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**STATE OF NEW YORK
DEPARTMENT OF PUBLIC SERVICE**

January 22, 2009

TO: THE COMMISSION

FROM: OFFICE OF TELECOMMUNICATIONS

SUBJECT: CASE 08-C-0405 - In the Matter of Quality of Service provided by Local Exchange Companies in New York State.

This memorandum is for informational purposes. No action is required.

FRONTIER COMMUNICATIONS
Fourth Quarter 2008 Service Quality Report

SUMMARY

The quality of telephone service provided by the local exchange subsidiaries of Frontier Communications during the fourth quarter of 2008:

- Met Commission-established performance thresholds for the local exchange subsidiaries of Frontier Communications, 98.4% of the time;
- Met all merger-related and other service requirements for Frontier's subsidiaries; and,
- Did not trigger any customer rebates or dividend restrictions under the Joint Stipulation and Agreement¹ due to poor service quality.

¹ On October 15, 2008, the Commission adopted the Joint Stipulation and Agreement (Agreement), modifying the remaining OMP conditions.

BACKGROUND

Frontier Communications is a holding company that serves over 2.4 million access lines in 24 states. In New York State, it owns the incumbent local exchange companies of Citizens Telecommunications Company of New York, Inc. (Citizens of NY), Frontier Telephone of Rochester, Inc. (FTR), Frontier Communications of New York, Inc. (Frontier of NY), Frontier Communications of Ausable Valley, Inc. (Ausable), Frontier Communications of Seneca-Gorham, Inc. (Seneca-Gorham), Frontier Communications of Sylvan Lake, Inc. (Sylvan Lake), and Ogden Telephone Company (Ogden). Through these subsidiaries, Frontier Communications serves about 629,245² access lines in New York State through 210 central offices. Overall, Frontier Communications serves a significant portion – about 8.7% – of the total traditional access lines in the State, but has lost approximately 5,500 access lines since the previous quarter.

The geographic areas and lines (as of December 31, 2008) served by each subsidiary are shown in the following table:

Frontier Communications’ Local Exchange Subsidiaries in New York		
Subsidiary	Access Lines	Geographic Area Served
Citizens of NY	225,850	Parts of 31 Counties Statewide
FTR	315,891	Parts of Genesee, Livingston, Monroe, Ontario, Steuben, Wyoming and Yates Counties
Frontier of NY	49,071	Parts of Orange and Ulster Counties
Ausable	5,843	Parts of Clinton, Essex and Franklin Counties
Seneca-Gorham	7,205	Parts of Ontario and Yates Counties
Sylvan Lake	10,799	Part of Dutchess County
Ogden	14,586	Part of Monroe County
NYS Corporate Total	629,245	

Under the Commission’s Service Standards, 16 NYCRR 603, local exchange carriers serving 500,000 or fewer access lines are only required to report

² Of these lines, about 887 are on a resale basis.

Customer Trouble Report Rate (CTRR), and each subsidiary of Frontier Communications currently serves fewer than 500,000 lines. FTR had reported on additional metrics as part of a permanent condition of its now expired incentive plan, the Open Market Plan (OMP).³ Appendix A contains a summary of the Commission's Telephone Service Standards as well as the other metrics applicable to FTR through the fourth quarter. Appendix B is a glossary of terms used in this memorandum.

DISCUSSION

This report groups and summarizes performance results for the fourth quarter of 2008. Detailed results by metric and entity are being measured as required by the standards and tracked by Staff, but are not presented in detail unless it is necessary to explain a significant service problem. The Service Standards contain four groups of metrics measuring maintenance, installation, network, and answer time performance. Of these four, only maintenance is addressed below. As previously mentioned, Frontier's local exchange subsidiaries are required to report only CTRR on a routine basis. Other regulatory requirements related to service quality are also discussed.

Overall and as shown in the following table, the Frontier local exchange subsidiaries met Commission established thresholds of performance 98.4% of the time during the fourth quarter on those metrics they are required to report. The chart has been updated through December. These overall results are discussed in more detail in this report.

³ In October 2008 in Case 08-C-1140, the Commission eliminated the duplicate service quality reporting requirements required by the OMP.

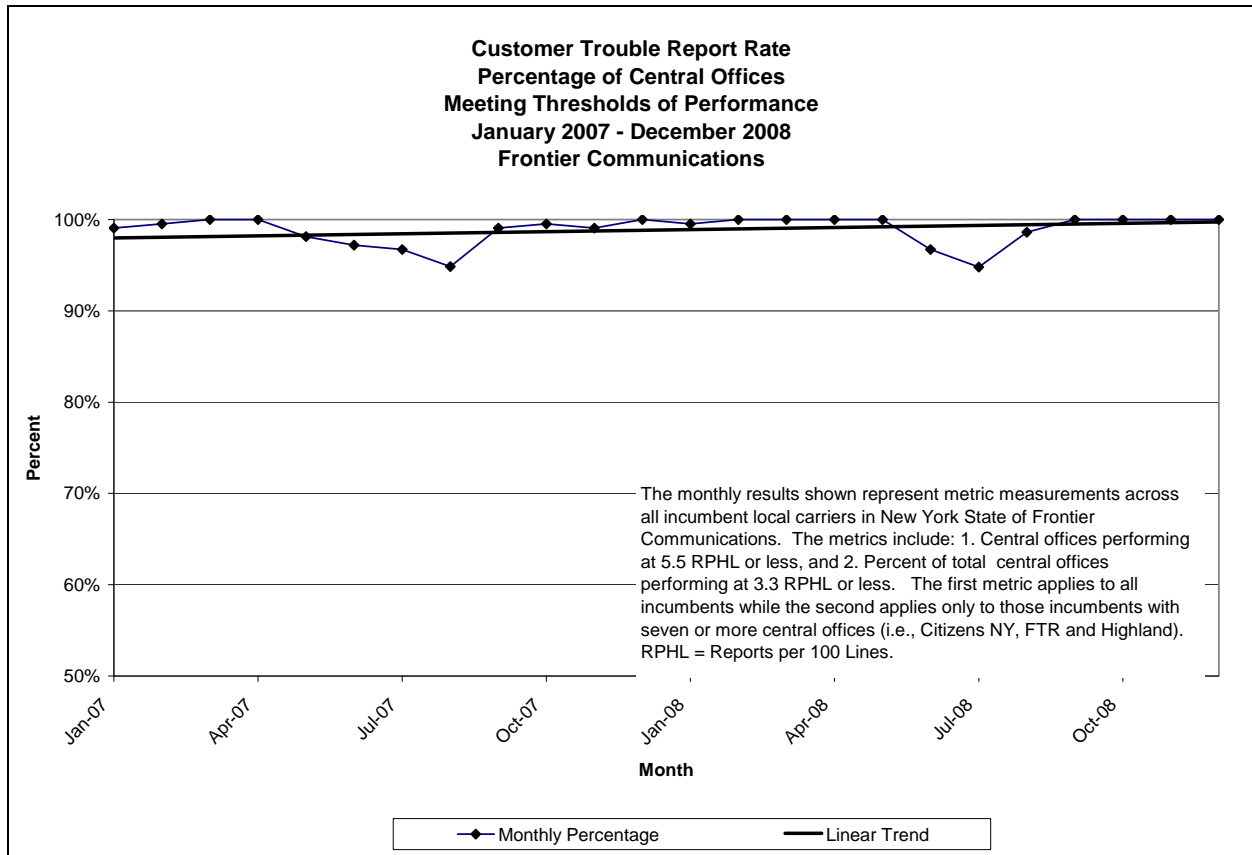
**Frontier’s ILEC Companies
Frequency of Meeting CTRR Threshold Performance Levels
4th Quarter and Year-to-Date**

Metric	2008					
	4 th Quarter			Year		
	Opportunities	% Met	% Missed	Opportunities	% Met	% Missed
CTRR Combined	639	98.4%	1.6%	2,556	98.7%	1.3%
a) CTRR < 5.5	630	98.4%	1.6%	2,520	98.8%	1.2%
b) 85% CTRR < 3.3	9	100%	0.0%	36	94.4%	5.6%

Maintenance Service

The subsidiaries' central offices generally met the Commission's established levels of CTRR performance.⁴ The following chart shows that during the fourth quarter 629 (98.4%) of the 639 central office measurement opportunities met or exceeded the monthly CTRR performance thresholds of the standards.

⁴ Performance for two CTRR metrics of the standards are combined in the chart: 1) A threshold level of 5.5 reports per hundred lines (RPHL) or less per central office per month for all seven subsidiaries, and 2) a threshold level of 85% or more central offices at 3.3 RPHL or less per month for those three subsidiaries serving seven or more central offices (Citizens NY, FTR and Frontier Communications of NY).



This performance is slightly above the fourth quarter results for 2007. Staff notes that most central offices overall were well below 3.3 reports per 100 lines.

Service Inquiry Reports

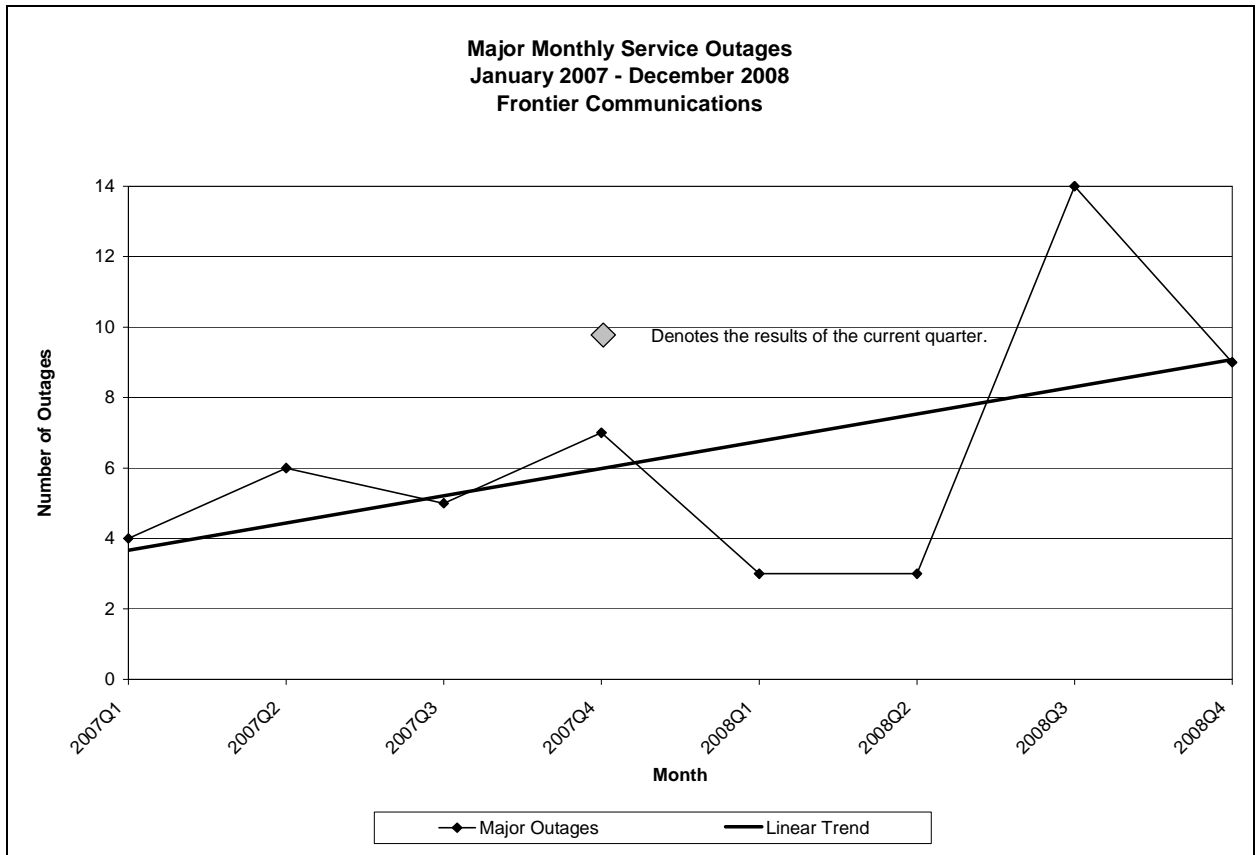
When service results in a measured entity (e.g., central office) consistently fail to meet the threshold performance level of a given metric, the appropriate subsidiary must submit a Service Inquiry Report⁵ detailing the reasons for the poor performance as well as the corrective action taken. There were no such situations in the fourth quarter of 2008.

⁵ Service Inquiry Reports (SIRs) are required under 16 NYCRR 603.4 whenever a Service Standards’ metric is not at or better than the threshold for the current month and any two of the previous four months. These reports identify specific regions where

Major Service Outages

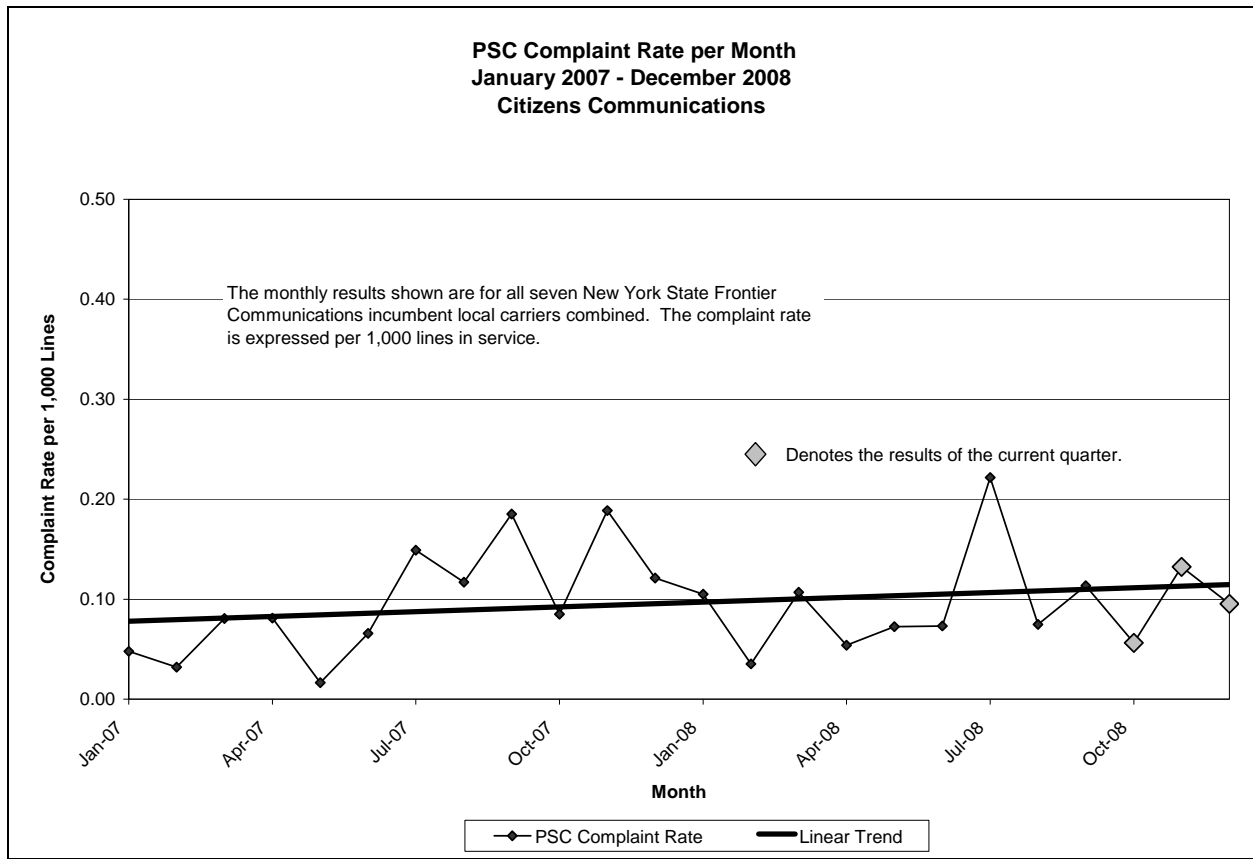
The standards also enjoin carriers to minimize major service outages, and to report such events to Staff when they occur. Staff closely monitors network outages and investigates such events with Frontier, and other telecommunications service providers, on a routine basis. There were nine such outages during the fourth quarter of 2008, up from seven during the fourth quarter of 2007. Frontier of New York and FTR each had three, while Citizens of NY, Ausable and Seneca-Gorham each had one. Two of the Frontier of New York outages were related to central office equipment problems, while one was related to vandalism. All three of the FTR outages were related to central office equipment problems. Staff closely monitors outages and, where appropriate, performs a root cause analysis of the failure for reliability purposes. The overall trend shows an increase in outages during the second half of 2008 as seen in the following chart.

improvements are required, detail the reasons for poor performance, describe the corrective action being taken, and identify an expected improvement date.



Complaints to the Commission

Complaints are not a part of the Commission’s Service Standards, but serve as an independent measure of service quality apart from performance reported by the carriers under the standards. The following chart shows a decrease in complaints during the fourth quarter of 2008. There were a total of 15 complaints for the fourth quarter of 2008, down from 22 during the third quarter. This compares to 23 complaints for the fourth quarter of 2007. Eight of the 15 complaints for this quarter were Citizens of NY complaints, and 4 of those were service-related. FTR recorded 5 complaints for the quarter, of which 3 were service-related. In addition, Frontier of NY had 2 service-related complaints. Staff had addressed complaint issues with the company last year, and has seen a decreased complaint level during 2008.



Merger-Related and Other Service Quality Performance

Merger requirements relating to service quality were established for most subsidiaries, and continued for FTR, when Citizens Communications acquired the former Frontier local exchange subsidiaries on July 2, 2001. All subsidiaries except FTR, which was covered by permanent conditions of the OMP until October 15, 2008 were required to maintain a performance level of 90% or more of a given subsidiary’s central offices at or below a CTRR level of 3.3 reports per 100 access lines in any 12-month period ending each calendar quarter. All subsidiaries met this quarterly goal.

FTR achieved all necessary requirements in order to avoid a dividend suspension for calendar year 2007, and was meeting the requirements in 2008 up to the modification of the OMP provisions.

Service Quality Reporting Under the Joint Stipulation and Agreement

As noted, the Commission adopted the Joint Stipulation and Agreement at its October 15, 2008 session. This Agreement considers the overall service quality of the combined Frontier ILECs, and include a dividend suspension and customer rebates should service quality fall below an acceptable level. Under the agreement, no Frontier incumbent local exchange carrier would be able to make dividend payments to the parent holding company if service quality fell below a certain level.

For purposes of the Agreement⁶, service quality will now be measured and reported monthly on a combined company basis and the customer rebate system will be based on the total number of “measurement opportunities” on a 12-month rolling basis. A measurement opportunity is the monthly CTRR performance of each central office. A customer rebate equal to 25% of the flat monthly basic service charge will be applied to bills when the companies fail to achieve 90% of their offices at or lower than 3.3 reports per 100 access lines over a 12-month average. During periods when performance thresholds are missed, the rebate will double to 50% of the monthly service charge for each office where the CTRR measurement exceeds the higher threshold of 5.5 CTRR per 100 access lines. The 50% rebate is payable when the 25% rebate would have been payable. Dividends will be suspended if service quality fails, such that Frontier’s CTRR level falls below the performance threshold for three consecutive months. The suspension will end when the carriers meet the performance threshold for three consecutive months. Frontier achieved a CTRR level of 93.81%, on a 12-month average for all of 2008, and therefore, no customer rebates were applied.

⁶ While the Agreement provides that the CTRR thresholds for rebates and dividend restrictions be calculated on a company wide basis, Frontier will continue to report CTRR to Staff on a company by company basis.

CONCLUSION

The local exchange subsidiaries of Frontier Communications operating in New York State met or exceeded the Commission's Service Standards for the fourth quarter of 2008. FTR also met its service quality requirements relating to dividend payments and customer rebates.

This memorandum is for informational purposes and no action is required.

Respectfully submitted,

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Attachments

OVERVIEW OF SERVICE QUALITY MEASUREMENT

The primary criteria for measuring telephone service quality are the Telephone Service Standards, which were adopted by the Commission in 1973 (Opinion No. 73-40, Case 26158) and revised in 1989, 1991, and 2000. The Service Standards appear as Part 603 of 16 NYCRR and require measurement of service quality in four separate categories: 1) Maintenance Service, 2) Installation Service, 3) Network Service, and 4) Answer Time Performance. Within these categories there are 10 metrics, each with its own threshold level of expected performance. There are also a number other requirements in the standards which are not expressed in terms of a metric such as minimizing service interruptions and maintaining procedures for operating under emergency conditions. These are grouped into a category called "Other" in this appendix. Staff receives monthly reports of service measurements in these categories that are analyzed to evaluate the level of service quality delivered to consumers.

Maintenance Service

Maintenance Service measures the reliability of the telephone network, and how quickly it is repaired when a customer experiences a problem. There are three metrics as follows: (1) Customer Trouble Report Rate (CTRR), measured by the number of customer reported troubles per 100 lines in service; (2) Percent Out-of-Service Trouble Reports Not Cleared within 24 Hours (OOS >24); and (3) Percent Service Affecting Trouble Reports Not Cleared within 48 Hours (SA>48).

CTRR is measured in two ways. First, performance in each of Citizens' 210 central offices should meet an expected performance level or threshold of 5.5 or less Reports per 100 Lines (RPHL). Second, for each of those Citizens subsidiaries that serve more than seven central offices, 85% of each subsidiary's offices should perform in a threshold range of 3.3 or less RPHL. All subsidiaries of Citizens are not required to report OOS>24 and SA>48. For OOS>24, the threshold is that no more than 20% of all out-of-service conditions take longer than 24 hours to be repaired. For non-out-of-service conditions or SA>48, the threshold is that no more than 20% of all such troubles take longer than 48 hours to be repaired. Taken together, these two metrics ensure that every customer reported trouble condition has an expected repair interval of either 24 or 48 hours.

Installation Service

Installation Service measures the utility's ability to provide basic service to a new customer.⁷ There are two metrics for installation service as follows: (1) Percent Basic Service Installations Completed Within 5 Days (% Installed in 5 days), and (2) Percent Missed Basic Installation Appointments (% Missed Installations). The thresholds for these are 80% or higher, and 10% or less, respectively. No subsidiaries of Citizens are required to report Installation Service.

Network Service

Network Service measures the ability of the telephone network to complete interoffice calls by measuring the percentage of total calls that are blocked on final trunk groups, the last available route to complete an interoffice call. The threshold for this metric is the identification of each final trunk group that consistently (i.e., for three consecutive months) has calls blocked in excess of 3% of total calls within the busy hour. The intent is to be sure that unusual levels of call blocking during the typical busy hour do not occur. No subsidiaries of Citizens are required to report on this metric.

Answer Time Performance

Answer Time Performance measures how quickly the company answers the telephone in each call center when customers call for service. There are three metrics for answer time performance that are specific to the type of call center including repair, business office and local operator assistance.⁸ The thresholds are 80-100% of calls answered within 30 seconds for each repair and business office, and an average speed of answer of 0-3 seconds for each local operator assistance call center. No subsidiaries of Citizens are required to report Answer Time Performance.

The following chart summarizes the metrics and associated thresholds of expected performance of the previously discussed groupings of metrics in the standards.

⁷ Basic service is defined as the first residence line or the first 5 business lines to a customer, excluding other types of service orders for such things as additional features (e.g., Call Waiting, Caller ID), or additional lines beyond these minimums.

⁸ Companies may report Local Operator Assistance either as a percentage of calls answered within 10 seconds, or as an average speed of answer time.

SERVICE QUALITY MEASURES		
Effective October 2000		
SERVICE ELEMENT	REPORT NOMENCLATURE	PERFORMANCE THRESHOLD (Monthly)
MAINTENANCE SERVICE: ⁽¹⁾		
Customer Trouble Report Rate (Initial Reports) Per individual central office entity	Reports per 100 access lines	5.5 or less
Percentage of total entities (for those providers with 7 or more offices) at 3.3 or less	Reports per 100 access lines	85.0 or more
Out-Of-Service Clearing Time	Percentage of OOS over 24 hours	20.0 or less
Service Affecting Clearing Time	Percentage of S. A. over 48 hours	20.0 or less
INSTALLATION SERVICE: ⁽²⁾		
Basic Service Installations	Percentage installed within 5 days	80.0 or greater
Missed Basic Service Installation Appointments	Percentage missed	10.0 or less
NETWORK SERVICE:		
Final Trunk Group Blockages	Percentage of calls blocked	3.0 or less
ANSWERING TIME PERFORMANCE: ⁽³⁾		
Business Office	Percentage answered within 30 seconds	80.0 or greater
Repair Service Bureau	Percentage answered within 30 seconds	80.0 or greater
Local Operator Assistance ⁽⁴⁾	Percentage answered within 10 seconds	90.0 or greater
Local Operator Assistance ⁽⁴⁾	Average answer time (seconds)	3.0 or less
^{1.} Overall Customer Trouble Report Rate results shall be reported at the central office entity level. All other Maintenance Service results shall be reported at the appropriate maintenance administrative entity level. ^{2.} All Installation Performance results shall be reported at the appropriate installation administrative level and shall exclude those instances where the subscriber requests a later date or where substantial construction is required. ^{3.} All Answering Time Performance results shall be reported at the appropriate administrative entity levels. ^{4.} Measured either as a percent of answered calls or as an average answer time, but not both.		

OTHER

Service Inquiry Reports

The standards define localized situations that might require corrective action by the utility. In general, any consistent, non-threshold performance in a measurement entity (central office, bureau, district, call center or final trunk group) for any of the previously discussed metrics requires the company to file a Service Inquiry Report, a report identifying the cause of the performance and any corrective action being taken.

Major Service Outages

The standards also enjoin carriers to minimize major service outages, and to report such events to Staff when they occur. Such interruptions can occur for any number of reasons including damage to cables by contractors, fire, floods and terrorists activities. Such interruptions include both physical and cyber incidents that affect a company's network, facilities, services or operations.

Special Services

The Commission also has Special Service Guidelines addressing the quality of service utilities are expected to provide on Special Services⁹ in the areas of ordering, maintenance and installation quality. These guidelines are not part of the Commission's Rules and Regulations, but have been established via Commission order. Staff receives monthly service quality reports on these types of services only from Verizon, as it is the only carrier currently meeting the reporting criteria as defined in the Special Services Guidelines.

Complaints to the Commission

While not a service standard, the number of complaints against a utility is a measure of service quality. Traditionally, such complaints are stated as a rate per 1,000 lines per year so that comparisons between companies can be made. The threshold used to indicate good performance is set at 0.074 or lower per year.

⁹ Special Services are non-basic services, most of which are non-switched, and require engineering design review before being installed. Some may require construction of fiber facilities. They include alarm, video, foreign exchange and other services, but the majority demanded are high speed data circuits of 1.5 megabits and higher transmission rates.

Glossary

CLEC	Competing Local Exchange Carrier – Any one of many local exchange carriers (LEC) competing with an incumbent LEC. It may be reselling the incumbent carrier's services or be providing service via its own facilities.
ILEC	Incumbent local exchange carrier – Any one of the 40 traditional, full service, facilities-based, wireline telephone carriers providing local exchange telephone service as of February, 1996.
Incentive Rate Plan	A method of regulation that substitutes for rate base regulation wherein the carrier agreeing to such a plan is generally allowed the ability to earn a higher rate of return than would normally be allowed under rate base regulation in exchange for certain guarantees to the regulator such as no change in rates over a given period of time, and a level of service quality that, if not met, would result in rebates to consumers.
LEC	Local Exchange Carrier - A term designating the group of carriers providing local exchange telephone service consistent with the Commission's requirements for such carriers. It includes all ILECs and CLECs.
PSC Complaints	Consumer complaints filed directly with the Public Service Commission against telephone companies.
Reseller	A certified carrier that uses the facilities of another carrier to provide services to consumers.
Service Inquiry Report	Consistent telephone service quality performance outside of the Threshold range for three out of five months (including the current month) requiring the local exchange carrier to submit a corrective action plan to Commission Staff as defined in Title 16 NYCRR, part 603.
Target	A set level of expected performance used to characterize performance as established in an incentive rate plan (e.g., VIP and PRP) for various aspects of service quality.
Threshold Level	A level of telephone service quality performance which separates good service from less than desirable service as defined in Title 16 NYCRR, Part 603.