

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the matter of Eligible Telecommunications)	
Carriers (ETC) Rulemaking,)	Docket No. UT-053021
WAC 480-120-399 (2))	
_____)	

**VERIZON COMMENTS
November 14, 2005**

Pursuant to the Washington Utilities and Transportation Commission’s (“Commission”) October 21, 2005 Notice of Opportunity to File Written Comments, Verizon Northwest Inc. (“Verizon”) provides the following comments regarding the proposed revisions to WAC 480-120-399, Access Charge and Universal Service Reporting, relating to Eligible Telecommunications Carrier (“ETC”) designation and annual certification.

I. INTRODUCTION

The proposed revisions of WAC 480-120-399 are troubling because they would impose unnecessary additional and/or duplicative regulatory burdens on local exchange companies such as Verizon, which are already subject to extensive rules and reporting requirements. The Commission should apply common sense and practical considerations when addressing accountability by ETCs with different histories, circumstances, rate regulation statuses, operations and technologies, and which receive different types of federal support payments. Plainly, one size does not fit all in this matter. Verizon continues to urge the Commission not to impose additional burdensome requirements upon it and similar companies in order to maintain their federal ETC status and bring federal funds to the state.

II. VERIZON BACKGROUND

Verizon provides numerous products and services including basic wireline local telephone service, intrastate toll services, optional calling features, and dedicated (non-switched) services from simple alarm circuits to very high capacity high speed data transport. It has been in business in various parts of the state for decades, its earliest predecessors dating from the 1880's. It is a regulated carrier rather than a competitively classified carrier under RCW 80.36.320. As such, the rates, terms and conditions of its local telephone services and most of its other intrastate services are pervasively regulated by the Commission, and it is subject to scores of Commission rules covering topics including establishing and terminating service, billing, rate changes, service outage repair, and other service quality matters. It operates in "exchanges" described in maps filed with the Commission, and within those areas its network extends to virtually every premise. The Company is generally obliged by the Commission's service extension rule (WAC 480-120-071) to construct additional facilities within these filed exchanges and provide service when requested.

The only federal support Verizon receives are Interstate Access Support ("IAS") and Lifeline / Link-Up, and for those purposes the Company is designated as a federal ETC. It does not receive support from any of the following federal funds: High Cost Model, High Cost Loop, Safety Net Additive, Safety Valve, Local Switching, Interstate Common Line Federal Universal Service High Cost fund.¹ IAS and Lifeline / Link-Up funds are not project specific; i.e., they are not keyed to service extension construction or any other specific construction or maintenance activity.

¹ Other traditional wireline telephone companies in the state may receive support from some or all of these additional sources, as may other ETCs. The traditional wireline ETCs are subject to the same type of existing Commission regulation described for Verizon.

IAS is the successor to a portion of the Company's interstate access charges and, as such, is part of the Company's general revenues, which go toward recovering its overall interstate loop costs. Lifeline / Link-Up support is reimbursement for providing discounted basic local service to qualifying low income customers. That, too, is part of the Company's revenue stream, which is used to defray its operating costs. Without these reimbursements, the Company would have to increase rates to other customers in order to continue to cover its costs of providing service.

III. SPECIFIC CONCERNS WITH PROPOSED RULES

WAC 480-123-0050 Annual Certification of Eligible Telecommunications Carriers and WAC 480-123-0060 Annual Certifications and Reports

(1) Report on use of federal funds and benefits to customers.

Proposed section -0050(1) and proposed -0060(1) are worded essentially the same as current WAC 480-120-399(2)(c). If the type of certification Verizon has been providing under that rule would meet the requirements of the proposed rule, Verizon would have no concerns. However, the remainder of this proposed new rule would create significant new regulatory burdens which are inappropriate and should be rejected. As explained above, Verizon has already built-out its service territory and any requests for extensions are handled pursuant to the Commission's existing rule, and Verizon uses the IAS and Lifeline / Link-Up federal support to defray overall costs of service in lieu of increasing local service rates. Therefore, requiring information such as "investments made and expenses paid with federal support" would provide no new or meaningful information.

(2) Service Outage Report.

This proposal would impose additional reporting requirements that conflict with existing outage reporting requirements applicable to Verizon. Thus, the proposed rule would require a

second set of reports based on different criteria and parameters, which would necessitate changes and/or additions to the Company's systems and procedures, with a concomitant increase in expense and man-hours, diverting resources from the operation of the Company's business. Plainly, the current requirements should either be eliminated, or they should be accepted in lieu of the new reports described in the proposed rule. No reasonable purpose would be served by subjecting carriers to two conflicting sets of reporting requirements.

The existing rules pertaining to major outage reports applicable to Verizon are WAC 480-120-412 and WAC 480-120-439(5). Under WAC 480-120-412, Verizon must report all major outages, as they occur, to the Commission, Public Safety Answering Points, county and state emergency agencies and the public. WAC 480-120-439(5) requires that Verizon provide a report within ten (10) days of experiencing a major outage that lasts more than forty-eight hours. The report must include a description of each major outage and a statement that includes the time, the cause, the location and number of affected access lines, and the duration of the interruption or impairment.

This proposed rule uses a definition for "outage" that is different than that contained in the current rules. It also has different reporting parameters including: (1) the date and time of onset of the outage; (2) a brief description of the outage and its resolution; (3) the particular services affected, the geographic areas affected by the outage; (4) steps taken to prevent a similar situation in the future; and (5) the number of customers affected. Neither Verizon nor any other carrier should be subjected to such multiple reporting mandates.

In addition, the phrase "potentially affect at least ten percent of the end users" is unclear. Since the outage report would be made after the outage has been restored, it is confusing to speak

of a “potential” effect. Indeed, proposed subsection (f) of the rule requires the reporting of the “number of customers affected” (i.e., past tense).

(3) Report on failure to provide service.

This proposed report would also duplicate and conflict with existing requirements applicable to Verizon and other companies. The existing reports should suffice in lieu of the proposed additional reports, or they should be eliminated.

WAC 480-120-439 (4) already requires Verizon to report on a monthly, quarterly and six (6) month basis items such as the total number of orders taken by central office, orders with due dates later than five days as requested by a customer as well as the number of orders that the carrier was unable to complete within five business days after the order date or by a later date as requested by the customer.²

The proposed rule would require reporting of each “unfilled” request for service. This term is not defined and would require misleading over-reporting. For example, at the end of the reporting period there will necessarily be a certain number of orders that have been received but that have not yet been completed. As noted above, the Commission’s rules acknowledge this fact by setting forth various timeframes for order completion. Any new rule requiring additional such reporting – or reporting by ETCs not covered by the Commission’s existing rules – should accommodate this reality.

(4) Report of complaints per 1,000 handsets or lines.

This proposed reporting requirement has been significantly expanded from the rule that was adopted by the Federal Communications Commission (“FCC”) and is excessive. The FCC rule requires companies to report the number of complaints per 1,000 handsets or lines. The

additional proposed categorizations of complaints by jurisdictional entity and type of complaint are completely unnecessary. Moreover, the categories presented do not adequately cover the range of complaints experienced by any utility, making the report itself inaccurate. The Commission already has the appropriate level of information in its possession pertaining to customer complaints and the associated resolution. The rule should be rejected.

(5) Certification of compliance with applicable service quality standards.

This proposed rule would have Verizon and other local exchange companies “certify” that they “met” the “applicable consumer protection and service quality standards of Chapter 480-120 WAC.”³ The rule is not required and should be rejected.

First, it is virtually impossible to determine what specific rules in Chapter 480-120 constitute “applicable consumer protection” rules. This WAC chapter contains nearly 100 sections, many of which have numerous subparts. What is and is not an “applicable consumer protection and service quality standard” is vague and ambiguous.

Second the use of the term “met” is inappropriate since it connotes one hundred percent perfection. Such an approach does not reflect reality.

As applied literally, it could make the receipt of perhaps millions of dollars depend on perfection. In addition, its “certify” requirement would put the companies’ officers at risk of swearing to an imprecise term.⁴

Certainly for companies such as Verizon that report under the service quality rules discussed above, no additional “certification” should be required. Furthermore, the receipt of federal payments for any carrier should not be based on unrealistic standards of performance.

² Note that the Commission’s Service Extension rule provides a different timeframe for providing service. WAC 480-120-071(2)(a).

³ The quoted phrase is from proposed WAC 480-123-0020(1)(h), to which this proposed new rule refers.

(6) Certification of ability to function in emergency situations.

This proposed rule has two parts, which address operational differences between categories of carriers. For wireline companies such as Verizon, the standard is vague: “demonstrate the ability to remain functional in emergency situations . . .” It references a description of how the carrier complies with WAC 480-120-411, but that is only supposed to be a portion of the certification (“including a description . . .”). That rule has three subsections. The proposed rule would be reasonable if it were tightened up and referenced only WAC 480-120-411(3) for wireline ETCs. As is, it over reaches.

(7) Advertising certification; safe harbor, including advertisement on Indian reservations.

The proposed rule is vague: “Certify it has provided the required advertisement, including . . .” “The required advertisement” is not defined. The rule needs to be specific on this point.

Verizon appreciates the “safe harbor” approach, i.e., specifically describing types of advertisements that will be deemed to be “the required advertisement.” However, these proposed safe harbor advertisements are excessive, costly and unnecessary. The proposal consists of five parts, all of which must be done: (i) an annual bill insert, (ii) notices in public offices, (iii) quarter page notices in telephone books “published by or on behalf of” the ETC, (iv) numerous newspaper ads or radio or TV ads, (v) ads in tribal newspapers.

Verizon and other companies already provide extensive notifications that the existing Commission’s rules deem sufficient to inform consumers. WAC 480-120-251(6)(d & e), contains a notice in the consumer information section of telephone directories that describes the Washington Telephone Assistance Program (“WTAP”) and the federal enhanced tribal lifeline

⁴ Presumably “certify” refers to RCW (A.72.085), which is referenced in subsection (1) of this proposed

program. Under 47 C.F.R. §§ 54.405(b) and 54.411(d), Verizon also places a public notice annually in more than ten newspapers in Washington explaining the lifeline services that it offers, as well as the prices of lifeline service and tribal lifeline, as required by the FCC. Requiring companies to also send annual bill inserts, display notices in payment agencies, and place ads in newspapers at least 16 times a year would be costly and unnecessary.

WAC 480-123-0070 Annual Plan for Universal Service Support Expenditures

This proposed rule would establish significant new burdens including an annual report setting forth (1) the “expected use” of the federal funds, (2) a “substantive plan of investments and expenditures to be made with federal support and a substantive description of how those investments and expenditures will benefit customers, and (3) “a map in .shp format that shows the general location of customers, plant and equipment.” These requirements are unnecessary.

Clearly, the corresponding portion of the FCC rules that spawned this Commission rulemaking were directed toward new ETCs. Verizon appreciates that the FCC wants some information that new ETCs are providing appropriate services with these funds.

However, as discussed above, Verizon is already “built out” in its service area and the maintenance and operation of its network is subject to extensive Commission rules and oversight.

As to proposed subsection (1), clearly the Company’s “expected use” of the funds is – as are the other components of its revenues – to provide, maintain and extend its service in compliance with the Commission’s rules. If that statement will suffice under proposed subsection (1), Verizon has no objection to it. If, on the other hand, some other information

rule. That provision of the Criminal Code concerns statements made “under penalty of perjury.”

would be expected, the proposed rule needs to be specific so that Verizon and other similar wireline ETCs can evaluate the proposal further.

Proposed subsection (2) would impose an unclear and apparently highly burdensome obligation that would serve no useful purpose for the Commission, the FCC, the Company or its customers. Proposed WAC 480-123-0010 contains a definition of “substantive” that implies a very detailed and extensive report of operations. Plainly Verizon and similarly situated ETCs will use their FCC funds – as they do the rest of their revenues – for the operation of their networks and related facilities and systems, which provide basic local telephone service. And, plainly, customers benefit from such a use of the funds and other revenues by receiving affordable service that comports with the Commission’s regulations, as well as with industry standards and companies’ own policies and practices. Nothing more is required and going into extensive detail as to the innumerable components of the companies’ operations would serve no purpose.

Proposed subsection 3 would require the filing of maps with unprecedented detail. As noted above, Verizon already has maps on file with the Commission showing the boundaries of its exchanges, and the Company’s network extends to virtually every premise in those areas. No useful purpose would be served by mandating that the Company add details showing customer locations and the locations of its network facilities.

IV. CONCLUSION

Verizon appreciates the opportunity to comment on the proposed ETC rules, but continues to urge the Commission to not impose additional and unnecessary burdensome requirements upon it and similar carriers in order to maintain their federal ETC status and bring federal funds to the state.