

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Petition of Verizon)
Northwest Inc. for an Order Approving)
Commencement Of Bifurcated General Rate)
Case and Waiver of WAC 480-07-510(2)) **DOCKET NO. UT-**

DIRECT TESTIMONY OF
DEBORAH ANDERS
ON BEHALF OF
VERIZON NORTHWEST INC.

APRIL 30, 2004

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I. INTRODUCTION

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Deborah Anders. My main business address is 112 South Lakeview Canyon
3 Rd., Thousand Oaks, California, and I also maintain an office at 1800 41st Street, Everett,
4 Washington.

5
6 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

7 A. I am employed by Verizon's National Operations organization as Region President for
8 the company's West Coast Region. This Region includes Verizon Northwest Inc.'s
9 ("Verizon NW" or "Company") operation, as well as the operations of Verizon California
10 Inc. I am responsible for Verizon's local exchange company operations in the Region. I
11 am testifying on behalf of Verizon NW.

12
13 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND WORK
14 EXPERIENCE.**

15 A. I have a bachelor's degree in economics from the University of South Florida. I began
16 my career with GTE in 1972 and held positions of increasing responsibility with the
17 telephone operations, data services and headquarters organizations in functions including
18 sales, marketing and operations. More recently, in 1997 I became Vice President and
19 General Manager - Commercial Services for GTE Data Services, responsible for
20 marketing software and information technology services to business customers
21 worldwide. In 2000, I became the Verizon National Operations California Region

1 President and I assumed my current position in February 2004 when the California and
2 Northwest regions' operations were combined to form the West Coast Region.

3
4 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

5 A. I describe how Verizon NW is prudently providing quality telecommunications services
6 in Washington. I start with a brief overview of Verizon NW's Washington operations. I
7 then discuss Verizon NW's performance compared to the Washington Utilities and
8 Transportation Commission ("WUTC") service quality rules, as well as other service
9 quality measures. Next I give several examples of service improvement and quality
10 programs implemented by the Company to reduce costs and maintain and improve the
11 high quality of service our customers have come to expect. I also address the Company's
12 level of capital investment in Washington.

13
14 **II. VERIZON NW'S WASHINGTON OPERATIONS**

15 **Q. WHAT INTRASTATE TELECOMMUNICATIONS SERVICES DOES VERIZON**
16 **NW PROVIDE IN WASHINGTON?**

17 A. Verizon NW provides retail wireline telecommunications services, including traditional
18 local exchange services, custom calling features, in-region (intraLATA) long distance,
19 directory assistance, and an array of data services. The Company also provides switched
20 and special access services to other carriers, as well as wholesale services required of it
21 under the Telecommunications Act of 1996 and related Federal Communications
22 Commission rules (such as unbundled network elements, collocation and end user
23 services for resale).

1 **Q. WHAT TYPES OF RETAIL CUSTOMERS DOES VERIZON NW SERVE?**

2 A. By far the largest part of the Company's customer body consists of residential local
3 exchange service customers – approximately 620,000 lines. The Company provides
4 business local exchange service to approximately 235,000 lines - mostly small and
5 medium sized customers. The Company also provides local exchange, data and other
6 services to large customers such as Boeing, Microsoft, Nintendo of America, Safeco, and
7 AT&T Wireless, and several major state and federal government entities, including
8 Washington State University, the Department of Energy, and the United States Navy
9 Homeport in Everett.

10

11 **Q. WHAT PARTS OF THE STATE DOES VERIZON NW SERVE?**

12 A. Verizon NW's traditional service area consists of nearly 80 exchanges and about a
13 hundred wire centers in eighteen counties, which are clustered in several parts of the
14 state. In the Puget Sound area, Verizon NW's service area extends generally from
15 Kirkland and the north side of Seattle along the west side of the Cascades (including as
16 far east as Stevens Pass) all the way to the Canadian border (with the exception of the
17 city of Bellingham, which is served by Qwest). Verizon NW also serves the north half of
18 Whidbey Island and all of Camano Island. Verizon NW serves the Kennewick/Richland
19 area along the Columbia River and several exchanges in the center of the state, ranging
20 from George up through Wenatchee, Leavenworth and Chelan to Bridgeport. North of
21 there, the Company also serves several exchanges grouped along the Canadian border.
22 Outside of Spokane and along the Idaho border, Verizon NW serves from Pullman in the
23 south up to Rockford, and it serves one exchange in the northeast corner of the state. The

1 Company also serves the Westport and Grayland exchanges on the Pacific coast, and the
2 Woodland and Camas-Washougal exchanges along the Columbia River near Portland,
3 Oregon.

4
5 **Q. WHAT ARE THE CHARACTERISTICS OF THESE AREAS THAT AFFECT**
6 **HOW THE COMPANY PROVIDES SERVICE?**

7 A. The terrain, climate, and customer density characteristics vary greatly across the
8 Company's Washington service area.

9
10 The Company's service area includes coastal and mountain areas and the plains found in
11 eastern Washington. Winter wind, rain and even snowstorms in the coastal areas can
12 affect both construction and repair activity from time to time. East of the Cascades, the
13 winter cold and snow makes construction impossible in some places and present
14 challenges for repair activities.

15
16 Especially in the central and eastern part of the state, the Company's exchanges tend to
17 have low density towns surrounded by many square miles of even less densely populated
18 territory. In some places, the Company serves small clusters of customers in fairly
19 remote locations. In these areas, the Company's exchanges and wire centers are small in
20 terms of lines served, with office sizes as small as a few hundred lines.

21

1 Parts of the exchanges around Lake Washington and up to Everett and Marysville are
2 fairly well developed with commercial and residential areas, but even those Verizon NW
3 exchanges contain large areas of farmland and other rural, sparsely populated territory.

4
5 In the more built-up areas, construction can be more costly on a per foot basis but less
6 costly on a per line basis, compared with the less densely populated areas, where the
7 reverse can be true. Similarly, in addition to the terrain and climates factors, repair costs
8 are higher in the more remote and less densely populated areas because of the greater
9 distances that technicians need to travel between jobs.

10
11 **Q. PLEASE DESCRIBE HOW VERIZON NW PROVIDES**
12 **TELECOMMUNICATIONS SERVICES THROUGHOUT ITS VARIED**
13 **WASHINGTON TERRITORY.**

14 A. It takes a great deal of investment in equipment, cable, and people to provide
15 telecommunications services throughout Verizon NW's dispersed and varied service area.
16 At the center of all our services are our central offices, which are the hub of Verizon
17 NW's network. There are over 200 digital switching locations that allow calls to be
18 connected from Washington to anywhere in the world. They are manned by a group of
19 extremely well trained technicians who ensure the continual flow of traffic. In addition,
20 to ensure the reliability of the network at all times, both the central offices and the
21 network are remotely monitored 24 hours a day allowing Verizon NW to detect problems
22 before they become major and to dispatch repair personnel quickly to an outage. From
23 the central offices over 2,400 miles of fiber and 25,000 miles of copper cable extend to

1 very rural areas of Eastern and Northern Washington as well as the more populated urban
2 areas. Some of this cable traverses mountains and plains to bring telecommunications
3 services to rural isolated communities such as Rosalia and Tonasket. Other parts of this
4 cable go through more densely populated areas like Everett and the east side of Lake
5 Washington, bringing not only basic local services to residential and business customers,
6 but also many specialized services to business customers. Our planners and engineers
7 work together to design the most optimum route for each service and hand this over to
8 our construction department to build the route, placing the cable and splicing it together.

9
10 There is a myriad of support personnel who take orders for new services, assign facilities
11 to those services, and then install those services. In addition, when something goes
12 wrong our repair centers are open 24 hours a day to take repair calls and route the trouble
13 to the best possible fix point, whether that is in the central office, or outside in our
14 network, or even at the customers premise. In the field, we have approximately 250
15 technicians to install and repair telephone service around the State of Washington.

16
17 **Q. HOW MANY EMPLOYEES WORK IN WASHINGTON SUPPORTING THE**
18 **COMPANY'S OPERATION?**

19 A. Currently, approximately 1,750 employees work in the state supporting Verizon NW's
20 Washington operation.

III. SERVICE QUALITY LEVELS

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Q. IS VERIZON NW PROVIDING QUALITY SERVICE IN WASHINGTON?

A. Yes. Verizon NW is providing high quality telecommunications service to its Washington customers. The Company has various systems in place to ensure service quality performance. The Company continually monitors the service that its customers receive and has established processes and programs to ensure service is maintained at high quality levels.

Q. PLEASE DESCRIBE THE COMPANY'S PERFORMANCE IN RELATION TO THE WUTC'S SERVICE QUALITY RULES.

A. Verizon NW's performance relative to the service quality rules detailed in WAC 480-120 has been excellent, both for the new rules that were effective July 1, 2003, as well as rules that were effective prior to July 1, 2003. In addition, Verizon NW complied with the more stringent service standards that were a condition of the WUTC's approval of the GTE/Bell Atlantic merger.

Q. WHAT OTHER MEASURES DOES VERIZON NW EMPLOY TO MONITOR THE LEVELS OF SERVICE PROVIDED TO CUSTOMERS?

A. We use internal measurements of network performance and service delivery, and we survey customers and ascertain their level of satisfaction with the Company's service.

1 **Q. WHAT ARE SOME OF THE TYPES OF MEASUREMENTS THE COMPANY**
2 **USES IN ADDITION TO THE COMMISSION'S SERVICE STANDARDS?**

3 A. One area of performance on which the Company focuses is minimizing repeat trouble
4 reports. We know this is a key factor in customer satisfaction and our objective is to
5 install and repair services right the first time. Our monitoring detects when customers
6 make trouble reports more than once within various periods of time, we investigate the
7 causes of those repeat reports, and where any trends or common problems become
8 apparent we take corrective action so that other customers are not affected. We also
9 follow customers over a six month period, looking to see if any average one or more
10 trouble reports per month. In January 2004, for example, out of all the customers we
11 serve in Washington, fewer than fifty fell into that category.

12
13 **Q. PLEASE DESCRIBE THE COMPANY'S CUSTOMER SURVEYS.**

14 A. The surveys focus on specific recent interaction the customer has had with the Company.
15 Separate surveys measure the areas of Repair and Installation. The customer surveys are
16 conducted via telephone interviews by the Verizon customer satisfaction research center.
17 This center is able to collect both quantitative and qualitative information from customers
18 in English, Spanish, and Mandarin/Cantonese. To insure impartiality, Verizon employs a
19 contractor to manage the center, which since June 1999 has been the research firm
20 Market Insights. Market Insights has extensive in-depth experience with call centers
21 around the country and has managed many telecommunications data collection centers.

22

1 **Q. WHAT ARE THE RESULTS OF THESE CUSTOMER SURVEYS?**

2 A. For 2003, 96.0% of Washington Consumer customers rated Verizon NW's installation
3 service outstanding, very good, or satisfactory. Similarly, 91.1% of Washington
4 Consumer customers rated Verizon NW's repair service outstanding, very good, or
5 satisfactory. For Small Business customers, 93.6% and 89.4% rated their installation and
6 repair service, either outstanding, very good, or satisfactory.

7
8 **Q. HOW DOES VERIZON NW USE THESE SURVEY RESULTS TO MAINTAIN
9 AND IMPROVE ITS SERVICE QUALITY LEVELS?**

10 A. The Company's customer service teams review the survey results continuously. Root
11 cause analyses are performed when the results indicate problem areas, and corrective
12 actions are taken.

13
14 **Q. WHAT OTHER FACTORS AFFECT THE COMPANY'S ABILITY TO
15 PROVIDE CUSTOMER SATISFACTION AND TO EFFICIENTLY RUN ITS
16 OPERATION?**

17 A. An important factor in providing outstanding customer service is having a highly
18 motivated and engaged workforce. We devote significant effort to the Company's
19 culture and work environment. As an example, each quarter the Northwest senior
20 management team meets with union leaders and members in the Common Interest Forum
21 ("CIF"). The mission of the CIF is to foster positive, proactive union/management
22 relationships that establish and maintain market leadership in a competitive environment
23 and address resulting employee concerns. In these meetings, we share and discuss

1 information that impacts employees; seek innovative approaches, which enhance our
2 competitive position, the employment environment, and the security of the union; and
3 promote mutual respect between and within all levels of the unions and Company.
4

5 We also take a positive approach to improving our Provisioning and Repair processes. In
6 our Consumer and General Business segment, we have four teams in place that create and
7 review action plans to stay abreast of what our customers are saying about us through our
8 Customer Care surveys. By analyzing those survey results we focus on areas of
9 improvement required by our customers, and also help coach our employees to become
10 better at doing what the customer expects of us.
11

12 We look for the best practice successes in all our processes and share them among the
13 various workgroups so everyone can benefit from the information, especially our
14 customers. On repair, we work closely with our customers to attempt isolation of the
15 trouble, which may resolve their problem without having to dispatch a technician. In
16 regard to outages, we attempt to keep customers affected by an outage informed of our
17 progress until it is resolved. Because our customer needs are continuously evolving, we
18 adapt the way we do business to better meet their evolving assessment as to what
19 constitutes outstanding customer service.
20

21 **Q. HOW DOES THE LEVEL OF SERVICE VERIZON NW IS PROVIDING**
22 **WASHINGTON CUSTOMERS COMPARE TO SERVICE LEVELS PROVIDED**
23 **BY OTHER LOCAL EXCHANGE CARRIERS?**

1 A. Based on a review of the Federal Communications Commission ARMIS 43-05 reports¹
2 for the most recent period available, Verizon NW is providing its Washington customers
3 higher levels of service than the aggregate of Incumbent Local Exchange Carriers in the
4 state of Washington. As shown in the table below, for the year 2003 for five of the six
5 measures available in the ARMIS reports, Verizon NW's performance is better than the
6 Washington aggregate.

<u>FCC Report 43-05 for the Year 2003</u>		
	Wash. <u>Aggregate</u>	Wash. <u>Verizon</u>
NW Avg Install Intervals-Days	0.5	0.4
OOS Repair Intervals in Hrs	13.6	10.4
Repeat OOS Trouble Reports as % of Initial OOS Trouble Reports	13.9%	7.3%
State Complaints per 1M Lines	63	53
Total Trouble Reports per Month per 100 lines	0.89	0.81
% Local Install Comm Met	99.5 %	99.04%

7

8 **Q. HOW MUCH CAPITAL INVESTMENT HAS VERIZON NW MADE IN THE**
9 **STATE OF WASHINGTON IN RECENT YEARS?**

10 A. Verizon NW invested \$114.1M and \$111.5M of net constructed additions in the state of
11 Washington for the years 2002 and 2003, respectively. As the Company indicated to the
12 Commission in its annual budget filing, it may invest \$112.5M in 2004, subject to issues
13 Mr. Banta addresses.

14

¹ See http://svartifoss2.fcc.gov/eafs/adhoc/table_year_tab.cfm?reportType=4305.

1 **IV. SERVICE QUALITY AND OPERATIONAL IMPROVEMENT PROGRAMS**

2 **Q. WHAT ARE SOME EXAMPLES OF SPECIFIC COMPANY PROGRAMS THAT**
3 **INCREASE CUSTOMER SATISFACTION AND OPERATIONAL**
4 **EFFICIENCIES?**

5 A. Verizon NW has many programs directly aimed at identifying and correcting customer
6 problems. These programs include:

- 7 1. Customer Contact, Close-Out, and Call Back Procedures
- 8 2. The Talk, Talk, Talk Program
- 9 3. The Verizon West Network Control Center
- 10 4. The Customer Access Scheduling System
- 11 5. DAVAR Testing Process
- 12 6. The Infrastructure Improvement Program
- 13 7. A variety of programs associated with enhancements to the Company's dispatch
14 process.

15
16 **Q. PLEASE DESCRIBE THESE PROGRAMS.**

17 A. The **Customer Contact, Close-Out, and Call Back Procedure** focuses on increased
18 customer service, as we believe proper communications is one of the keys to providing
19 excellent customer service. Analysis of the customer opinion surveys I mentioned
20 previously shows that customer satisfaction ratings are significantly less when we do not
21 inform customers of service order or trouble ticket status. This procedure requires the
22 field technician to call ahead to the customer on installation and repair activity, talk with
23 the customer before beginning the installation or repair work, keep the customer

1 informed periodically throughout the service call, and after completing the work, explain
2 to the customer what was done to correct the problem or to install the service.

3
4 The **Talk, Talk, Talk** program provides positive reinforcement to employees who
5 contribute to the overall satisfaction of our customers through proper customer
6 communication. Based on data from customer surveys discussed previously, a technician
7 receives a \$25 gift certificate when the customer indicates they were contacted by the
8 technician in advance of the service to confirm his/her arrival, that the technician
9 explained what work was done, that the customer received a follow-up telephone call
10 from a Verizon NW employee to verify that their request for service was completed, and
11 if the customer's overall rating of service was either "Outstanding" or "Very Good".

12
13 The **Verizon West Network Control Center** ("NCC") provides around the clock
14 surveillance, analysis, Tier I support, and outage restoration services for the over 1,100
15 Verizon-owned switch and transport network elements in the state of Washington. NCC
16 switch and transport surveillance allows Verizon NW to quickly respond to network
17 troubles, which often results in either the prevention of network outages or minimal
18 outage duration. Furthermore, Tier I support performs proactive trend analysis of
19 network troubles within the state of Washington in order to identify and correct chronic
20 trouble before it results in an outage. Finally, as the single-point-of-contact for outage
21 restoration activities, the NCC has a direct hand in detecting network outages, notifying
22 field personnel in Washington, and directing outage restoration. The process contributes

1 significantly to minimal outage durations. The NCC is an ISO 9002 certified
2 organization, which helps ensure quality and continual process improvement.

3
4 The **Customer Access Scheduling System** (“CASS”) is a mechanized method of
5 providing Verizon NW field forces access to the customer premise during a window of
6 time that is convenient to the customer. CASS allows the repair or service representative
7 to negotiate an agreeable arrival time/date with the customer from a displayed list of
8 available appointment times.

9
10 **The DAVAR (Data-Keeping and Verification Administration Records) Testing**
11 **Process** compares facility records in the Company’s inventory system, AAIS-DS, to the
12 physical facilities in the field. Testing can be done at the Central Office Main
13 Distribution Frame (MDF) or at the Cross-Connect. Through this process we are able to
14 correct records, identify defective pairs, recover available facilities and ensure proper
15 documentation of pairs recovered. In 2003, Verizon NW tested 210,582 pairs, physically
16 recovered 344 pairs, and corrected 16,696 data base errors in Washington. This resulted
17 in a capital cost avoidance of over \$2.2M.

18
19 The **Infrastructure Improvement Program** (“IIP”) prioritizes the replacement and
20 maintenance of outside plant facilities based on the highest potential trouble ticket
21 reduction for the amount of capital and expense dollars expended. In 2003, Verizon NW
22 expended approximately \$966,000 in capital and approximately \$352,000 in expense to

1 proactively remove 4,901 potential troubles from its Washington network. The 4,901
2 troubles equate to an annual expense savings of just over \$1.6M.

3
4 Over the last several years, the Company has made several investments to enhance the
5 **Company's dispatch processes**. In 2001, laptops were deployed to field technicians and
6 their supervisors. The laptops allow for improved access to Verizon NW's internal
7 systems, are Internet and wireless capable, and increase our technicians' ability to deliver
8 outstanding service through improved testing capabilities.

9
10 In 2001, the Company also implemented WebAWAS (Automated Work Assignment
11 System) and AWAS Workbench. WebAWAS is a web based application that allows
12 field technicians to access the dispatch system, download jobs onto their laptops via a
13 personal web server, perform the work with their customers and process the jobs via
14 Intranet connectivity. This improves the speed at which they can process their jobs and
15 serve the customer. AWAS Workbench is a windows-based dispatch system that is based
16 upon customer report criteria. It also includes system generated geographic routing
17 efficiencies based on the technician's current location. System communication functions
18 allow for immediate communication between the dispatch center and technicians for
19 escalations of priority work.

20

1

V. SUMMARY AND CONCLUSION

2

Q PLEASE SUMMARIZE YOUR TESTIMONY.

3

A. Verizon NW provides quality service in accordance with Commission and customer expectations.

4

5

6

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

7

A. Yes, it does.