

Agenda Date: July 29, 2005

Item Number: A2

**Docket:** UT-050989

Company: Qwest Corporation

Staff: Tani Thurston, Regulatory Analyst

**Recommendation:**

Issue an Order in Docket UT-050989 approving Qwest Corporation's petition for an exemption from certain provisions of WAC 480-120-104, Information to Consumers, as follows:

- Grant an exemption from WAC 480-120-104 for business customers who have designated account managers.
- Grant an exemption from WAC 480-120-104(1)(b) so Qwest Corporation is not required to include minimum and maximum rates under a banded rate schedule in the confirmation notices to all its customers on the condition the company provides initial rates in its welcome letter and provides a 15-day notice of any rate change and includes the new rate;

**Background:**

On June 29, 2005, Qwest Corporation (Qwest or the Company) filed a petition requesting a permanent exemption of WAC 480-120-104 from providing welcome letters and confirmation notices to business customers. In addition, Qwest is requesting permanent exemption of WAC 480-120-104 (1)(b) from including minimum and maximum rates under a banded rate schedule in the confirmation notices and welcome letters to its customers.

In WAC 480-120-104, telecommunications companies are required to provide welcome letters to applicants regarding the services the applicant initially obtains from the companies. In addition, this rule requires the companies to provide confirmation notices to its customers when there are changes in services, rate schedules, terms, or conditions of their existing service.

On June 12, 2003, Qwest filed a similar related petition in Docket No. UT-030939 requesting an exemption from three provisions of WAC 480-120-104. Below is the information regarding both the previous and current petition.

1) In the previous petition, Qwest requested a permanent waiver of WAC 480-120-104 allowing the Company not to provide confirmation notices and welcome letters to Qwest's business customers to include state and local governmental agencies and school districts that had more than five lines. Qwest provided confirmation notices and welcome letters to residential customers and to business customers with five lines or less. At the time, Qwest designated account managers to work directly with business customers that had more than five lines. These managers customize new service orders and provision changes to meet the customers' service needs. Qwest maintained that these customers are well aware of the services and charges they have ordered as well as additions and changes to these services. Qwest stated that issuing notices for every material change would have been burdensome and confusing for the larger business customer.

The Commission approved a temporary two-year exemption of providing welcome letters and confirmation notices to its business customers who had more than five lines. This exemption ended July 11, 2005.

In Qwest's current petition, it is requesting a permanent exemption from providing welcome letters and confirmation notices pertaining to Qwest's larger business and institution customers to include state and local governmental agencies and school districts. During the past two years, the Company found it was unable to program its network to segment its business customers by number of lines. Instead, the Company segmented its business customers by size of revenue. Qwest issued welcome letters and confirmation notices to the smaller and mid-size business customers. Many of these customers had over five business lines. Qwest did not issue welcome letters or confirmation notices to its larger business customers. These customers are currently designated as Enterprise customers. All of these customers have more than five business lines and designated account managers who issue all of their telecommunications service orders to facilitate service additions, deletions and changes.

2) In the previous petition, Qwest requested a permanent waiver of WAC 480-120-104(1)(b) requiring the inclusion of minimum and maximum rates under a

banded rate schedule in the confirmation notices and welcome letters to its customers. Qwest stated the minimum and maximum banded rates were not programmed into the Company's billing databases. The Company maintained that it would cost millions of dollars to incorporate this additional information into its billing database system. For customers receiving service under a banded rate schedule, Qwest committed to include initial rates in its welcome letters, and to provide notices of not less than 15 days of any rate changes (those notices would include the new rate).

The Commission approved a temporary two-year exemption requiring the inclusion of minimum and maximum rates under a banded rate schedule in the confirmation notices and welcome letters to its customers. The exemption ended July 11, 2005.

In Qwest's current petition, Qwest is again requesting a permanent waiver of WAC 480-120-104(1)(b) requiring inclusion of its minimum and maximum rate band information in all welcome letters and confirmation notices where service is provided under a banded rate structure. Qwest continues to maintain that to reprogram its billing databases to add the minimum and maximum rate information would be a massive undertaking costing millions of dollars. Qwest will continue to provide notices of rate changes of not less than 15 days including the new rate.

Citizen Utility Alliance of Washington, Independent Business Association, Public Counsel, National Federation of Independent Business and the Washington Public Interest Research Group all opposed the previous petition. These groups contended that this rule was valuable in that it protected the residential, small businesses and large businesses in providing the information they ordered and the rates to be charged.

The basis for the temporary two-year exemptions was to allow Commission Staff to monitor the customer complaints to determine if any issues would arise from these exemptions.

Discussion:

Staff understands Qwest has account managers specifically assigned to its large business customers, unlike its residential and smaller business accounts. Staff

monitored Qwest complaints from its business customers. Staff identified five complaints from business customers which had issues regarding what services were ordered. All of these businesses were in the group that received welcome letters and confirmation notices. It seems apparent from reviewing the complaints that Qwest's account managers are able to handle the details of the services orders and resolve the issues to the customers' satisfaction. Therefore, Staff believes Qwest's request for an exemption in this case is reasonable.

Finally, Staff understands the financial impact of reprogramming its database to provide the minimum and maximum banded rates in the notices or letters. Staff believes that if the Company includes initial rates in its welcome letters, and provides notices of not less than 15 days for any rate changes, providing the minimum and maximum rates in the welcome letters and notices would not be necessary. In monitoring Qwest's complaints during the past two years, Staff found no issues associated with banded rates. Staff believes Qwest's request for an exemption in providing minimum and maximum banded rates in the notices or letters is reasonable.

On July 25, 2005, The Washington electronic Business and Telecommunication Coalition (WeBTEC) provided a letter to the Commission supporting Qwest's petition regarding the welcome letters and confirmation notices. In its letter, WeBTEC states its members are among Qwest's larger enterprise customers in Washington and have assigned account managers. Therefore, they do not need welcome or confirmation notices because these notices would be unnecessarily burdensome and could result in customer confusion. WeBTEC urged the Commission to grant Qwest's petition.

#### Conclusion:

Issue an Order in Docket UT-050989 approving Qwest Corporation's petition to waiver certain provisions of WAC 480-120-104, as follows:

- Grant a permanent exemption from WAC 480-120-104 for business customers who have designated Qwest account managers.
- Grant a permanent exemption from WAC 480-120-104(1)(b) so the Company is not required to include minimum and maximum rates under a banded rate schedule in confirmation notices to all its customers on the

condition the Company provides initial rates in its welcome letter and provides a 15-day notice of any rate change and includes the new rate.