daily and to clear trouble of an emergency nature at all hours, consistent with the bona fide needs of the customer and personal safety of utility personnel.

Each telephone utility shall maintain an accurate record of trouble reports made by its customers. This record shall include appropriate identification of the customer or service affected, the time, date, and nature of the report, the action taken to clear trouble or satisfy the complaint, and the date and time of trouble clearance or other disposition. This record shall be available to the commission or its authorized representatives upon request at any time within the period prescribed for retention of such records.

It shall be the objective to so maintain service that the average rate of all customer trouble reports in an exchange is no greater than 6.5 per 100 telephones per month. A customer trouble report rate of more than 8.0 per 100 telephones per month by repair bureau on a continuing basis indicates a need for investigative or corrective action.

Proposed rule language)
Frontier’s experience is that average rate of customer troubles is lower now than when this

standard was put into rule. To reflect the current environment, Frontier proposes a revised version:

Arrangements shall be made to receive customer trouble reports 24 hours daily and to clear trouble of an emergency nature at all hours, consistent with the bona fide needs of the customer and personal safety of utility personnel.

Each telephone utility shall maintain an accurate record of trouble reports made by its customers. This record shall include appropriate identification of the customer or service affected, the time, date, and nature of the report, the action taken to clear trouble or satisfy the complaint, and the date and time of trouble clearance or other disposition. This record shall be available to the commission or its authorized representatives upon request at any time within the period prescribed for retention of such records.

It shall be the objective to so maintain service that the average rate of all customer trouble reports in an exchange is no greater than 5 per 100 telephones per month.

7810.6000 PROTECTIVE MEASURES.

Current rule language)
Each utility shall exercise reasonable care to reduce the hazards to which its employees, its customers, and the general public may be subjected. The utility shall give reasonable assistance to the commission in the investigation of the cause of accidents and in the determination of suitable means of preventing accidents.

Proposed rule language)
This rule can be retained as it is.

7810.6100 SAFETY PROGRAM.

Current rule language)
Each utility shall adopt and execute a safety program, fitted to the size and type of its operations.

As a minimum, the safety program should:

A. require employees to use suitable tools and equipment in order that they may perform their work in a safe manner;

B. instruct employees in safe methods of performing their work; and

C. instruct employees who, in the course of their work, are subject to the hazard of electrical shock, asphyxiation, or drowning, in accepted methods of artificial respiration.

Proposed rule language)
This rule can be deleted, as there are other state and federal requirements covering workplace safety matters. There will be no impact to service quality.

Conclusion

Modes of communication have changed dramatically since the Commission's service quality rules were established. Reliance on wireline voice service has greatly diminished as the sole or even primary means of communication. Current rules artificially cause regulated carriers to misallocate resources for restoral of services customers most rely upon (high-speed Internet access) to wireline voice service which is a generally a far lower priority due to societal changes and overlapping alternative voice service from wireless providers. Frontier urges the Commission to revise its service quality rules, to reflect the current consumer communication needs. Frontier believes that the changes to the rule language that Frontier proposes are appropriate and necessary to better meet customer needs, and requests that the Commission to adopt those changes.

Dated December 4, 2014

Respectfully submitted,

CITIZENS TELECOMMUNICATIONS COMPANY OF MINNESOTA, LLC
FRONTIER COMMUNICATIONS OF MINNESOTA, INC.

/s/ Scott Bohler

Scott Bohler
Manager, Government and External Affairs
2378 Wilshire Blvd. Mound, MN 55364
(952) 491-5534 Telephone
scott.bohler@ftr.com