

**BEFORE THE WASHINGTON STATE  
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND	)	
TRANSPORTATION COMMISSION,	)	DOCKET UT-090073
	)	
Complainant,	)	
	)	
v.	)	SETTLEMENT AGREEMENT
	)	
VERIZON NORTHWEST INC.,	)	
	)	
Respondent.	)	
	)	
.....	)	

1 This Settlement Agreement (Agreement) is entered into by the parties to this proceeding for the purpose of resolving all issues raised in the above docket.

**I. PARTIES**

2 The parties to this Agreement are Verizon Northwest Inc ("Verizon"), and Staff of the Washington Utilities and Transportation Commission ("Staff") (collectively, "the Parties").

**II. AGREEMENT**

3 The Parties have reached agreement on the issues raised in this docket and wish to present their agreement for the Commission's consideration and approval. The Parties therefore adopt the following Agreement, which the Parties enter into voluntarily, to resolve all matters in dispute between them or that could arise between them from the issues presented in this proceeding, and they seek to expedite the orderly disposition of this matter.

**SETTLEMENT AGREEMENT**

**A. Admission**

- 4 Verizon admits that with regard to 26 customers, on 425 occasions between March 2007, and March 2009, it incorrectly assessed city tax rates set forth in its tariffs filed with the Commission under RCW 80.36.100.
- 5 Verizon admits that on 47 occasions, it failed to assess rates associated with the Washington Telephone Assistance Program (“WTAP”) as set forth in its tariffs filed with the Commission under RCW 80.36.100 to customers eligible for WTAP rates.

**B. Penalties**

- 6 Verizon agrees to pay to the Commission a \$2,600 penalty, within thirty (30) days after the effective date of this Agreement, related to the incorrect assessment of city tax rates described in Paragraph 4 above. A \$39,900 penalty will be suspended for and waived after six months from the date of entry of a settlement order provided that Verizon complies with the terms outlined in Paragraphs 9-11 below.
- 7 Verizon agrees to pay to the Commission a \$37,000 penalty within thirty (30) days after the effective date of this Agreement, related to the failure to assess rates associated with WTAP described in Paragraph 5 above.
- 8 Further, Verizon agrees to pay an amount of approximately, but not to exceed, \$10,000 toward a WTAP public outreach effort. The details of the outreach effort will be determined by Staff (with advance review of such effort afforded Verizon only if Verizon’s name is used in the effort) and will consist of an educational product and/or publication, to be initiated in September 2009. The amount will be paid by Verizon to an outside vendor chosen by Staff upon placement of the product order by Staff. Verizon agrees to provide documentation of timely payment to the Commission.

**C. City Taxes**

- 9 Verizon agrees that, by the effective date of this Agreement, it will have instituted a process to investigate customer complaints and inquiries it receives concerning misapplication of city utility tax rates. Complaints will be investigated, and, if warranted, appropriate customer credits issued within 35 days of receipt of the initial complaint or inquiry unless Verizon can demonstrate that circumstances beyond its reasonable control prevented the issuance of credits within the stated time period.
- 10 Verizon agrees that, by the effective date of this Agreement, in conjunction with its investigation of all complaints or inquiries concerning misapplication of city utility tax rates it receives as described in Paragraph 9, it will similarly investigate neighboring customers, and, if warranted, issue to them appropriate customer credits within 35 days of receipt of the initial complaint or inquiry unless Verizon can demonstrate that circumstances beyond its reasonable control prevented the issuance of credits within the stated time period.

**SETTLEMENT AGREEMENT**

- 11 Verizon agrees that, six months following the effective date of this Agreement, it shall provide Staff with a list of all Washington complaints and inquiries it received concerning misapplication of city utility tax rates since the effective date of the Agreement, and a summary of their resolution, including the resolution of all investigations of neighboring customers. Staff's use of the list described in this paragraph shall be limited to determining compliance with this Agreement.

#### **D. Washington Telephone Assistance Program (WTAP)**

- 12 Bi-weekly for three months following the effective date of this Agreement, and monthly for three additional months, Verizon agrees to issue "refresher" written communications (e.g., job aids) that describe detailed procedures for proper carrier handling of WTAP applications, to all appropriate call center representatives. Once implemented, Verizon will provide Staff with copies of such written communications.
- 13 Within ten days of the effective date of this Agreement, Verizon agrees to create and deploy a WTAP computer screen interface, unique for Washington State, to be used by call center representatives handling WTAP calls from Washington customers.
- 14 Within ten days of the effective date of this Agreement, Verizon agrees to create and deploy an electronic routing mechanism through which call center representatives handling WTAP calls can simply click "yes" rather than input a specific code number, to route WTAP applications to Verizon's Services Resource Center ("SRC") for eligibility confirmation with the Washington State Department of Social and Health Services. Once implemented, Verizon will provide Staff with a copy of the screens described here and in Paragraph 13. If feasible, Verizon and Commission Staff will arrange a demonstration of the interface and routing mechanisms described here and in Paragraph 13.
- 15 Within ten days of the effective date of this Agreement, Verizon agrees to create and deploy a process to "sweep" its computer systems on a daily basis to ensure that WTAP orders have been properly routed to the SRC work queue. Verizon will promptly (not to exceed three business days) re-route any WTAP orders that are identified as not having been properly routed. The two part "sweep" process is further described in Attachment 1 to this Agreement. Monthly for six months following the effective date of this Agreement, Verizon will provide Staff with a summary of the daily "sweeps" including, at a minimum, the total number of WTAP orders routed, and the number of improperly routed orders identified by the sweeps, if any. Staff's use of the information provided under this paragraph shall be limited to determining compliance with this Agreement.
- 16 Within ten days of the effective date of this Agreement, Verizon agrees to increase by 10 percent the number of customer calls currently monitored with a goal of capturing comparatively infrequent WTAP calls. Monthly for six months following the effective date of this Agreement, Verizon will provide Staff with a summary of: (a) the number of Verizon calls monitored each month; and (b) of those calls monitored, the number that were

WTAP-related. Staff's use of the information provided under this paragraph shall be limited to determining compliance with this Agreement.

- 17 Within ten days of the effective date of this Agreement, Verizon agrees to institute a process to ensure (based on information heard by observers monitoring customer calls to Verizon representatives) that call center representatives in WTAP "non-compliance" are coached by supervisors on appropriate WTAP handling in as close to "real time" as possible. This process is further described in Attachment 1 to this Agreement.
- 18 Within ten days of the effective date of this Agreement, Verizon agrees to institute a process in which its complaint handling, Lifeline and call center teams partner and routinely interface to perform root cause and trend analysis of WTAP-related complaints. This process is designed to ensure that WTAP complaints are handled properly, that Verizon complies with Commission rules and statutes, and will be used by Verizon for continuous improvement. The process is further described in Attachment 1 to this Agreement.

#### **E. Compliance Investigation**

- 19 Staff will conduct an investigation for the purpose of determining Verizon's compliance with the terms of this Agreement, specifically Paragraphs 9-18 above, and compliance with Washington laws and rules related to the billing of city taxes and WTAP rates since the effective date of the Agreement.
- 20 The investigation will begin six months following the effective date of this Agreement, and conclude within 60 days. It will include all Commission complaints concerning Verizon related to WTAP processing and assessment of city taxes received during the six-month period, as well as information provided by Verizon under the terms of this Agreement.
- 21 A report of the compliance investigation containing Staff's findings will be filed with the Commission and will include Staff's recommendation whether suspended penalties described in Paragraph 6 above should be waived or imposed by the Commission.

#### **F. General Compliance**

- 22 This Agreement does not preclude the Commission from pursuing penalties for violations of Commission rules and statutes unrelated to the subject matter of this Agreement.

### **III. GENERAL PROVISIONS**

- 23 The Parties agree that this Settlement Agreement is a settlement of all contested issues between them in this proceeding. The Parties understand that this Settlement Agreement is not binding unless and until accepted by the Commission. The effective date of this Agreement is the date of the Commission's order approving it.
- 24 The Parties agree to cooperate in submitting this Agreement promptly to the Commission for acceptance. The Parties further agree to support adoption of this Agreement in proceedings

#### **SETTLEMENT AGREEMENT**

before the Commission through testimony or briefing. No party to this Agreement or their agents, employees, consultants, or attorneys will engage in advocacy contrary to the Commission's adoption of this Agreement.

- 25 The Parties agree to: (1) provide each other the right to review, two business days in advance of publication, any and all announcements or news releases that the other party intends to make about the Agreement (with the right of review to include a reasonable opportunity to request changes to the text of such announcements); and (2) include in any news release or announcement a statement to the effect that Staff's recommendation to approve the Agreement is not binding on the Commission itself.
- 26 The Parties have entered into this Agreement to avoid further expense, inconvenience, uncertainty, and delay of continuing litigation. The Parties recognize that this Agreement represents a compromise of the Parties' positions. As such, conduct, statements, and documents disclosed during negotiations of this Agreement shall not be admissible as evidence in this or any other proceeding, except in any proceeding to enforce the terms of this Agreement or any Commission order fully adopting those terms. This Agreement shall not be construed against either party because it was the drafter of this Agreement.
- 27 The Parties have negotiated this Agreement as an integrated document to be effective upon execution and Commission approval. This Agreement supersedes all prior oral and written agreements on issues addressed herein. Accordingly, the Parties recommend that the Commission adopt this Agreement in its entirety.
- 28 The Parties may execute this Agreement in counterparts and, as executed, shall constitute one Agreement. Copies sent by facsimile are as effective as original documents.
- 29 The Parties shall take all actions necessary, as appropriate, to carry out this Agreement.
- 30 In the event the Commission rejects or modifies any portion of this Agreement, each party reserves the right to withdraw from this Agreement by written notice to the other party and the Commission. Written notice must be served within ten (10) days of the order rejecting or modifying any part of this Agreement. In such event, neither party will be bound or prejudiced by the terms of this Agreement, and either party shall be entitled to seek reconsideration of the order. Additionally, the Parties will jointly request that a prehearing conference be convened for purposes of establishing a procedural schedule to complete the case.
- 31 Except to the extent expressly stated in this Agreement, nothing in this Agreement shall be (i) cited or construed as precedent or indicative of the Parties' positions on an issue resolved in this Agreement or (ii) asserted or deemed in any other proceeding, including those before the Commission, the commission of any other state, the state courts of Washington or any other state, the federal courts of the United States of America, or the Federal Communications Commission, to mean that a Party agreed with or adopted another Party's legal or factual assertions.

## SETTLEMENT AGREEMENT

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION

VERIZON NORTHWEST INC.

ROBERT M. MCKENNA  
Attorney General

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MICHAEL A. FASSIO  
Assistant Attorney General  
Counsel for the Utilities and  
Transportation Commission Staff

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TIMOTHY J. McCALLION  
President

Dated: \_\_\_\_\_, 2009

Dated: \_\_\_\_\_, 2009