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**NON PROPRIETARY**

November 1, 2010

The Honorable Steve Reed  
Secretary/Chief Regulatory Law Judge  
Governor Office Building  
200 Madison Street  
P.O. Box 360  
Jefferson City, Missouri 65102-0360

Re: AT&T's Response to Questions Presented in the Missouri Public Service Commission's September 1, 2010 Order Opening an Investigation into the Quality of Wireline Telecommunications Services in Missouri (File No. TO-2011-0047) ("Order")

Dear Judge Reed:

AT&T<sup>1</sup> welcomes the opportunity to provide information to the Commission regarding the quality of its wireline telecommunications services in Missouri. AT&T is committed to constantly improving its services, including the types of services it offers, the availability of such services, and the delivery of those services. AT&T employs over 11,700 Missouri workers and continually invests in the personnel, equipment and facilities that support its telecommunications-related network infrastructure in Missouri. For example, AT&T has invested over \$2 billion in its Missouri networks over the last three and a half years, including almost \$225 million in the first half of this year alone. Much of this investment has come despite the severe economic downturn our state has encountered over the past two years. This investment remains unabated despite the fact that landline customers continue to

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<sup>1</sup> This response is submitted on behalf of Southwestern Bell Telephone Company, d/b/a AT&T Missouri, and its affiliated companies, AT&T Communications of the Southwest, Inc., TCG Kansas City, Inc. and TCG St. Louis, all of which own or maintain telecommunications facilities in Missouri, and whose own performance data results would not cause those of AT&T Missouri reported here to materially differ. While AT&T Corp. owns or maintains facilities in Missouri, it does not join in this response, as it provides nonswitched local exchange service, restricted to providing dedicated private line services. Pursuant to Section 386.480, RSMo, as well as the provisions of 4 CSR 240-2.135(1)(B)(3) which treat as highly confidential "marketing analysis or other market-specific information relating to services offered in competition with others," AT&T is filing in EFIS separate versions of this letter.

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“cut the cord” and instead move to a wide array of alternatives in the highly competitive communications landscape.<sup>2</sup>

AT&T’s responses to the Commission’s specific questions demonstrate that it continues to provide timely and high quality installation and maintenance/repair services to Missouri consumers of telephone service and that we identify and apply the necessary resources to continue to do so. Also, as demonstrated below, AT&T devotes substantial financial and human resources in order to maintain our networks and train our workforce so that we can continue to provide high quality service.

At the conclusion of this response, AT&T also provides an analysis of the “complaints/inquiries” data which Staff submitted to the Commission (as well as an analysis of AT&T-specific data since provided to the Company by the Staff). Rather than supporting the opening of an investigation, the data on which Staff relied supports the closing of this docket. Simply put, a comparison of the data before the effective date of House Bill 1779 with the data after the effective date of the law shows no signs of service degradation on an industry-wide or AT&T-specific basis.

### I. PERFORMANCE RESULTS DEMONSTRATE THAT AT&T PROVIDES TIMELY AND HIGH QUALITY TELEPHONE SERVICE.

- A. Does your company own or maintain telecommunications facilities in Missouri? If yes, please answer all of the following questions. If no, then your survey is complete and should be submitted at this point.

AT&T confirms that it, and its affiliates (as noted in footnote 1), own and maintain telecommunications facilities in Missouri.

- B. Does your company track on a regular basis any of the following: If yes, explain how your company tracks it (include whether such information is tracked by exchange or some other area). If no, explain why not.

- i. Timeliness of installing service after a customer orders service.

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<sup>2</sup> According to the FCC’s most recent Local Telephone Competition Report, there were 2,585,000 ILEC and non-ILEC end-user switched access lines providing local telephone service to Missouri customers as of end-June, 2009. Local Telephone Competition: Status as of June 30, 2009, Federal Communications Commission, Wireline Competition Bureau, Industry Analysis and Technology Division, September 2010, Table 8 (“Local Telephone Competition Report 2010”). Yet, over twice as many Missourians were served by other, non-wireline based technologies. *Id.*, Tables 8, 17. In the case of Missouri, the FCC reports a loss of over 750,000 end-user switched access lines between end-June, 2004 and end-June, 2009, the last date for which the FCC has reported data. *Compare*, Local Telephone Competition Report 2010 (Table 8) *with* Local Telephone Competition: Status as of June 30, 2004, Federal Communications Commission, Wireline Competition Bureau, Industry Analysis and Technology Division, December 2004, Table 6. The above reports are obtainable at [http://www.fcc.gov/Bureaus/Common\\_Carrier/Reports](http://www.fcc.gov/Bureaus/Common_Carrier/Reports).

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- ii. Timeliness of repairing service after a customer reports trouble.
- iii. Amount of service trouble.

AT&T collects performance data, at both the wire center and state-wide levels, regarding (i) timeliness of installing service after a customer orders service, (ii) timeliness of repairing service after a customer reports trouble, and (iii) amount of service trouble.

C. Please provide your most recent results for any of the information tracked above.

- i. Timeliness of installing service after a customer orders service.

For the period from January 1 through September 30, 2010, AT&T installed service, on average, within one calendar day after the customer applied for service (\*\* \_\_\_\_\_ \*\*).

- ii. Timeliness of repairing service after a customer reports trouble.

For the period from January 1 through September 30, 2010, AT&T repaired service, on average, within about two calendar days after it received a customer's report of trouble (\*\* \_\_\_\_\_ \*\*).

- iii. Amount of service trouble.

For the period from January 1 through September 30, 2010, AT&T received very few reports of trouble (\*\* \_\_\_\_\_ \*\*).

Notably, customers themselves give high marks to the AT&T technicians who perform work at their homes and businesses, based on results of surveys. When asked to give their "impression of the overall service provided by the AT&T technician who did the work at your location," virtually all customers (\*\* \_\_ \*\*%) were either "satisfied" or "very satisfied" with that service.<sup>3</sup>

These performance results and survey responses are particularly impressive given that AT&T managed its network under adverse conditions, as this year some parts of the state saw upwards of 2 to 3 times the normal amount of rain.

D. Explain your company's preventive maintenance procedures. Include in your explanation specific methods you utilize to be certain that telephone equipment and plant is kept in good working condition. State whether your

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<sup>3</sup> AT&T Missouri routinely surveys its customers to determine their level of satisfaction with the company's premises technicians' work. The results reported here are based on survey questions presented to over 26,000 Missouri customers, from January through August 2010.

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preventative maintenance program is tracked by exchange, area, or state. Please provide results of this measurement for the past two years.

AT&T knows its customers will not tolerate substandard service and will not hesitate to call when they experience trouble. AT&T's maintenance programs and procedures focus on a proactive philosophy for maintaining its facilities, the success of which has been proven by a consistently low trouble report rate. They include the following:

- The Targeted Proactive Maintenance program is an ongoing activity in which outside plant forces identify, prioritize, schedule and complete corrective projects.
- The Preventive Maintenance Field Force program is also an ongoing program which proactively identifies, and executes, needed repairs to outside plant facilities (e.g., terminals, splices and sections of cable).
- The Outside Plant Failure/Damage program is designed to identify and replace damaged plant (cables, structures, poles, etc.). Plant that has been determined to be a safety hazard or is service affecting may also be repaired or replaced under this program.
- The Reduced Maintenance Expense program focuses on capital projects to identify outside plant requiring work to improve service more cost effectively.
- Air pressure facilities used to ensure satisfactory underground cable quality are continuously monitored. All equipment is required to be inspected and certified annually. Monthly and daily checks are incorporated into the schedule.
- Annual testing and inspections are conducted on all remote terminals to verify that incoming circuits, backup batteries, alarms and peripheral equipment (generators, lighting, pumps, etc.) are performing properly.
- Daily, weekly and monthly maintenance routines are performed on the various equipment located in our central offices, e.g., power, back-up batteries, generators, multiplexers, fiber and switches). All end office switches are equipped with Automatic Line Insulation Testing, which ensures periodic, scheduled automatic testing of all lines on a sequential basis.

AT&T's progress on the above programs is monitored in a variety of ways, either at a district level within the State (with districts sometimes encompassing one or more exchanges), at a State-wide level, or on a regional basis. While progress as to each is not captured by discrete performance measurements, AT&T tracks the collective effect of its preventive maintenance of telephone equipment and plant via a review of trouble report rates. For the period from January 1 through September 30, 2010, AT&T's average trouble report rate per 100 lines was minimal (\*\* \_\_\_\_\*\*), as was the case during calendar year 2009 (\*\* \_\_\_\_\*\*). These very

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low trouble report rates are a testament to the success of AT&T's preventative maintenance programs and procedures.

- E. What percentage of your company's annual budget is spent on maintaining existing telephone plant?

AT&T does not maintain one overall budget for Missouri preventive maintenance operations. Instead, the Network services organization's budget ("Network Budget") within the Southwestern Bell Telephone Company ("SWBT") supports SWBT's network operations on a regional basis (i.e., Missouri, Arkansas, Oklahoma, Kansas and Texas). The percentage of the Network Budget that supports installation, repair, replacement and maintenance of SWBT's telephone plant in Missouri is approximately \*\* \_\_ \*\*.

- F. What percentage of your company's annual budget is spent on training its technical staff?

AT&T does not maintain an annual budget specifically devoted to training technical staff located in Missouri. Approximately \*\* \_\_ \*\* of SWBT's Network Budget is devoted to support formal technical staff training in the Kansas/Missouri market area. (Kansas and Missouri are combined markets for purposes of technical staff training within the SWBT Network service operations.)

In addition to formal technical staff training, AT&T's network technicians generally attend "daily huddles" to receive information (including job aids) needed to conduct their work effectively. They also participate in a variety of live and online training sessions held periodically.

AT&T's network personnel also rely on a number of subject matter experts, based on their years of demonstrated skills and experience in the field of operations and maintenance. These individuals are often called upon by AT&T and other companies in the telecommunications industry to provide their input and expertise in addressing various issues. They continue to maintain their high levels of expertise on the latest equipment by maintaining and improving their knowledge base and by performing their job daily.

## II. ANALYSIS OF STAFF'S INDUSTRY-WIDE DATA PRESENTED TO THE COMMISSION AND OF AT&T -SPECIFIC DATA PROVIDED BY STAFF TO THE COMPANY SHOW NO EVIDENCE OF SYSTEMIC SERVICE QUALITY DETERIORATION.

Staff indicates that its request for an investigation, prompted by "anecdotal evidence of degradation of service quality," is intended to determine whether "the reported service problems are isolated instances or whether they indicate a systemic deterioration of

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facilities.”<sup>4</sup> However, the industry-wide data reflected in the affidavits offered in support of Staff’s motion, as well as AT&T Missouri-specific data secured since from the Staff, fall far short of demonstrating any degradation, much less systemic deterioration. Moreover, that data does not square with a minimal trouble report rate which, as noted earlier, has remained exceptional even since reform legislation took effect.

As a preliminary matter, Staff’s data analysis is marked by two noteworthy shortcomings. First, Staff failed to compare relevant time periods before and after the change of law which eliminated Commission oversight of quality of service matters (House Bill 1779), which became effective August 28, 2008. In fact, service quality complaints and inquiries were 23% fewer in the one-year period immediately following the change in law, as compared to complaints and inquiries in the one-year immediately prior to the change in law (255 versus 333). Complaints and inquiries also were 23% fewer in the two-year period immediately following the change in law, as compared to complaints and inquiries in the two-year period immediately prior to the change in law (587 versus 759).<sup>5</sup> These comparisons indisputably demonstrate that the August, 2008 enactment of HB 1779 did not precipitate any increase in the number of complaints and inquiries; to the contrary, a decrease in that number followed.

Even were one to focus on the limited data set emphasized by Staff, the result is the same. Commissioner Davis’ concurrence opinion correctly observed that the number of service quality complaints and inquiries from August 31, 2009 through August 31, 2010 is “virtually identical” to that from August 31, 2007 through August 31, 2008, the year just before the reform legislation was passed, and that the number “actually represent[s] a 22% decrease” in the number from August 31, 2006 through August 31, 2007.<sup>6</sup>

The second shortcoming is Staff’s reliance on an increase in inquiries as a factor in its decision to request that the Commission open this case. Staff emphasized that “[it] received 1449 inquiries” from August 31, 2009 to August 1, 2010.<sup>7</sup> However, based on its conversations with Staff, AT&T understands that inquiries, under Staff’s definition, are calls which Staff’s Consumer Services Division (“CSD”) handles and resolves without the assistance of the service provider. Since any issue related to a service provider’s network facilities would necessitate participation by that service provider in the resolution of the issue, it would seem that Staff’s inquiry data contained in the affidavits would be irrelevant when analyzing the state of quality of service. In any event, Staff’s emphasis is unwarranted because the number of inquiries, when compared to a Missouri end-user switched access line base of 2,585,000 (as last reported by the FCC), yields a miniscule overall inquiry percentage for the year of just one-twentieth of one percent (0.056%).

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<sup>4</sup> Motion to Open an Investigatory Docket (“Motion”), filed August 24, 2010, at 1.

<sup>5</sup> Order, Concurrence of Commissioner Jeff Davis (“Concurrence”), Attachment A, at 1.

<sup>6</sup> Concurrence, at 3.

<sup>7</sup> Motion, at Attachment B.

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In any case, an “inquiry” is simply not a “complaint.” An inquiry represents a question to the Commission, not necessarily a complaint by a consumer regarding service degradation. As Commissioner Davis’ concurrence correctly noted: “It’s a function of the PSC’s Consumer Services Division to answer questions about telephone service. Answering questions about telephone service is a lot different from a ‘Complaint’ – either formal or informal. I question whether the use of these inquiries is appropriate to justify the full-blown investigation of an entire industry without a lot more substantive analysis.”<sup>8</sup>

Finally, analysis of the AT&T data Staff provided to the company after this case was opened likewise reflects no systemic deterioration of service. Rather, the data show that CSD received fewer total complaints and fewer service quality complaints regarding AT&T during the two-year period after HB 1779 became effective than during the two-year period before the law became effective (total complaints (\*\* \_\_\_\_ \*\* after versus \*\* \_\_\_\_ \*\* before; service quality complaints: \*\* \_\_\_\_ \*\* after versus \*\* \_\_\_\_ \*\* before). Also noteworthy is that, over the two-year period since HB 1779 became effective, CSD received very few AT&T-related service quality complaints or inquiries relative to its over 1,400,000 AT&T access lines (\*\* \_\_\_\_ \*\*). Finally, over 80% of the inquiries are uncategorized (shown simply as “N/A”), so one cannot determine if they are related to service quality, billing, unregulated service, no jurisdiction, etc. Consequently, use of this inquiry data in support of any request to investigate a potential deterioration of facilities is misplaced for this additional reason.

### III. CONCLUSION

AT&T prides itself as an industry leader in the forefront of delivering superior service to our customers in Missouri. This is demonstrated not only by the service metrics outlined in this response, but AT&T’s continued investments in Missouri and improving our network infrastructure. Our response indicates that AT&T takes its obligation regarding service quality seriously, as demonstrated through unsurpassed customer service, significant and continual capital investment, significant sums of expense and time dedicated to testing and maintenance of our facilities, as well as training of our technical staff. Indeed, we fully understand that if a company in the competitive Missouri marketplace does not provide the services or service quality consumers’ demand, they will exercise their choice to switch. That’s why we listen carefully to our customers. We want to remain their carrier of choice.

Very truly yours,



Craig A. Unruh

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<sup>8</sup> Concurrence, at 5.