

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION

Complainant,

v.

VERIZON NORTHWEST INC.,

Respondent.

DOCKET NO. UT-040788

RESPONSE ON BEHALF OF
COMMISSION STAFF TO
MOTION FOR CLARIFICATION
FILED BY VERIZON
NORTHWEST INC.

1 This Response is filed on behalf of the Staff of the Washington Utilities and
Transportation Commission (Staff).

I. Sunset Date on the Late Payment Charge

2 In its Order, the Commission required the Late Payment Charge tariff to bear
an expiration date of December 31, 2007.¹ Verizon NW seeks “clarification”
regarding the sunset date, and suggests that any modification to the Late Payment
Charge be required to take place prior to July 1, 2007.²

¹ Order at ¶¶ 26 and 64.

² Motion at 2-3.

3 Verizon NW correctly states that the Late Payment Charge tariff sunset date
of December 31, 2007 is not contained in the Agreement, nor was it proposed by any
party.³ The sunset date requirement was added by the Commission in its Order,
based on Commission concerns about impacts on low income persons, as well as
other, more generalized concerns.⁴

4 Verizon NW is also correct to state that the addition of a sunset date on the
Late Payment Charge creates uncertainty regarding a substantial portion (22%) of
the revenue increase that the parties agreed to as a resolution of this proceeding,⁵
and which the Commission accepted in its Order.⁶

5 The Company has legitimate concerns about the possibility of a significant
revenue loss if the Late Payment Charge for all classes of customers terminates on
December 31, 2007.⁷ The Company is also being reasonable in suggesting that any
change to the Late Payment Charge occur before July 1, 2007, so that the change can
occur on a revenue neutral basis, per the Agreement.⁸

³ Motion at 2, 1st ¶.

⁴ Order at ¶¶ 23-24.

⁵ E.g., Motion at 2, 1st ¶.

⁶ Order at ¶¶ 17-19.

⁷ It should be noted that the revenue loss could be lower than 22% if the Late Payment Charge were modified, rather than eliminated.

⁸ Motion at 2, last ¶, through page 3, 2nd line, including n.2. The Agreement accepted by the Commission in its Order establishes a specific “stay-out” period (ending July 1, 2007). *Agreement at ¶ 39*. The Company’s right to a revenue-neutral offset for any mandated rate decrease is deliberately and specifically tied to that time period. *Agreement at ¶ 45*. Nothing in the Agreement or the Order requires any sort of revenue offset to a mandated rate decrease after July 1, 2007.

II. Late Payment Charge Reporting Requirements

5 In its Order, the Commission required the Company to monitor the use and
effect of the Late Payment Charge,⁹ with the goal of determining: 1) whether the
Late Payment Charge reduces late payments (on an absolute or proportional basis);
and 2) whether the Late Payment Charge increases the rate of disconnections.¹⁰

6 According to the Motion, Verizon NW seeks clarification:

... of Paragraph 30 [of the Order] with respect to the new Company reporting requirements that it establishes. As Verizon NW reads this paragraph, the Company and Commission through its Executive Secretary are to work cooperatively to provide the data most useful to the Commission without undue burden to the Company...¹¹

7 Staff agrees with Verizon NW that Paragraph 30 of the Order should be interpreted as requiring the Company “to work cooperatively to provide the data most useful to the Commission without undue burden to the Company.” However, the Company does not identify any particular burden in collecting the information specifically identified by the Commission in its Order at Paragraphs 27-28.¹²

⁹ Order at ¶ 27. The Motion addresses only those reporting requirements applicable to the Company. Paragraph 29 of the Order also establishes monitoring requirements applicable to Staff, but those requirements are not at issue.

¹⁰ Order at ¶ 28.

¹¹ Motion at 3, 1st new ¶.

¹² In Paragraphs 27 and 28 of the Order, the Commission requires the Company to collect and report the following information: 1) Using the calendar year 2004 and the first three months of 2005, the Company must track late payments that would require a Late Payment Charge if the proposed tariff had been in effect; 2) The Company must report actual application of the Late Payment Charge while it is in effect; the number of “qualifying” late payments in total and as a percentage of total residential ad business customers (intrastate); and 3) The Company must report the number of company-initiated disconnects for non-payment in the relevant periods.

Consequently, Staff does not consider the Company's Motion to seek relief from these requirements.¹³

8 On the other hand, the Company should be free to propose collection of other information that would assist the Commission in evaluating the efficacy of the Late Payment Charge. The Commission should clarify its Order accordingly.

III. Conclusions

9 The Commission should consider the Motion and grant relief consistent with the positions of Commission Staff identified in this Response.

DATED this 22nd day of April, 2005.

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¹³ Staff also observes that the Company may believe the Commission's concerns about the Late Payment Charge relate only to the impact on low income persons. *See, e.g., Motion at 2, last ¶, 1st sentence; at 3, last ¶, 2nd sentence; and at 3, n.3.* In Staff's view, while it is clear the Commission is concerned about impacts on low income customers, it is also apparent the Commission is concerned about customer acceptance of the Late Payment Charge and other issues that may not necessarily be related to low income customers.