

Qwest Response to Issues and Questions
Docket No. UT-991301
February 20, 2001

Location of rules.

Qwest Response:

Qwest has no preference on the location of notice rules as long as the location is clearly identified in the index of the relevant Washington Administrative Code.

Comments on draft customer notice rules.

1. Customer notice for formal cases.

Qwest Response:

WAC 480-80-125 should be modified to clarify when it is applicable and that it is not applicable if notice was already furnished as required by WAC 480-120-043. Customers who have an interest in the proceeding would have already notified the Commission of their objections and the Commission should notify such customers of the fact that hearings have subsequently been set. There is no need to notify all customers again when all other customers have not expressed an interest in the proposal. WAC 480-120-043 recognizes there is no need to duplicate notice provided under WAC 480-80-125. It appears staff concurs with this perspective. WAC 480-80-125 ought to recognize this as well.

WAC 480-80-125 (1)(a)(ii) does not reflect the current rule requirement. The current rule requires notice to at least one newspaper of general distribution, one radio station, and one television station in the area or areas affected. The proposed language requires notice to all newspapers, radio stations and television stations in the utility's service territory. It is unnecessary to notify all newspapers and stations; notification to one is sufficient. In addition, a requirement to notify all entities in the utility's service territory, including those not affected, is inappropriate. The rule should be modified to reflect existing rule language as portrayed by the Commission staff at page one of Attachment A in the original notice. The proposed language increases notice requirements for companies.

WAC 480-80-125 (1)(b)(vi) should be stricken. It should already be addressed when satisfying (1)(b)(iv) or (v).

WAC 480-80-125 (1)(b)(xi)(1) suggests that companies will know hearing dates, times and locations at least thirty days before the scheduled public hearing. This is not always the case. Again, this notice should not be required if notice has already been provided under WAC 480-120-043. The Commission should notify those customers who have expressed an interest of hearing dates, times and locations. This section should be qualified to a requirement to furnish such information, when available. Companies should not be required to delay their notice until the Commission sets its schedule. WAC 480-80-125 (3) is duplicative of WAC 480-80-125 (1)(a)(iii). Therefore, WAC 480-80-125 (1)(a)(iii) should be eliminated.

2. Process for noticing customers after Commission action. WAC 480-120-043(2) for non-competitive telephone companies.

Qwest Response:

Qwest understands the notice requirements in WAC 480-120-043(2) to apply only when a company increases non-recurring charges, local taxes or grandfathers a service. See proposed WAC 480-120-043(2)(a). Qwest objects to this new notice requirement for the following reasons:

- WAC 480-120-043(1)(a)(ii) should include the grandfathering of service since grandfathering includes restricting access to service.
- An increase to non-recurring rates does not require customer notice since the customer will be quoted the new or effective non-recurring rates at the time of their order.
- An increase to local taxes is not a Qwest increase but rather a pass through of a tax increase imposed by the local governing authority. The local taxing authority should be responsible for notifying citizens as to increases in their utility tax liability not the regulated phone companies.

WAC 480-120-043(2) should be stricken. Requiring post-approval notification by a regulated company on such matters as increases to non-recurring charges, local tax changes or grandfathered services is unnecessary and costly. Regardless of the method used to notice customers (i.e., bill insert, printing on the back of an envelope, postcard, etc.) a tremendous amount of work is required to get a customer notice delivered. Customer notice information must be drafted, approved, the method of delivery selected and timing negotiated, information must be printed and then, mailed to the customer.

Should the Commission staff continue with this rule proposal, Qwest respectfully suggests that notice by newspaper be added to the posting methods allowed at 480-120-043(2)(c). In addition, WAC 480-120-043(2),(4),(f),(g),(c) needs to be re-formatted to WAC 480-120-043(2)(d),(e),(f) and(g).

Qwest has no objection to subsection (6).

3. Process for noticing customers prior to Commission action. - WAC 480-120-043(1) for non-competitive telephone companies.

Qwest Response:

Qwest has no objection to the proposed rules. However, Qwest does not believe such rules are necessary since they only apply to non-competitive companies. Qwest understood from earlier workshops these rules were directed at competitive companies and that no problem existed with non-competitive companies. If a problem does not exist, these new rules are not necessary. The existing informal requirement is sufficient and well understood.

Staff Questions:

In the last two years, how many of your filings, based on the proposed rule, would have required customer notice prior to the Commission's open meeting decision? Please list the filings with the docket numbers.

Qwest Response:

This proposed rule does not reflect current notice requirements concerning increases to any rate or charge. Qwest respectfully asks the Commission to clarify the intent of this proposed rule during the workshop. If the Commission's intent is to notice customers for any rate increase (for example an increase in the operator verify/operator interrupt rate) this rule should be revised to reflect notice requirements for any increased tariff or price listed service.

Over the past two years, Qwest had three filings where we sought to increase the monthly recurring rate. Those included the following:

- Docket No. UT-991489; Advice No. 3081T, Business Rate Rebalance, Effective 11/1/99.
- Docket No. UT-000396; Transmittal No. 3121L, 800 Serviceline Option Rate Change, Effective 4/17/00.
- Docket No. UT-001468, Advice No. 3167T, Private Line Reprice and DS1 NRC, Effective 11/13/00.

In addition, Qwest eliminated 15 discretionary services and grandfathered 17 services. A complete list of filings made during the past two years whereby Qwest sought to increase a tariffed or price listed rate will follow under a separate cover.

If you were to use a direct notice mailing to notify your customers, how long would it take your company to prepare, produce, and mail that notice?

Qwest Response:

If Qwest prepared, produced and mailed a direct mail notice to our customers in Washington, on average, it would take two to three weeks. It could, on occasion, take as little as five days. However, the majority of our customer notices take several weeks, often a month or more. After drafting, editing and receiving approval of the text, printing and assembly time is necessary. Once this work is done, an additional five to seven days is needed for mailing to each of our customers.

To do a direct mail customer notice to each of our two million plus Washington customers, Qwest would incur costs of approximately \$500,000 per mailing (\$160,000 for printing, paper and envelopes; \$340,000 for postage).

In the case of filings that would have increased recurring rates, how many filings over the last two years were less than a five percent increase for the affected rate?

Qwest Response:

Upon initial review, none of the Qwest filings approved within the past two years increased monthly recurring rates by less than five percent. However, Qwest is

reviewing all tariff and price list filing increases made during this period to determine the percentage increase of each. Additional information will follow under a separate cover.

If a notice were sent to all of your customers through the use of a bill insert starting at the first of the month, when would the first customer receive the notice and when would the last customer receive notice?

Qwest Response:

The first customer to receive notice varies according to the month the notice is issued, as does the date of the last customer to receive notice. For example, in March, the first customer might receive notice by March 6th and the last customer would receive notice by the 28th.

What percentage of your customers would have received notice by the 5th of the month? By the 10th? By the 15th? By the 20th?

Qwest Response:

As indicated above, the percentage of customers that would receive a notice through a bill insert in their monthly Qwest telephone bill will vary month-to-month. Using January 2001 as a sample, however, approximately 20.14% of Qwest's Washington customers received notice by the 5th of the month, 35.47% by the 10th, 48.59% by the 15th, 67.70% by the 20th, 83.84% by the 25th and 100% by the 29th of the month.

For purposes of saving money over direct mailing notices to all customers, would it be practical to send direct mail notices only to those customers who would not receive a bill insert until later in the month? For instance, if a company filed a tariff increase on February 1 and began inserting notices into customer bills that same day, would it be practical to direct mail those customers who would not be mailed a bill insert until after the 15th of the month? If not, please explain why?

Qwest Response:

To send a direct mail notice to customers who would not receive a bill insert until later in the month will significantly increase the cost of customer notifications to Qwest. Each month bill inserts are automatically inserted into all Qwest customer bills. There is not currently a method by which Qwest could send an insert to only a portion of its customers. Therefore, this approach would increase costs to the company and would result in some customers receiving duplicate notifications. Qwest would not utilize this option.

If bill inserts were used as a way to provide customer notice, what methods could your company employ to ensure that all of your customers received a notice prior to Commission action?

Qwest Response:

If Qwest selected a bill insert as its vehicle to notify customers it would need to employ methods that enable it to meet the Commission's requirements; specifically, appropriate advanced planning. However, the Commission's requirements, particularly since they apply to non-competitive companies only, are anti-competitive in that they place time

constraints on companies that may delay a company's competitive response. While a service may not be competitively classified, it may still be a service offered by competitive companies. It is unfair and inappropriate to regulate companies differently when it comes to customer notice obligations. When services are competitive but not competitively classified, under this proposed rule Qwest would have no choice but to notice customers through direct mail pieces, including post cards.

If getting all customers a bill insert prior to Commission action is not possible without starting the notice process sooner than 30 days prior to the filing's effective date, what methods could be employed, in tandem with bill inserts, to increase the likelihood that all affected customers are informed of the proposal prior to Commission action?

Qwest Response:

In addition to bill inserts, the most effective means of noticing customers in the least amount of time for the greatest customer awareness is through use of newspaper and radio advertising.

4. Process for notifying competitive service telephone customers.

Qwest Response:

Qwest does not object to the proposed rule. However, WAC 480-120-X15(2)(h),(i) and (j) need to be re-formatted to WAC 480-120-X15 (2)(a),(b) and (c). In terms of ways in which the Commission might enforce competitive company notice to customers. Under the current rule companies must file price lists. Under the proposed rule, companies must send a copy of the notice to the Commission's public information officer at the same time it is sent to affected customers. If a company does not send a notice, the Commission could initiate a proceeding against the company for failure to comply with the Commission's rule - taking action as appropriate.

5. Process for notice – petition for competitive classification service.

Qwest Response:

The proposed rule, WAC 480-120-X04 indicates Staff's desire to discuss the amount of prior notice necessary when a company petitions for competitive classification of telecommunications service.

Qwest respectfully requests that the amount of prior notice required be limited to ten days prior to the Commission taking action on a company petition for competitive classification. Anything longer creates unnecessary delays. Qwest's ability to compete on a parity basis is essential to retain customers we might otherwise lose. If customers have ten days notice prior to the Commission's decision, they have adequate time to contact the Commission to express any concerns they may have.