

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION
COMMISSION**

**In the Matter of the Rule-Making
Related to Telecommunications
Operations – Chapter 480-120 WAC**

**DOCKET NO. UT-990146
Telecommunications Operations**

**Comments of the
Low Income Telecommunications Project
On Proposed WAC 480-120-174
November 1, 2002**

Introduction

Spokane Neighborhood Action Programs (SNAP) and the Low Income Telecom Project (LITE) respectfully submit the following comments and alternative language (see attached Appendix A) regarding proposed WAC 480-120-174. We thank the Commission for this opportunity to comment and for its careful consideration of these important issues.

Our goal is to develop a rule that will provide Washington's low income and vulnerable telephone consumers with the opportunity to obtain and keep basic phone service. This goal is consistent with objectives of the Washington state legislature, which has declared: "that universal telephone service is an important policy goal of the state." RCW 80.36.410

At the same time, we understand that the financial burden and risk on the telephone companies must be kept to a minimum. Therefore, the burden on the phone companies of

the alternative language we propose is nominal. Under current law, the companies are reimbursed by WTAP for all but \$4.00 (all but \$1.00 in tribal lifeline) of the cost of providing basic phone service. The phone companies are also reimbursed for all their administrative costs in participating in WTAP and tribal lifeline. Also, under draft rule 480-120-174 the companies can limit ancillary services, can toll restrict, and are repaid for outstanding charges owed. Consequently, we conclude that the benefits of this proposed language far outweigh any burdens.

First, LITE asks that the language in subsection (1) limiting the service restoration opportunity to only those who were not participating in WTAP and tribal lifeline, at the time of disconnection, be removed. Second, we ask that customers wishing to reconnect to basic local service not be required to repay prior charges for ancillary services unless they request ancillary services in addition to their basic phone service. Third, LITE asks that Washington phone customers be able to use the provisions of this rule to reconnect to basic phone service once every 12 months.

LITE encounters a significant number of households that are disconnected from phone service despite their participation in WTAP or enhanced tribal lifeline. As discussed below, households are disconnected for a variety of reasons. Many could be avoided through proper knowledge or phone company forthrightness. We think that not only will the proposed language help achieve universal service, it will provide an easy to use and understandable repayment and reconnection structure for Washington's WTAP and tribal lifeline eligible citizens.

Discussion: The Causes of Disconnection

I. Lack of Awareness of Phone Service Rights

Why are households disconnected from basic phone service? LITE has found that in

many cases, households are disconnected from phone service because they are unaware of their rights. In fact, the concept of obtaining and keeping basic phone service and the Washington rights associated with basic phone service are relatively unknown to Washington consumers. WAC 480-120-081(2)(d) allows Washington phone customers to avoid disconnection if they keep current with their basic phone service charges. Unpaid toll and pay-per-call charges cannot lead to disconnection of basic phone service if basic phone service charges are paid. Yet in our experience very few people know that they can avoid disconnection by paying only basic phone service charges. They think they have to pay off all their toll and pay-per-call charges to keep even basic phone service. Thus people with high toll charges pay nothing and are disconnected.

The phone companies do not tell customers of their right to keep basic phone service. In fact the phone companies make it hard to distinguish what are basic phone service charges and what are not, when they encourage customers to purchase phone service packages with a variety of phone service features. Basic phone service charges are included in the cost of the packages making it almost impossible to decipher what is owed for basic service and what is owed for other features. As a result of lack of knowledge and of confusing packages, many people are disconnected when they could have maintained basic phone service.

Surprisingly, lack of knowledge is not limited to phone service consumers. LITE has encountered many phone company representatives who are unfamiliar with the rights of Washington phone service customers. Many times when LITE clients ask for a six-month repayment plan and the right to pay basic service charges to reconnect to basic service, the requests are denied because the phone company representatives are not familiar with the rights of Washington consumers. Unfortunately, because customer service representatives handle customers from many different states they are often unable to distinguish

Washington telephone service laws from those of other states.

II. Phone Cost Confusion

The vast majority of consumers do not know that phone companies must abide by tariffs that limit what can be charged residential customers for basic phone service. When consumers make the call to obtain phone service they are not initially offered basic phone service and quoted the lowest charge. Instead, they are presented with an array of packages offering different features at different prices. Scripted sales representatives do all they can to sell extras. A wide disparity in the knowledge of the services and options available gives phone company sales representatives a much superior bargaining position. Confusion reigns.

Some households order ancillary services, services the phone companies encourage them to order, that they are unable to afford. In some cases households are told that the services will save them money when they do not. A common occurrence is that a customer will want one feature, such as “Caller ID”. This feature on its own costs around \$4.00 per month. However, the customer will be told by the phone company that if they order a package they will save money and also get other features included such as call waiting, voice mail, call screening, and 3-way calling. Many phone customers mistakenly think that they are then saving money on their overall bill if they order the package.

The reality is they are only saving money by ordering a package, if instead of ordering a package, they order all the features included in the package, separately. The package costs around \$40.00, whereas the feature the customer wants costs \$4.00. The customer ends up paying a lot more than they wanted, or can afford, because they are told that they are saving money. Customers also do not understand that many ancillary services have one-time non-recurring set-up fees. Again, for many low-income households, the charges are unexpected and unaffordable.

Finally, some households do not understand that their first phone bill, after

establishing service, covers charges for the first two months of service. For those on a limited fixed income the first bill may be unaffordable.

III. Failure of Phone Companies to Apply all WTAP Credits

Some households do not receive all their proper WTAP credits. For example, in the state of Washington, customers who enroll in WTAP are entitled to one \$15.50 federal connection fee credit and one \$15.50 state connection fee credit. However, many of the Qwest customers we work with only receive the federal credit. The crux of the problem appears to be that Washington is unique among Qwest states in that WTAP offers both a state and federal credit to help with connection fees. Many Qwest representatives appear to be unfamiliar with the Washington credits and fail to apply them. To some low-income households the loss of that credit means the loss of phone service.

IV. Unordered or Unneeded Services Result in Disconnections

LITE often encounters people that tell us they have been charged for ancillary services that were never discussed and never ordered. LITE also meets many people who are deceptively enticed into ordering ancillary services. Clever and manipulative sales techniques lure unsophisticated consumers into ordering the expensive features.

One scenario involves a customer asking for the least expensive phone service. The phone company representative, instead of interpreting the request as indicating the customer's desire for simple basic phone service, chooses to interpret it to mean the best phone service package that saves the most money on commonly requested phone service features. In these cases, instead of an initial phone bill of under \$20.00, many households have charges on their first bill of \$80.00 or more.

V. Households in Crisis Are Disconnected

Many households on WTAP experience crisis situations that mean the phone bill cannot be paid. Unemployment, eviction, domestic violence, car repairs, winter heating bills,

illness, disability, unexpected loss of entitlement benefits, and unplanned child care expenses are just a few of the crises that may prevent a household from paying their phone bill. Unfortunately, throughout our state thousands of low-income families are often faced with the monthly decision of which bills to pay or not pay. Rent, power, insurance, childcare, phone, and more are on the list of dreadful choices. The ability to reconnect to phone service through WTAP or enhanced tribal lifeline must be available at least once a year if these families are to rebuild their lives!

Conclusion

Basic phone service plays an important part in helping low-income and vulnerable households maximize their capacities and build the support system they need to achieve their potential. Therefore, we consider the ability to reestablish phone service after disconnection to be enormously important. Not only does basic phone service help low-income and vulnerable households improve their lives and maximize their capacities, but it also increases and encourages commerce and has beneficial economic impacts for our state's economy. LITE asks the Commission to adopt the language for 480-120-174 that we submit here.

Thank you for this opportunity to comment.

Respectfully submitted this ____ day of November, 2002

John O'Rourke
Coordinator, LITE Program
Spokane Neighborhood Action Programs
212 W. Second Avenue
Spokane, WA 99203
(509) 744-3370, Extension 247

APPENDIX A

Proposed new language for WAC 480-120-174:

NEW SECTION

WAC 480-120-174 Restoring service based on Washington telephone assistance program (WTAP) or federal enhanced tribal lifeline program eligibility. (1) Local exchange companies (LECs) must restore service for any customer who has had basic service discontinued for nonpayment under WAC 480-120-172 (Discontinuing service--Company initiated) ~~if the customer was not a participant in either Washington telephone assistance program (WTAP) or the federal enhanced tribal lifeline program at the time service was discontinued and~~ if the customer is eligible to participate in WTAP or the federal enhanced tribal lifeline program at the time the restoration of service is requested. To have service restored under this section, a customer must establish eligibility for either WTAP or the federal enhanced tribal lifeline program, agree to continuing participation in WTAP or the federal enhanced tribal lifeline program, agree to pay unpaid basic service ~~and ancillary service~~ amounts due to the LEC at the monthly rate of no more than one and one-half times the telephone assistance rate required to be paid by WTAP participants as ordered by the commission under WAC 480-122-020, agree to toll restriction, or ancillary service restriction, or both, if the company requires it, until the unpaid amounts are paid. Companies must not charge for toll restriction when restoring service under this section. Customers requesting ancillary services in addition to basic service must agree to pay unpaid basic service and ancillary service amounts due to the LEC at the monthly rate of no more than one and one-half times the telephone assistance rate required to be paid by WTAP participants as ordered by the commission under WAC 480-122-020.

(2) In the event a customer receiving service under this section fails to make a timely payment for either monthly basic service or for unpaid basic service, as required in subsection (1) of this rule, the company may discontinue service pursuant to WAC 480-120-172. A customer may use the provisions of this section to reestablish phone service no more than one time every 12 months.

(3) Nothing in this rule precludes the company from entering into separate payment arrangements with any customer for unpaid toll charges.