

**STAFF INVESTIGATION
INTO THE VERBAL RATE DISCLOSURE
and BUSINESS PRACTICES OF
VERIZON NORTHWEST INC.**

DOCKET NO. UT-990401

**Prepared by
M. Carlene Hughes
Compliance Program Coordinator
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PURPOSE, SCOPE, AND AUTHORITY

Purpose

This investigation results from the order of the Washington Utilities and Transportation Commission in Docket UT-990401, directing Staff to conduct an investigation into the practices of Verizon Northwest Inc. (Verizon) in providing operator services to customers of pay phones. Specifically, the staff investigation focused on the verbal rate disclosure from pay phones in Washington State where Verizon is the operator services provider.

Scope

The scope of the investigation focused on Washington intrastate calls made from pay phones after September 1, 2000, where Verizon is the operator services provider. During the course of the investigation, Staff investigated thirty-two pay phones for compliance with the verbal rate disclosure rules.

Authority

Staff undertakes this investigation under the authority of the Revised Code of Washington (RCW) 80.36.520, 80.36.522, 80.36.524, and 80.36.530; and Washington Administrative Code (WAC) 480-120-141, both of which give the Washington Utilities and Transportation Commission regulatory authority over operator services providers. In addition, RCW 80.04.070 makes it clear that the Commission is authorized to conduct such an investigation. Appendices A, B, and C are copies of the appropriate laws and rules.

INVESTIGATION

Introduction

This investigation was initiated by Commission Order Granting Temporary Waiver of WAC 480-120-141(2)(b) and WAC 480-120-141(7)(a) in Docket UT-990401. This order grants the Request for Petition of Waiver of Administrative Rules for GTE Northwest Inc. (now Verizon), and allows Verizon until September 1, 2000, to comply with the verbal rate disclosure requirements at pay phones where Verizon is the operator services provider. A copy of this order is included in Appendix D.

Discussion

On March 4, 1999, GTE Northwest Inc. (now Verizon Northwest Inc.) filed a petition for a waiver of WAC 480-120-141(2)(b), Verbal Disclosure of Rates, until January 1, 2000. Verizon sought an extension to comply with WAC 480-120-141(2)(b) until January 1, 2000, to develop the technology to provide automatic verbal rate quotes from pay phones where Verizon was the operator service provider. On July 28, 2000, Verizon asked for an extension to the originally-filed petition. Verizon stated that it could not complete the necessary changes to comply with WAC 480-120-141(2)(b) until September 1, 2000.

In granting the waiver of the WAC 480-120-141(2)(b), the Commission directed Staff to conduct an investigation into the practices of Verizon's operator services in September of 2000.

Investigations of Specific Pay Phones

Staff began its investigation in September 2000, and on November 3 and November 7, 2000, conducted thirty-two pay phone inspections.

Staff randomly selected Verizon pay phones based on availability of Staff and location of the phones known to be in Verizon service areas. Following the directions posted on the phones, three investigators placed a collect call to two other investigators or staff at their personal residences from each of the thirty-two phones.

Each Staff who performed a specific pay phone investigation, or who was available to receive a collect call, completed a Declaration, documenting his or her experience either placing calls at the pay phone or receiving collect calls. Those Declarations are included as Appendices E, F, G, H, I, and J.

Analysis of Specific Pay Phone Inspections

For two of the thirty-two collect calls placed by the calling party, and for one of the thirty-two collect calls received by the called party, Verizon offered to provide a rate quote in compliance with WAC 480-120-141(1)(c) and (2)(b), which requires that both the calling party and, in the case of collect calls, the called party, be prompted to receive a rate quote.

FINDINGS, DISCUSSION, AND RECOMMENDATIONS

Findings

Staff finds that for thirty of the thirty-two collect calls made by the calling party and for thirty-one of the thirty-two collect calls received by the called party, Verizon was in violation of WAC 480-120-141(1)(c) and (2)(b), which requires that both the calling and the called party be prompted to receive a rate quote. Neither Staff acting as the calling party, nor the called party for collect calls, were prompted to receive a rate quote in sixty-one of the sixty-four test calls.

Discussion

Disclosure of the rates and charges for a pay phone call gives the consumer the opportunity to make an informed decision on whether to place the call or not. Staff finds that not offering to give a rate quote to a consumer disregards the basic consumer protection intent of this rule.

On March 4, 1999, GTE Northwest Inc. (now Verizon Northwest Inc.) filed a petition for a waiver of WAC 480-120-141(2)(b), Verbal Disclosure of Rates, until January 1, 2000. Verizon sought an extension to comply with WAC 480-120-141(2)(b) until January 1, 2000, to develop the technology to provide automatic verbal rate quotes from pay phones where Verizon was the operator service provider. On July 28, 2000, Verizon asked for an extension to the originally-filed petition. Verizon stated that it could not complete the necessary changes to comply with WAC 480-120-141(2)(b) until September 1, 2000.

In granting the waiver of the WAC 480-120-141(2)(b), the Commission directed staff to conduct an investigation into the practices of Verizon's operator services in September of 2000. Staff conducted an investigation into thirty-two pay phones, where Verizon was the operator service provider, and found the company failed to comply with the disclosure rule during sixty-one of sixty-four occasions where the company was required to do so.

Recommendations

Staff recommends the Commission issue a penalty against Verizon in the amount of \$61,000, for sixty-one violations of WAC 480-120-141(2)(b). In the case of the collect calls, where neither the calling party nor the called party is offered a rate quote, two violations are noted for each call.

Collect Call (calling party)	30 violations x \$1,000 =	\$30,000
Collect Call (called party)	31 violations x \$1,000 =	<u>\$31,000</u>
Total Penalty:		\$61,000