

GRAHAM & DUNN PC

UT-031023 (IS)

June 23, 2003

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Ms. Carole Washburn
Secretary
Washington Utilities and Transportation Commission
P.O. Box 47250
1300 South Evergreen Park Dr. S.W.
Olympia, WA 98504-7250

Re: Petition for Waiver of Certain Provision of WAC 480-120-262(3)

Dear Ms. Washburn:

Enclosed please find an original and 19 copies of the Petition of Verizon Northwest Inc. and Declaration of Service to be filed in the above-referenced matter.

Please date-stamp and return to us with the UT Number, a copy of the filing for our records in the enclosed stamped, self-addressed envelope provided for your convenience. If you have any questions, please call me at (206) 340-9381.

Sincerely,

GRAHAM & DUNN PC



Nancy E. Dickerson
Assistant to Judith A. Endejan

JAE/ned
Enclosures
m24965-431154.doc

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STATE OF WASH.
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015, for a permanent waiver of any requirement to provide a detailed rate quote that breaks down each possible charge so that Verizon may be allowed to provide only the “maximum quote.”

III. BACKGROUND

A. The Rule.

4. On December 12, 2002, the commission filed with the Code Reviser General Order No. R-507, which included the newly developed rule regarding Operator Service Providers (OSPs). This rule requires the provision of rate quotes whether or not the caller requests one. This requirement is in addition to the federal requirement (also in the Commission's rules) that callers receive notification that they may request a rate quote.

5. As adopted, WAC 480-120-262 subsection (3) reads as follows:

(3) Oral disclosure of rates. This subsection applies to all calls from pay phones or other call aggregator locations, including, but not limited to, prison phones and store-and-forward pay phones or ‘smart’ phones. When a collect call is placed, both the consumer placing the call and the consumer receiving the call must be given the rate quote options required by this section.

(a) Oral rate disclosure message required. Before an operator-assisted call from a call aggregator location can be connected by an OSP (whether by a presubscribed or other provider), the OSP must first provide an oral rate disclosure message to the consumer. If the charges to the consumer do not exceed the benchmark rate in (f) of this subsection, the oral rate disclosure message must comply with the requirements of (b) of this subsection. In all other instances, the oral rate disclosure message must comply with the requirements of (c) of this subsection.

(b) Rate disclosure method when charges do not exceed benchmark. The oral rate disclosure message must state that the consumer may receive a rate quote and explain the method of obtaining the quote. The method of obtaining the quote may be by pressing a specific key or keys, but no more than two keys, or by staying on the line. If the consumer follows the directions to obtain the rate quote, the OSP must state all rates and charges that will apply if the consumer completes the call.

(c) Rate disclosure method when rates exceed benchmark. The oral rate disclosure message must state all rates and charges that will apply if the consumer completes the call.

(f) Benchmark rates. An OSP's charges for a particular call exceed the benchmark rate if the sum of all charges, other than taxes and fees required by law to be assessed directly on the consumer, would exceed, for any duration of the call, the sum of fifty cents multiplied by the duration of the call in minutes, plus fifty cents. For example, an OSP's charge would exceed the benchmark rate if any of these conditions were true:

- (i) Charges for a one-minute call exceeded one dollar;
- (ii) Charges for a five-minute call exceeded three dollars; or
- (iii) Charges for a ten-minute calls exceeded five dollars and fifty cents.

6. Because of the structure of the rate benchmark and the level of the benchmark's components, Verizon's charges for calls of certain types and duration will exceed the benchmark, *See* Comments of Verizon Northwest Inc. et al., filed on June 27, 2002 in Docket No. UT-990146. As illustrated in those comments, Verizon has numerous different rates that may apply to a call covered by the new rule, for instance, depending on whether the call turns out to be a collect person-to-person call or a collect station-to-station call.

B. “Maximum Rate” Quote Fulfills The Rules’ Objectives

7. Verizon provides operator services in Washington. As such, it will be subject to the new rule, WAC 480-120-262(3) on July 1, 2003. The purpose behind this new rule is to provide consumers using payphones and all 0+ services with information so as to avoid receiving surprising high bills for calls placed through pay phones.

8. As discussed further below, Verizon plans to provide this information by a message associated with each level of a call that states the maximum rate.

9. Verizon does not have an automated program that will provide a rate quote as envisioned by the rule.

10. Verizon estimates indicate that it would take an outside vendor 9 to 12 months and approximately \$3 million to develop an automated system and software capable of isolating aggregator traffic from non-aggregator traffic and providing an automated rate quote announcement to the caller and billed party. Such a sizable expenditure is not warranted.

11. Verizon has also explored the alternative of automatically routing every such call to an operator who would speak the required rate quote information regardless of whether the caller requested it. Verizon has decided that this is not a desirable approach due to factors including cost, administrative complications caused by this non-standard approach for one state, and customer irritation.

12. Therefore, Verizon plans to comply with the rule by playing a recorded rate advisory at the beginning of each call (recording will also be heard by the called party for collect calls). While this approach will also extend the call processing time and may cause some customer irritation, such impacts will be less than with the route-to-an-operator approach, and the costs will be lower.

13. In order to minimize the increase in call handling time and the consequent risk of customer irritation, while meeting the objective of the Commission's new rule, Verizon proposes use of a brief "maximum cost" advisory rather than a recitation of each and every different charge that could apply, depending on what type of call it turns out to be. This advisory is worded as follows:

Welcome to Verizon. The rate for this call will not exceed five dollars for the first minute and seventeen cents for each additional minute. bong tone. For calling card calls enter your calling card number, for collect calls press one now. To charge this call to another number enter a complete billing number now. For Person-to-Person and all other calls press zero.

14. Verizon requests that the Commission interpret its rule and declare that such a message complies with the requirements of the rule.

15. If the Commission were to not adopt this practical interpretation and instead state that the rule requires the recitation of each possible rate, then Verizon's customers would be forced to listen to a recorded message that is more than 45 seconds long. For all 0+ calls and all collect calls (not just calls from payphones or call aggregator locations), this recording would have to be played first to the calling party and then again to the called party, extending the call handling time by approximately 2 minutes. This message would read:

Welcome to Verizon, please hold after the tone for rate information. bong tone. The rate for this call may include the following charges: for local calls: .60 operator-handled surcharge and .25 payphone usage surcharge; for intraLATA calls: 17 cents per minute, .95 customer-dialed 0+ surcharge, 2.50 Operator-Handled surcharge, 4.50 person-to-person surcharge and .25 payphone usage surcharge; for local correction facility calls: 1.50 corrections collect surcharge; for intraLATA corrections facility calls: 20 cents per minute and 1.75 corrections collect surcharge. For additional rate information press 0 for an operator. For calling card calls enter your calling card number, for collect calls press one

now. To charge this call to another number enter a complete billing number now.
For Person-to-Person and all other calls press zero.

16. Verizon anticipates substantial customer irritation with this approach as well as increased costs. Therefore, Verizon proposes use of the maximum rate message.

IV. CONCLUSION AND REQUEST FOR RELIEF

Verizon seeks a statement from the Commission verifying that its "maximum rate" quote is compliant with the new rule or a permanent waiver of WAC 480-120-262(3)(c) and (f) pertaining to verbal disclosure of rates so that this approach may be used by Verizon

RESPECTFULLY SUBMITTED this 23rd day of June, 2003.

VERIZON NORTHWEST INC.

By Judith A. Endejan
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Attorneys for Verizon Northwest Inc.

BEFORE THE WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION

Petition for Waiver of Certain Provision of
WAC 480-120-262(3)

) Docket No.

) DECLARATION OF SERVICE

I, Nancy E. Dickerson, hereby certify that an original and 19 copies of **Petition of Verizon Northwest Inc. Regarding WAC 480-120-262(3)**, filed in the above matter, was served by Washington Legal Messenger on this date on the following individuals:

Ms. Carole Washburn
Secretary
Washington Utilities and Transportation Committee
P.O. Box 47250
1300 South Evergreen Park Dr. S.W.
Olympia, WA 98504-7250

I declare under penalty of perjury under the laws of the State of Washington that the foregoing is true and correct to the best of my knowledge.

DATED this 23rd day of June 2003.

By Nancy E. Dickerson
Nancy E. Dickerson