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Decision No. 79310

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
General Telephone Company of California,  
a corporation, for authority to increase  
its rates and charges for telephone  
service.

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Application No. 49835  
First  
Supplemental Application

A. M. Hart and Walter Rook, Attorneys  
at Law, for General Telephone Company  
of California, applicant and petitioner.  
Roger Arnebergh, City Attorney, by Charles  
E. Mattson, Deputy City Attorney, for  
City of Los Angeles; and Robert W. Russell,  
Chief Engineer & General Manager, by  
Manuel Kroman, Department of Public Utilities  
& Transportation, for Department of Public  
Utilities & Transportation, City of Los  
Angeles; interested parties.  
Bernard A. Peeters and Janice E. Kerr, Attorneys  
at Law, for the Commission staff.

OPINION ON REHEARING

By Decision No. 77947 dated November 10, 1970, in this supplemental application the Commission reduced by one-half the 0.2 percent "service" penalty levied in rate of return in Decision No. 75873 and ordered General Telephone Company of California (General) to submit a second market survey directed to the adequacy of its service in the Los Angeles Metropolitan area.

On November 27, 1970, General petitioned for a rehearing of Decision No. 77947 limited solely to that portion of the decision requiring General to conduct another public opinion survey and present its results in the proceeding in Application No. 51904.

Rehearing was granted by Decision No. 78208 dated January 26, 1971, and was held before Commissioner Symons and Examiner Main in Los Angeles on April 15, 1971. The matter was submitted on that date subject to the filing of concurrent briefs on May 3, 1971.

In Decision No. 77947, the Commission found:

"1. General's service, if measured solely by General's indices and by use of Pacific's indices, although slightly below Pacific's standards, is adequate.

"2. General's service, if measured solely by the market survey introduced in evidence by General, is less than adequate.

"3. The indices and market survey show that General's service is improving rapidly and is significantly better than it was at the time of Decision No. 75873.

"4. Because of this significant improvement in service the 0.2 percent rate of return penalty found in Decision No. 75873 should be reduced by one-half...

"5. The rates and charges authorized in Appendix A attached hereto are just and reasonable...

"6. General should continue to use the service indices of Pacific that it adopted.

"7. In order to facilitate comparison of telephone service as required by Public Utilities Code Section 728 the staff should organize a committee composed of representatives from the staff and from all large telephone companies in California, such committee to formulate indices to be used by all telephone companies."

In seeking the rehearing, General stressed its contention that a public opinion survey cannot be used to measure its quality of service. It further contends that its service performance level is measured by service index plans and that the fundamental question really is whether the objective level set for the indices is a true measure of adequate telephone service.

The Commission staff contends that service indices alone are not reliable criteria to determine quality of service, that a second survey is essential and that the present "service" penalty should continue until after hearing on the second survey and then should be lifted only if the survey results together with all other evidence clearly establish that General's telephone service is adequate.<sup>1/</sup>

The City of Los Angeles' position is similar to the staff's. It stresses, in addition, the point that survey results obtained from a statistically reliable sample of the universe of General's subscribers are expected to be more representative of

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<sup>1/</sup> In its brief filed prior to the issuance of Decision No. 77947 the Commission staff expressed serious reservations about the weight to be accorded the service quality results of the market survey unless it were possible to measure the distortion caused by differences in General's and Pacific's reputation. Such measurement, apart from relying upon service index plan performance results, could quite possibly continue to be indeterminate.

over-all service quality than presentations by public witnesses to which considerable hearing time is devoted.

The further testimony of the only witness at the rehearing, Dr. Abelson, focused on surveys and placed emphasis on their limitations. He did not provide, however, substantially new or different evidence.

Upon reconsideration of the record, we affirm the above quoted findings of Decision No. 77947 and make the further finding that the analysis of trends in service indices tends to be inherently a more reliable measure of service quality than market surveys.

A second market survey should still be required however. It can serve as an imprecise control on service index plans by a partial confirmation of their results through measuring the extent of improvement in service quality as reflected by customer responses to survey questions. In addition, the trend in results shown between the first and second surveys may disclose either directly or in some other way, such as an indicated restructuring of possible future surveys, information which can serve as a useful input into determining the objective level for service index plans.

To further buttress the reliability of the input data for the service index plans on an on-going, long-term basis, we plan to require in our forthcoming decision in Application No. 51904 that the service index plan results be verified quarterly by an officer of General who will attest to the procedures and controls used in

obtaining and compiling the data and who will direct attention to areas of potential service deficiencies, i.e., those areas, identified down to the smallest reporting unit (central office, service center, exchange, etc.) by which the several indices are developed, which fall below the 96 percent objective or fully satisfactory level for two or more consecutive months. He will also set forth the corrective measures being taken for such areas. Verification may be made before a notary public or by certification or declaration under the penalty of perjury.

The Commission concludes upon rehearing of Decision No. 77947 that the order in said decision should remain in full force and effect except for Ordering Paragraphs 4 and 5 which should be modified and replaced by Paragraphs 1 and 2 in the following order.

ORDER ON REHEARING

IT IS ORDERED that:

1. General Telephone Company of California is ordered to submit a new survey directed to the adequacy of its service in the Los Angeles Metropolitan area in comparison with Pacific's service. This survey is to be conducted during the third quarter of 1972 by an independent survey organization approved by this Commission. If General wishes the services of the survey organization that submitted the survey in this case, approval is hereby granted. Compensation to be paid such survey organization is to be charged to General Telephone Company of California. The survey should be

identical in form to the one presented in this case with the addition of questions concerning length of service. The results of such survey shall be filed with the Commission and served upon all parties of record in the rehearing on or before February 1, 1973.

2. All evidence concerning the market survey which has been placed in evidence in Application No. 49835 will be considered with all other evidence concerning service in Application No. 51904.

3. In all other respects the order in Decision No. 77947 shall remain in full force and effect.

The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 9th day of NOVEMBER, 1971.

[Signature]  
Chairman  
[Signature]  
[Signature]  
[Signature]  
Commissioners