Q. State your name and business address.

A. My name is Suzanne L. Stillwell, and my business address is 1300 South Evergreen Park Drive SW, Olympia, Washington, 98504.

Q. By whom are you employed and in what capacity?

A. I am employed by the Washington Utilities and Transportation Commission (Commission) as a Supervisor in the Consumer Affairs Section (CAS). I have been employed by the Commission since March 1992.

Q. What is your educational background and work experience?

A. I earned a Bachelor of Arts degree in Business Administration from the University of Washington. Since graduation, my work experience includes four years with Shell Oil Company; two years with National Voice Communications (voice messaging service provider); four years with GTE; and three years with B S Productions (manufacturer and distributor of gift products).

Q. What is your work experience with the Commission?

A. I have worked in the CAS for nearly eight years. The section's primary duty is to receive informal complaints from consumers and other parties (e.g. Legislative, Governor and media referrals) by telephone, electronic mail, letter, and personal contact. We investigate and attempt to resolve the complaints received with the regulated utility companies. I am further assigned to a variety of other consumer-related work activities, such as rulemakings and company tariff filings.

Q. Have you presented testimony in other cases or been involved in any rulemakings before this Commission?

A. Yes. I have presented testimony in three dockets: No. UT-920546, petition for competitive classification by International Pacific, Inc. (IPI); No. UT-920632, petition for competitive classification by Paytel NW, Inc.; and No. UT-921340, Complaint and Order to Show Cause Why Penalties Should Not Be Assessed Against IPI. I was the lead staff member on two rulemakings relating to pay phones: Docket Nos. UT-940171 and UT-970301.

Q. What is the purpose of your testimony?

A. I will be providing information on the service quality of U S WEST, Inc. (U S WEST) and Qwest Communications, Inc. (Qwest). It is crucial that the merged company provide high quality basic service, especially to captive customers such as residential and small businesses who have few realistic alternatives. The merged company must meet its obligations to provide adequate service as outlined by the Commission. I will comment on U S WEST as it relates specifically to service quality complaints received by CAS. Service quality complaints are measured in the following categories: Delayed Service, Out of Service, Quality of Service, Network Congestion, and Customer Service. Further, I will provide information regarding the type and volume of complaints received at the Commission against Qwest and its subsidiaries: U S Long Distance, Inc. (USLD), Phoenix Network, Inc. and LCI, Inc. I will conclude with service quality recommendations for the Commission to consider as conditions of an approved merger.

U S WEST SERVICE QUALITY

Q. Please describe U S WEST's recent commitments to improved service quality.

A. I will begin with a brief history surrounding the Commission's efforts to resolve the company's service quality problems. In 1996, the Commission noted, in its Fifteenth Supplemental Order in Docket No. UT-950200, U S WEST's customer service performance had deteriorated so dramatically that the Commission required the company to improve customer service quality; specifically, to achieve significant and substantial improvements in service quality. The goal was to reach a level of service quality comparable to that which the company provided to its customers in 1991. The Order required U S WEST to adopt improved customer care practices, including service credits for delayed orders for business and residential customers. The company was also required to provide free cellular telephone service for customers without a telephone for more than thirty days.

In 1998, in its Tenth Supplemental Order in Docket No. UT-970766, the Commission directed U S WEST, again, to "improve customer service quality and to achieve service quality comparable to that which it offered in 1991." (Page 35). U S WEST was directed to improve its existing customer service guarantee program and, additionally, pay customers $50 for missed appointments and commitments. In its Order, the Commission stated that the company's service quality "remains a matter of grave concern to the Commission." (Page 27). Further, while the Commission recognized that, "there are signs of hope from the Company that long-term quality improvements are in store, the Commission accepts Commission Staff's observation that the improvements have not occurred rapidly enough or consistently enough to allow this issue to be put to rest." (Page 24). The Commission did not recognize improvements made to date as substantial or significant.

Q. What percentage of complaints against U S WEST are related to service quality?

A. For 1999, 69% of the complaints filed by U S WEST customers with the Commission were related to service quality. Exhibit ____ (SLS-1).

Q. Please describe in more detail U S WEST's service quality today.

A. Please refer to Exhibit ____ (SLS-1). I have focused my comments on complaints received by CAS at the Commission in the years 1997 through 1999. U S WEST service quality complaint levels increased by 21% from 1997 to 1998, and 22% from 1998 to 1999. This trend in Commission complaint levels runs counter to the Commission Orders in Docket Nos. UT-950200 and UT-970766, which directed U S WEST to significantly and substantially improve customer service quality. In addition to my testimony, the testimony of staff witness David Griffith provides an analysis of the degradation of U S WEST's service quality.

Delayed Service

Without question, the Commission receives more complaints about U S WEST's delay in providing service (commonly known as "held orders") than any other category of complaints. In these cases, the customer does not receive service when requested or promised, and the order becomes delayed or held. Despite U S WEST's recent claim that its held orders are down 60% region-wide, Staff has not found this to be the case with held order complaints received at the Washington Commission. Held order complaints continue to grow at the fastest rate compared to all categories of complaints at the Commission. In 1999, held order complaints increased 103% over 1998 levels. Generally, customers do not understand why service cannot be delivered when due, and become extremely frustrated and angry as the due date for their telephone installation continues to be delayed. When customers receive a cell phone loaner for their delayed order, they often complain about the poor quality of the cell phone service. In some cases, customers complain about not being able to pick up a cell phone loaner, because the local cell phone provider does not have a contract with U S WEST.

A review of U S WEST's monthly held order reports shows that the company consistently has exchanges that exceed the standards set in WAC 480-120-051, the Commission rule regarding the availability of service. This rule requires local exchanges to have 90% of installations met on a calendar month basis, and further requires that not more than 1% be delayed more than 90 days.

Staff urges the Commission to order U S WEST to start with a clean slate and commit to clearing all held orders as a condition of merger approval.

<u>Out-of-Service and Network Congestion</u>

In 1999, out-of-service complaints increased 116% from 1998. If we compare the 1999 out-of-service complaint numbers to those in 1997, the increase is even greater, nearly 159%. In these cases, customers had no dial tone. Customers experiencing network congestion have calls dropped, fast busy signals, and slow or no dial tone. Network congestion problems began surfacing in 1996; increased in magnitude by 1998; and although the numbers are down in 1999, network congestion continues to occur into 2000. Staff considers network congestion equivalent to an out-of-service condition. When out-of-service conditions or network congestion exists, customers are deprived of necessary access to emergency services. For example, Ocean Shores and Shoreline/Lake Forest Park both experienced out of service and/or network congestion conditions for extended periods of time on several occasions throughout 1999. Customers there were unable to transact business, call hospitals, or call their doctor's office. Network congestion causes problems for customers of companies other than U S WEST, as well. Callers in other areas are unable to contact customers within U S WEST serving territories because of network congestion problems within the U S WEST area. Complaint data and service quality reports show that exchanges in and around Seattle, Spokane, Vancouver, Rochester, Lacey, Olympia, Joyce, Roy, and Port Orchard continue to have such problems. Ocean Shores' service problems were only recently improved after a long period of service problems throughout 1999. The testimony of staff witness David Griffith further describes these service problems.

Quality of Service

In 1999, CAS continued to receive a large number of quality of service complaints (i.e., buzzing on the line, intermittent outages). Quality of Service complaints increased by 20% over 1998 levels. As testified to by staff witness David Griffith, U S WEST's reliance on obsolete equipment and its failure to add sufficient capacity in a timely manner, in part, has led to poor service quality.

A review of the monthly trouble reports shows that U S WEST consistently has exchanges which exceed the standards prescribed in WAC 480-120-525(2)(e), Network Maintenance. Exhibit _____ (SLS-2). This rule requires that LECs not exceed four trouble reports per 100 access lines for two consecutive months, or for four months in any twelve month period. U S WEST repeatedly and consistently violates this Commission rule in several of its exchanges.

Customer Service

CAS first began tracking Customer Service complaints in 1999. Staff records this type of complaint in this category when the complaint is not related to the company's plant or facilities. These include complaints where a customer has difficulty getting through to the company, is put on hold for a considerable length of time, is unable to reach the company, or generally has an adverse experience or an unpleasant discussion with a company representative. There were 137 complaints of this nature filed against U S WEST in 1999.

Q. Do you have additional concerns regarding U S WEST's service quality?

Yes. There are two additional aspects to assessing the company's service quality performance. The first concern focuses on the slow response time by U S WEST to Commission complaints. The second relates to complaints by persons who are not U S WEST customers.

Slow response time to Commission complaints

Another valid measure of customer service is the service that a regulated utility gives the state regulatory agency while working on a complaint. Delays to complaint investigations hinder our ability to resolve complaints and provide timely help to consumers. In the past, CAS received good service from U S WEST when working to resolve informal complaints filed by U S WEST customers at the Commission. However, this service has deteriorated since September 1995, when U S WEST began to consolidate much of its handling of Commission-referred complaints to its offices in Denver. U S WEST assured the Commission in 1995 that its decision to transfer complaint functions to Denver would not cause communications between the company and the Commission to suffer. Staff has not found that to be the case.

In August 1996, Staff began working with U S WEST to address the problem of deteriorating service levels in responding to informal complaints. Specifically, Staff experiences poor response times when requesting information about open complaints. Throughout 1997, 1998, and 1999, Staff worked with U S WEST employees both in Washington and in Denver to address the problems of slow or nonresponsiveness. The results of those interactions were typically the same - U S WEST would commit to improvements in response times, but would not meet that commitment.

Specifically, U S WEST agreed to respond to all initial complaints within two business days, and to provide interim responses within three business days. Staff requests interim responses on complaints when U S WEST requests more time than the rule allows to complete its investigation, or when U S WEST fails to provide substantial information in the initial response, causing Staff to request additional information. While U S WEST generally meets the initial two-day requirement, it regularly and frequently misses its commitment on interim responses. The depth of the responses also has changed. Prior to 1996, U S WEST provided substantive responses within the initial two-day response period, as required by WAC 480-120-101. Currently, U S WEST rarely provides substantive responses to informal complaints, and generally requests additional time to complete investigations. Staff has spent three years working with U S WEST to improve response times to the levels achieved prior to 1996, with disappointing results. U S WEST acknowledges a problem exists, has accepted responsibility for the problem, has made a number of commitments to resolve the problem, but has not been successful. The Commission continues to receive responses that are not timely and that contain incomplete information.

Complaints from customers of other companies about U S WEST

With increasing frequency, Staff receives complaints from customers of other telecommunication companies, including wireless companies, about U S WEST. These complaints are not included in U S WEST service quality complaint figures because the end-customer complainant is not a U S WEST customer. For example, a carrier may be reselling U S WEST's services and U S WEST has held the order for lack of facilities, or for scheduling reasons, for an extended period of time. The carriers' customer calls the Commission to complain about U S WEST holding up their order. Another example is a competitive telecommunications company ordering additional trunks from U S WEST in order to reduce network congestion, but U S WEST will again hold the order for lack of facilities for extended periods of time. These types of complaints are of growing concern to Staff.

Q. **Please provide several illustrative examples of the types of consumer complaints received by the Consumer Affairs Staff. Include descriptions of held order, network congestion, and out-of-service complaints.**

A. The following is an example of a complaint raising both held order and out-of-service issues. A Bellevue customer ordered new service which the company committed to provide on April 9, 1999. After failing to meet its initial commitment, the company promised to provide service on April 29, 1999. When that date arrived, the company once again failed to provide service as promised. At this time, the company agreed to provide the customer with a loaner cell phone. However, the customer could not make calls from within her house due to poor reception. This posed difficulties for the customer as she was in failing health and needed to be in frequent contact with her doctor. Eventually, the company promised service on June 30, 1999. Once again, the company failed to provide service on that date as promised. On July 19, 1999, the customer advised me that she was promised service in November, nearly seven months after the requested date. Ultimately, the company installed service on July 22, 1999. Since that time, the customer has been in frequent contact with the Commission, reporting out-of-service trouble reports on three occasions.

A customer in Sequim also experienced a significant delay in service. This customer ordered service March 1, 1999, and received a due date of May 9, 1999. The company missed the due date, and advised the customer that service would be installed on May 20, 1999. Again, service was delayed. In August, the company promised a service date of September 22, 1999. On September 10, 1999, based on information from U S WEST, I had to inform the customer that the new service date would be October 7, 1999. On October 4, the company informed me that the line most likely would not be installed until December 7, 1999, nine months after the customer ordered service. Eventually, the customer received service on November 2, 1999.

Another complainant, from Laurier, first called the Commission in June 1999 to complain about U S WEST's poor service quality. He had reported a number of quality-of-service problems to the company over the past several years. He was experiencing poor transmission quality, static on the line, disconnection during conversations, inability to receive calls, continuous ringing, and a lack of dial tone. The U S WEST technician dispatched to the customer's residence advised the customer that the 1950-vintage cable needed to be replaced. By October 1999, no efforts had been made to resolve the service issues. Staff spoke with U S WEST management. The company then decided to replace the old cable. At this time, nearly eight months later, the customer is still experiencing problems. The company recently advised me that more work must take place to resolve this customers' problems. Due to the equipment needed and the time of year, the service problems may not be resolved until sometime in March 2000.

An example of a customer service problem, held order, and repair problem was presented by another Bellevue resident. The customer ordered an additional line, the company arranged for access inside their home, by scheduling an appointment to install service on March 16, 1999. Not only did the company fail to meet this initial commitment, it failed to meet six additional commitments, as well. The customer eventually received their second line in May 1999. The customer's primary line was out-of-service, and the customer called in a trouble report on May 11, 1999. The company committed to repairing the service by May 13, 1999. The company failed to meet this commitment. Eventually, the company repaired the service five days after receiving the initial report. In total, the customer received seven missed appointment credits at $50 per missed appointment. However, the customer desired telephone service, not compensation.

As noted in the testimony of staff witness David Griffith, residents and businesses in north Seattle, Shoreline, and Lake Forest Park experienced network congestion problems for most of 1999. U S WEST customers in this area experienced fast busy signals, lack of dial tone, and an inability to complete calls. A new digital switch was installed in May to handle growth. Although the new switch helped reduce the number of complaints, problems still exist today. U S WEST intends to move the balance of the customers onto the new digital switch by February 2000.

Please see Exhibit _____ (SLS-3) for more illustrative examples of the types of consumer complaints received by Consumer Affairs Staff.

Q. How do U S WEST complaint records compare with other local exchange companies (LECs) in Washington?

A. Please refer to Exhibit ____ (SLS- 4). For both 1998 and 1999, U S WEST Commission complaints per 10,000 access lines is 31.2. The average number of complaints for the three other largest LECs in Washington is 12.24 complaints per 10,000 access lines. U S WEST is 155% higher than the average of the other three LECs in terms of complaints received by the Commission from customers. Specifically, service quality type complaints are shown in Exhibit ____ (SLS-5). U S WEST service quality complaints are 73% higher than the next closest LEC for 1999.

QWEST SERVICE QUALITY

Q. Has the Commission received complaints from Qwest customers or the customers of its subsidiaries?

A. Yes.

Q. Briefly describe the complaints received from Qwest's customers or the customers of its subsidiaries.

A. Please refer to Exhibit ____ (SLS-6). Complaints received by CAS in 1999 from customers of Qwest increased 223% over 1998 levels. If we combine its subsidiaries, LCI, Inc., US Long Distance (USLD) and Phoenix Network, Inc., the increase is 517% over 1998 levels, largely due to complaints from USLD customers. LCI (and its former subsidiary, USLD) was acquired by Qwest in June 1998. The complaints are primarily slamming; i.e., switching consumers' preferred long distance company without their consent, and billing disputes.

In 1999, the Commission received 65 complaints about Qwest's subsidiary, USLD. The complaints are about very high charges for operator-assisted calls made from pay phones. Commission Staff's investigation revealed that charges billed by USLD were not in compliance with the company's tariff and, further, the tariff did not comply with Commission rules. In a letter to the Commission dated December 10, 1999, Qwest/USLD acknowledged the rating problem, and took steps to revise its rate tables to be consistent with its tariffed rates. Commission complainants received credits, and the company has committed to provide credits for all other consumers affected no later than January 31, 2000. Qwest's letter also indicates that the company is in compliance with the Commission's disclosure rules pertaining to operator service providers. Commission Staff investigators conducted field audits of pay phones served by Qwest/USLD after the letter was received. The initial checks show that the company is not in compliance with the Commission's disclosure rules pertaining to operator service providers, WAC 480-120-141 (2) (a) and (b). Refer to Exhibit ____ (SLS-7) to see the letter to the Commission from Qwest/USLD.

Q. What other information do you have about Qwest's service quality?

A. In October, 1999, Qwest received a Notice of Apparent Liability from the FCC for slamming violations. Exhibit ____ (SLS-8). The FCC believes that, "Qwest's responses indicate a need for the FCC to continue to monitor Qwest's . . . practices. Qwest has illustrated a lack of responsiveness to its customers . . . and Consumer Protection Branch policies . . . Qwest has failed to implement reasonable precautions to ensure it has received proper authorization before directing a switch in customers preferred carriers. Complainants express frustration resulting from an inability to reach Qwest or lack of responsiveness to its complaints from Qwest customer service representatives." The company submitted its response to the FCC which includes a proposed Slamming Compliance Plan. Exhibit SC-9 ____ (SLS-SC-9).

Staff urges the Commission to require Qwest and its subsidiaries to follow Qwest's Slamming Compliance Plan submitted to the FCC until such time it finalizes an agreement with the FCC.

In addition to the FCC, numerous states have found Qwest or its subsidiaries to be out of compliance with state regulations. The Michigan Public Service Commission fined LCI International Telecom Corp. $40,000 for violations of the Michigan Telecommunications Act and the PSC's anti-slamming rules. In addition, Qwest must pay affected Michigan customers restitution. In 1999, Qwest had 48 complaints made against it in South Carolina and 56 violations of the South Carolina Commission's rules and regulations. The Tennessee Regulatory Authority recently reached a settlement with Qwest for violations found there, and has required Qwest to provide quarterly reports on service quality as a condition of the agreement. Qwest is noted to be the second biggest slammer in Wisconsin. Texas, Georgia, and Iowa also express grave concern regarding the lack of responsiveness to customers, billing disputes, and cases of slamming repeatedly perpetrated by Qwest. In Washington, the results are equally disappointing. In addition to the complaints received by the Commission, the Office of the Attorney General, Division of Consumer Protection, has received numerous complaints from throughout the state, and the Better Business Bureau of Oregon and Western Washington also reports consumer complaints against Qwest and its subsidiaries.

Q. **Does this trend in slamming complaints, billing disputes, and rating problems by Qwest and its subsidiaries concern you?**

A. Yes.

Q. **What should be done about this trend in complaints?**

A. The merged company and its subsidiaries should be in compliance with Washington rules, and should be responsive in any and all future dealings with Commission Staff in responding to complaints and investigations. In particular, Staff expects that Qwest/USLD will abide by its commitment made to the Commission in its letter of December 10, 1999, to ensure that proper credits are made to all customers affected by its pay phone rating problem no later than January 31, 2000. Further, the company must cooperate with Commission Staff to correct problems that are identified as a result of field investigations, or any future complaints, and ensure compliance with WUTC rules.

Q. Now that you have examined at all this data regarding service quality for both U S WEST and Qwest, what conclusions do you draw for the merged company?

A. I remain concerned that overall service quality has not improved and may worsen as a result of the merger. Long-promised but unfulfilled improvements to U S WEST service quality are potentially less likely to ever be achieved if the merger with Qwest is consummated. As I pointed out earlier in my testimony, U S WEST was ordered twice by the Commission to substantially and significantly improve its service quality performance. After reviewing U S WEST's most current complaint figures, the trend indicates continued deterioration in service quality. Qwest and its subsidiaries' complaint data, combined with what we've learned from the FCC action and actions taken by other states, does not give me confidence that service quality is of high importance to the company. A recent article about the merger noted, "By buying

U S WEST, Qwest gains access to millions of local customers and the wires that serve them, as well as significant profits that can be used to fund high-growth businesses in the near term. 'We saw some attractive assets we can do new things with', Qwest chief operating officer Afshin Mohebbi said. Some analysts say the company will concern itself primarily with using the steady flow of cash from U S WEST's local voice business to fund other high growth areas of the company – without investing in basic services." If these trends continue, I believe that the merger will have a negative effect on Washington state consumers.

Q. Will U S WEST's service quality improve if the merger with Qwest is completed?

A. Only if significant investments are made to improve basic services and facilities and sufficient personnel are dedicated to improve services, will U S WEST's service quality improve upon consummation of the merger. If high-level commitments are not made to improve U S WEST's existing service quality, and merger savings go towards the provision of enhanced or competitive services while minimizing the emphasis and investment in basic services, then U S WEST's past commitments to improve will continue to fall by the wayside.

Q. Do you have recommendations for the Commission in this merger? If so, please describe your recommendations.

A. Yes. Staff recommends the Commission order U S WEST/Qwest to impose the following conditions:

1. Retain the existing held order remedies required in Docket Nos. UT-950200

and UT-970766 and defined in the company's tariff (waiver of installation charges, loan of wireless phones, etc.). Customers are entitled to compensation for poor service.

2. Retain the existing $50 missed appointment and commitment credits. Customers should be compensated for the time they spend waiting for company representatives who do not keep appointments, and for the problems they incur when service-related commitment dates are not met.

3. Implement a credit of $50 for any customer who experiences an out-of-service condition when it is not restored within 24 hours, or when it recurs within seven days. Current rules allow a prorated share of the basic monthly service as compensation for customers without telephone service. This amount (approximately 45 cents a day) does not adequately compensate customers who are without telephone service for prolonged periods of time, or when customers are without telephone service repeatedly.

4. Implement a credit of one month's service and feature charges when a customer is served by a switch that experiences more than 2% busy-hour, no-dial-tone situation. The credit should be a recurring credit for every month this condition occurs. Customers who face network congestion in excess of these standards have no reliable telephone service and, in some cases, virtually no telephone service. Currently, such customers receive no compensation at all. Customers who experience such inadequate service should be compensated.

5. Adopt and distribute to all customers a Consumer Bill of Rights. In addition to a description of rights regarding privacy, accuracy, courtesy and excellent service, the Bill of Rights must include a description of customer remedies as described in (1) through (4), above. Notification to customers about what they should be able to expect when dealing with the company, and remedies available to them when those expectations are not met, is simply good business. It is difficult for a customer to ensure they are treated appropriately without knowing what standards exist.

6. Clear all held orders. The company must complete all orders for local exchange and private line service, including high capacity services, that are held more than 30 days as of the date of merger approval. It is reasonable to expect that the company should start with a clean slate and clear all orders held over 30 days.

7. Improve complaint response. Effective immediately, the company must respond to Commission-referred complaints and inquiries with substantive information within two business days when the complaint is initially reported to the company; and within three business days, with substantive information, when staff requests subsequent information. The company will pay a $100 penalty for each inquiry for which a complete and timely response is not made. This penalty amount will be calculated and paid quarterly. This requirement is intended to provide timely, accurate, substantive information to Commission

staff when customer complaints are referred to the company.

8. Increase complaint-handling staff dedicated to resolving Washington complaints. Until Commission-referred complaints decrease to the levels reported in 1991, the company must dedicate a minimum of five staff to respond to Washington Commission-referred complaints. While the number of Washington complaints for US WEST continues to increase every year, the staff dedicated by the company to managing those complaints remains constant. This requirement is intended to provide adequate staff to manage the increasing number of US WEST complaints.

9. Submit a tariff filing to include all customer remedies, (1) through (4) above. Putting the customer remedies in its tariff provides a mechanism that makes the remedies clear to all parties, including customers who may rely on such information to pursue their right to remedies with the company.

Q. Does this conclude your testimony?

A. Yes.