

June 3, 2005

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Carole Washburn
WUTC
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PO Box 47250
Olympia, WA 98504-7250

RE: WUTC v. Verizon (Late Payment Fee)
Docket No: UT-040788

Dear Ms. Washburn:

Public Counsel files these comments in response to the Commission's Order No. 17 in this docket, which provides the Parties with an opportunity to file recommendations with the Commission regarding the reporting data Verizon shall provide to the Commission relating to its late payment tariff.

The Commission's Order No. 15 raised concerns with Verizon's new late payment tariff and its impact on customers. Public Counsel shares those concerns, and agrees with the Commission that it will be important to study the operation and effect of this new tariff. Order No. 15 at 26.

We believe the data identified in Order No. 15 (at 27-30) will help assess the impact of the tariff. However, we are concerned that that data alone will not provide enough information to allow the Parties to conduct sufficient analysis to evaluate whether the tariff for residential customers should be continued, terminated, or modified in some manner when it expires on December 31, 2007. Public Counsel therefore recommended to Verizon that the company include additional data in its reports to the Commission. Public Counsel is very pleased that the company has agreed to several of our recommendations. Specifically, Verizon has indicated to Public Counsel that they will include the following additional data in the reports filed with the Commission, in addition to the data identified in Order No. 15:

- The total number of residential customer accounts assessed the \$2.50 fee, and the total number of accounts assessed the 1.5% fee, on a monthly basis.
- The total dollar amount applied to residential bills for the \$2.50 fee, and the total amount applied to bills for the 1.5% fee, on a monthly basis.
- The average dollar amount applied to residential bills for the 1.5% late fee, on a monthly basis.

- Total revenues generated by the residential late payment fee, on a monthly and annual basis. (As we mention below, Public Counsel recommends including revenue generated by the business late payment fee as well).
- Distribution data regarding the length of delay in customer payment of bills. It is Public Counsel's understanding that the company is willing to provide data regarding the number of customers who are 30, 60, and 90 days late, as discussed further below.
- Late payment and disconnect data for Washington Telephone Assistance (WTAP) customers.

Public Counsel is happy that Verizon has agreed to provide this additional data to assist the Parties in their analysis of the new tariff. We would like to recommend, however, that the Commission also consider the inclusion of the following data in the reports with respect to residential customers, to the extent possible:

- The range in dollar amounts charged to residential customers under the 1.5% fee (e.g. lowest and highest amounts), as well as the most frequent dollar amount charged to customers under the 1.5% fee, if that data is available.
- The average bill for those accounts that experience a company-initiated disconnection, per month. The Commission's Order No. 15 requires Verizon to report disconnect data, and this additional data will help the Parties understand this population.

In addition, Public Counsel would like to raise two issues of concern with the Commission. While we do not have specific recommendations as to reporting requirements for these issues at this time, we nevertheless would like to call the Commission's attention to these issues. The first issue concerns the time interval customers are given before a late payment fee is assessed, and the second issue involves assessing the tariff's impact on low income customers.

A critical component in the operation of a late payment fee is the time interval customers are given to pay their bill before a late fee is charged. WAC 480-120-161 (2) provides that companies must allow customers a minimum of fifteen days from the date the bill is mailed before payment is due. Public Counsel therefore asked Verizon to include distribution data regarding the length of delay in customer payments in their reports to the Commission. The company has indicated to Public Counsel that it can provide data regarding the number of customers that are 30, 60, or 90 days past due. While this is somewhat helpful, it is not likely to assist the Parties in understanding whether the initial time interval granted to customers is proper. For example, if a significant number of customers are only a few days late in paying their bill, that may raise concerns as to whether the time interval customers are given is reasonable. Thus, to the extent the company has more specific data available, beyond the 30/60/90 time frames, that additional data might prove valuable to our analysis.

A second area of concern to Public Counsel is how to effectively analyze the impact of the late payment tariff on low income customers. The Commission's Order No. 15 states in part, "We are especially concerned about the potential impact of a minimum late fee upon persons of fixed and limited incomes." (at 24). Public Counsel has struggled with how to best assess the impact of the tariff on this population. Verizon has indicated it can provide data for customers participating in the Washington Telephone Assistance Program (WTAP). However, while this data may prove somewhat useful, it is not a very complete picture because WTAP only reaches about 25% of those eligible, and is limited to those participating in certain DSHS programs. Public Counsel requested that Verizon provide data regarding those customers for whom the company has a deposit on record. While this too is an imperfect proxy for low income customers, it would reflect those customers who have poor credit, many of whom are likely low income. However, the company has indicated to Public Counsel that they do not currently collect deposits from customers in Washington.

Again, we do not have specific recommendations for the Commission as to what data could help inform our analysis in these two areas, but we did want to raise these issues with the Commission. One possible means of addressing these and other issues in some way would be to conduct focus groups with residential customers to better understand their experience with the new late payment tariff.

Finally, while the Commission's Order No. 17 removed the expiration date for the business tariff, and clarified that the Commission's concern is principally with the impact of the tariff on residential customers, Public Counsel believes there is value in having the company report some data on the effect of the tariff on business customers. Our recommendation is that Verizon provide the data identified in Order No. 15 (at 27-30) with respect to business customers, as well as total revenue generated by the business late payment tariff, on a monthly and annual basis.

We look forward to working with the Commission and the Parties on this matter, and note that upon reviewing Verizon's initial report, due February 15, 2006, we may want to make additional recommendations regarding reporting.

Sincerely,

Simon J. ffitch
Assistant Attorney General
Public Counsel

SJf:cjw

cc: Judith A Endejan, Verizon (E-mail & First Class Mail)
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