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June 14, 2005

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Ms. Carole Washburn, Executive Secretary
Washington Utilities and
Transportation Commission
1300 S. Evergreen Park Drive S.W.
Olympia, Washington 98504-7250

Dear Ms. Washburn:

Subject: Verizon Northwest Inc. Late Payment Charge - WUTC Docket No. UT-040788

Verizon Northwest Inc. ("Verizon NW") submits these comments in response to Public Counsel's recommendations filed with the Commission on June 3, 2005. In its comments, Public Counsel recommends Late Payment Charge ("LPC") data collection measures that are excessive and focus groups that would be costly, impractical, and beyond the scope of what is needed to meet the Commission's objectives.

The initial phase of the reporting process should be aimed at collecting basic data for the initial report due February 16, 2006. Verizon NW has developed recommendations¹ with significant input from Commission Staff and Public Counsel that meet this objective. The Company will meet all the data requirements and timing of the reports as required in Order No. 15 and clarified in Order No. 17. Verizon NW's willingness to collaborate with the other parties is demonstrated by the Company agreeing to the majority of Public Counsel's requests for supplemental data.² The Commission Staff was involved in the development process and believes the correct level of data is being provided for the initial report.

On the other hand, Public Counsel is requesting data that is beyond what is needed in the initial report. Not only are these requests extremely burdensome and unnecessary, they are mistimed. In other words, these are the types of requests that should be issued after conclusions have been reached from the initial report. For example, Public Counsel has recommended focus groups because it is concerned that the WTAP customer information the Company is providing will not give the full picture for low-income customers.³ In another example, Public Counsel requests an

¹ See letter to Carol Washburn dated June 3, 2005.

² Verizon NW agreed to provide Public Counsel with 7 of its 10 requests for supplemental data. One of the requests for data could not be provided because the Company's business practices does not include collecting customer deposits. The remaining two requests for data are being challenged here.

³ Public Counsel stated that WTAP only reaches about 25% eligible and is limited to those participating in certain DSHS programs.

average bill for company-initiated disconnects that are at a more granular level than the basic disconnect data that will be provided in the initial report.

Verizon NW is willing to provide additional data after the initial report and subsequent reports are released, within the framework of the reporting process intended by the Commission.⁴ The Company is committed to working with the other parties to provide the necessary data for the Commission to reach an informed decision on the LPC tariff as long as the request for data is reasonable and useful. For the reasons stated below, Public Counsel's recommendations are not reasonable and useful.

Specific Comments on Public Counsel's Recommendations

1. Several Public Counsel requests for data in the LPC reports will not provide benefits that outweigh the cost of gathering such data creating an unnecessary burden for the Company.

The following three data recommendations should not be required. Public Counsel's recommendation is in bold and Verizon NW's response immediately follows:

- **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 charged to customers under the 1.5% fee.**

This data would be of little, if any, use. First, the range in dollar amounts charged is driven by the residential customer's unpaid balance, not by the late payment percentage which is kept constant at 1.5%. Second, only a small portion of residential customers (on a percentage basis) will be assessed the 1.5% late payment fee because the unpaid balance must be at least \$167.00 before the minimum charge of \$2.50 is exceeded. Finally, the amount charged by the late payment fee will be no higher than 1.5% of the unpaid balance.

- **The average bill for those accounts that experience a company-initiated disconnection.**

The LPC is not a determinant in a company-initiated disconnection. First, the late payment charge is a very small portion of the unpaid balance. Second, Verizon NW does not disconnect local service for non-payment of the late payment charge itself. Finally, developing an average bill for company-initiated disconnections strays from the Commission's intent to gather data on the application and effect of the residential LPC.

⁴ As stated in Verizon NW's Recommendation letter, "Staff and Verizon NW have agreed that within 60 days of the filing of each report, Staff or other parties may submit information as to the usefulness of the data, whether additional information is needed, whether the data meets the Commission's needs, and how the report should be modified in format or data, if needed."

- **Verizon should 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.**

Since the Commission's Order No. 17 removed the expiration date for the business tariff, Verizon NW requested clarification in its recommendation letter as to whether the reporting requirement for business customers should be eliminated. It is Verizon NW's view that no reporting of business LPC data is required; the Commission and parties should focus on residential data as required by the Commission order.

2. Customers are given a reasonable initial interval of time to pay their bill before a late fee is charged.

Public Counsel raises concerns regarding the initial interval of time given to customers to pay their bill before a late fee is charged. Public Counsel states WAC 480-120-161 (2) allows customers a minimum of fifteen days from the date the bill is mailed before payment is due and Verizon NW's reporting of past due time intervals of 30, 60, and 90 days does not reflect how many customers are only a few days late in paying their bill.

Verizon NW gives customers at least 22 days from the bill mailing date to pay their unpaid balance before the LPC is assessed.⁵ This is about one week longer than the minimum of fifteen days that WAC 480-120-161 (2) requires. Thus, there should be no concern with the initial time interval customers have to pay their bill, and the inclusion in the report of past due detail at the 30, 60, and 90 day levels is adequate.

3. Focus groups with residential customers would be costly and time consuming with no defined benefits.

Public Counsel recommends conducting focus groups with residential customers to better understand their experience with the new late payment charge. Focus groups are costly and impractical. The timeframe to select the customers, conduct the interviews, and tabulate the results would take several months and render no tangible benefit. Focus groups should not be considered for the LPC reporting process. Moreover, no other telecommunications provider in the state that charges an LPC is subject to this burden.

Conclusion

Verizon NW has demonstrated its willingness to work with the other parties in determining the relevant information for collection and is committed to providing the Commission with the necessary information to make an informed decision on the residential LPC tariff.

⁵ For example, a customer who is mailed his or her bill on or about June 8 would have until June 30 to pay before the LPC is assessed.

Ms. Carole J. Washburn

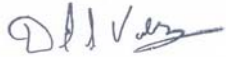
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The Commission should adopt Verizon NW's recommendations and deny the recommendations of Public Counsel for all the reasons discussed above.

If there are questions, please contact me at (425) 261.5691.

Very truly yours,

A handwritten signature in blue ink, appearing to read "D. Valdez", with a stylized flourish at the end.

David S. Valdez

DSV:kad

Enclosures

c: Service List