

Agenda Date: July 9, 2003
Item Number: A2

Docket: UT-030939
Company: Qwest Corporation

Staff: Tani Thurston, Regulatory Analyst
Jing Roth, Telecommunications Expert

Recommendation:

Issue an Order in Docket UT-030939 granting Qwest Corporation's petition for an exemption from certain provisions of WAC 480-120-104, as follows:

- Grant an exemption from WAC 480-120-104 for business customers with more than five lines;
- Grant an 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 the confirmation notices to its customers on the condition the company provides initial rates in its welcome letter and provides a 15-day notice of any rate change;
- Grant a temporary (nine-month) exemption from WAC 480-120-104 (1)(b) and (2)(b) allowing the company to provide the initial rates in its welcome letters and rate changes in its confirmation notices to its customers no later than March 30, 2004.

Discussion:

On June 12, 2003, Qwest Corporation (Qwest) filed a petition requesting an exemption from three provisions of WAC 480-120-104, adopted by the Commission in Docket No. UT-990146 (General Order R-507, December 16, 2002) with an effective date of July 1, 2003.

In WAC 480-120-104, Information to consumers, 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.

Specifically, Qwest is requesting a permanent waiver of WAC 480-120-104 requiring the companies to provide confirmation notices and welcome letters to Qwest's business customers (with more than five lines). Qwest currently provides and will continue to provide confirmation notices and welcome letters to residential customers and to business customers with five lines or less. These notices and letters include the information required in this rule. Qwest designates account managers to work directly with business customers that have more than five lines. These managers customize new service orders and provision changes to meet the customers' service

needs. Qwest contends these customers are well aware of the services and charges they have ordered as well as additions and changes to these services. Issuing notices for every material change would be burdensome and confusing for the large business customer.

Staff understands Qwest has account managers specifically assigned to its large business customers, unlike its residential and small business accounts. The business relationship between Qwest's account managers and the larger business customers provides those customers with sufficient information about the services and rates they will receive. In addition, Staff notes that the Commission receives almost no complaints about unexpected charges from Qwest business customers with more than five lines. Staff believes Qwest's request for an exemption in this case is reasonable.

In addition, Qwest is requesting temporary waiver of WAC 480-120-104 (1b) and (2b). These rules require that the company include the rates a customer will be charged in its welcome letters, and that it send a confirmation notice to customers of any rate changes, include the new rate the customer will be charged for service. The company's billing database contains rates in its system. However, the database does not currently transfer the rate information onto its welcome letters or confirmation notices. Qwest has taken a number of steps since December 2002, when the Commission adopted the new rules, to change its system to include rates in the welcome letters and confirmation notices. However, it has not been able to complete those changes in time for the July 1, 2003, effective date of the rules. The company requests additional time to develop system changes that allow real-time feed of product information, including the rates. Qwest is working through its third-party vendor to implement and test database programming modifications to capture this information in its source file. Qwest requested 12 months to implement make the modifications.

Staff understands that the company's current database system does not have the capability to provide the information in its notices and letters to the customers. In discussions with the company's representatives, the company explained there are approximately 7500 hours of work needed to reconfigure its billing database in order to comply with the rules. The company does believe the work can be accomplished within nine months. Therefore, Staff is recommending the Commission allow the company a temporary exemption (nine months) to include rates in its welcome letters and confirmation notices no later than March 30, 2004.

Finally, Qwest is requesting 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 states the banded minimum and maximum rates are not currently programmed into the company's billing databases. The company maintains 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 has committed to

include initial rates in its welcome letters, and to provide notices of not less than 15 days or any rate changes (those notices would include the new rate).

Staff believes that including the minimum and maximum banded rates in the notices or letters is not necessary if the company includes initial rates in its welcome letters, and provides notices of not less than 15 days for any rate changes (and those notices include the new rate). Staff believes this provides appropriate, timely information to customers receiving service under a banded rate schedule. The existing rule requires the current rate and the minimum and maximum banded rates, if any, be included in the confirmation notices and welcome letters. It does not require notice of rate changes within the banded rate schedule. Qwest's commitment to provide such notice goes beyond the requirements of the rule.

Conclusion:

Issue an Order in Docket UT-030939 granting Qwest Corporation's petition to waiver certain provisions of WAC 480-120-104, as follows:

- Grant an exemption from WAC 480-120-104 for business customers with more than five lines;
- Grant an 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 its customers on the condition the company provides initial rates in its welcome letter and provides a 15-day notice of any rate change;
- Grant a temporary (nine-month) exemption from WAC 480-120-104 (1)(b) and (2)(b) allowing the company to provide the initial rates in its welcome letters and rate changes in its confirmation notices to its customers no later than March 30, 2004.