

**Exhibit No. \_\_\_\_ T (SLS-1T)**  
**Docket UT-090842**  
**Witness: Suzanne L. Stillwell**

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**In the Matter of the Joint Application of**

**FRONTIER COMMUNICATION  
CORPORATION AND VERIZON  
COMMUNICATIONS, INC.**

**for Approval of Indirect Transfer of  
Control of Verizon Northwest, Inc.**

**DOCKET UT-090842**

**TESTIMONY**

**OF**

**SUZANNE L. STILLWELL**

**STAFF OF**

**WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION**

**November 3, 2009**

**EXHIBIT LIST**

Exhibit No. \_\_\_\_ (SLS-2) Verizon and Frontier Responses to Public Counsel  
Data Request Nos. 220 and 221

1 **Q. State your name and business address.**

2 A. Suzanne L. Stillwell, 1300 S. Evergreen Park Drive SW, Olympia, Washington 98504.

3

4 **Q. Who is your employer, and what is your position?**

5 A. I am employed by the Washington Utilities and Transportation Commission. My position  
6 is the Deputy Assistant Director in the Consumer Protection and Communications section  
7 (CPC).

8

9 **Q. What is your background and work experience?**

10 A. I earned a Bachelor of Arts degree in Business Administration from the University of  
11 Washington. Prior to working at the Commission, my work experience includes four  
12 years with Shell Oil Company, two years with National Voice Communications, and four  
13 years with GTE (the former Verizon).

14

15 **Q. What is your work experience at the Commission?**

16 A. I have served in the consumer organization of the agency for nearly 18 years. Originally,  
17 I was hired to help curb the abuses in the alternative operator services (AOS) industry  
18 subsequent to the deregulation of the telecommunications industry. I investigated  
19 compliance with commission rules of AOS providers regulated by the UTC, and pay  
20 phone service providers. I wrote investigative reports, recommended sanctions and  
21 compliance plans, and was the lead staff member on two rulemakings relating to pay  
22 phones and operator service providers. I provide expert testimony in cases before the  
23 Commission, and, testified before the legislature about the pay phone industry.

1           As a supervisor in Consumer Affairs since 1998, I directly supervised staff  
2 responsible for resolving consumer complaints, disputes and inquiries. As the Deputy  
3 Assistant Director for the Consumer Protection and Communications Section since 2008,  
4 I assist the Assistant Director, and the Safety and Consumer Protection Division Director,  
5 in directing the strategic priorities and direction of complaint investigations and analysis,  
6 compliance investigations, education, outreach and public involvement. In addition to the  
7 staff responsible for resolving consumer complaints, disputes and inquiries, I supervise  
8 staff that provides regulatory analysis, research and support, and public involvement in  
9 support of rate cases and other regulatory issues that impact consumers. We ensure that  
10 regulated companies understand their obligations and customers are afforded every  
11 protection available to them.

12  
13 **Q.    What is the purpose of your testimony?**

14 A.    I will provide information on Verizon's customer service, and the Commission's  
15 compliance investigations of the Company. It is crucial that the acquiring Company,  
16 Frontier Communications Corporation (Frontier), provides high quality basic customer  
17 services that comply with commission rules, laws, and policies that protect consumers. I  
18 will conclude with recommendations of necessary conditions, if the Commission decides  
19 to approve this transaction.

20  
21 **Q.    Please describe Verizon's customer service compliance issues.**

22 A.    Staff's compliance investigation section has investigated Verizon three times since 2005.  
23 These investigations showed a continuing pattern of complaints about long hold times,

1 failure to respond timely to direct customer complaints and commission-referred  
2 complaints, and failure to properly process Washington Telephone Assistance Program  
3 (WTAP) applications and failure to bill WTAP customers at the proper rates. After  
4 repeated investigations, numerous violations, and a six-month Commission-directed  
5 compliance plan, Verizon continued to fail to come into compliance with the WTAP rules  
6 and laws.

7 Prior to a settlement agreement adopted by the Commission this September,  
8 Verizon had consistently failed to properly process WTAP applicant's requests for phone  
9 service. This was in spite of numerous discussions with Staff about the importance of  
10 applying WTAP credits to those customers who qualify and have requested the  
11 discounted telephone rates. In the most recent review of complaints from Verizon  
12 customers, Staff found that one-third of all complaints were WTAP related. Even when  
13 the customer had completed the WTAP request process, Verizon failed to properly credit  
14 installation charges, or failed to properly bill the customer the discounted WTAP rates  
15 established by the Commission under RCW 80.36.420(3)(a).

16  
17 **Q. Tell us about the most recent compliance investigation that resulted in the**  
18 **settlement.**

19 A. In December 2008, Staff began a follow-up investigation to determine whether Verizon  
20 corrected areas of non-compliance that had been previously investigated. The  
21 investigation focused on how Verizon processed WTAP applications. Staff reviewed  
22 complaints received at the Commission during the months of June through November,  
23 2008.

1 Staff found Verizon continued to improperly process WTAP applications and  
2 failed to charge WTAP discounted rates. Additionally, Staff found a new issue. Verizon  
3 failed to investigate complaints or provide refunds for customers who live in the county  
4 and were improperly billed for city taxes.

5  
6 **Q. What was the result of the 2008 compliance investigation?**

7 A. Due to Verizon's ongoing failure to correct its WTAP issues, and its failure to address the  
8 improper city tax billing, Staff recommended that the Commission issue penalties against  
9 Verizon as follows:

- 10 • \$49,000 for 49 violations (\$1,000 per violation) of RCW 80.36.130, Published  
11 Rates to be Charged, for failure to properly charge customers WTAP-tariffed  
12 rates; and
- 13 • \$58,800 for 588 violations (\$100 per violation) of RCW 80.36.130, Published  
14 Rates To Be Charged, for improperly billing city taxes.

15  
16  
17 The Commission issued a complaint in Docket UT-090073 alleging these  
18 violations and seeking the relief described above. In lieu of going to hearing, Verizon  
19 and Staff reached a settlement that the Commission adopted in resolution of the  
20 complaint by its order of September 1, 2009.

21  
22 **Q. Please describe what Verizon agreed to in the Settlement Agreement in Docket UT-**  
23 **090073.**

24 A. Verizon admitted it incorrectly assessed city tax rates set forth in its tariffs filed with the  
25 Commission under RCW 80.36.100; and failed to assess rates associated with WTAP as  
26 set forth in its tariffs filed with the Commission under RCW 80.36.100 to customers  
27 eligible for WTAP rates. Verizon agreed to pay penalties as follows:

- 1                   • \$2,600 for incorrect assessment of city tax rates to 26 Verizon customers; and,  
2  
3                   • \$37,000 for failure to apply WTAP rates; and,  
4  
5                   • A suspension of penalties totaling \$39,900 relating to the incorrect assessment  
6                   of city tax rates.

7                   In addition to these monetary penalties, Verizon agreed to some very detailed  
8                   employee training and supervision measures and operations support systems  
9                   modifications to address the root causes of its failure to apply the WTAP rates.

10                  Specifically, the Company agreed to:

- 11                   • Issue “refresher” written communications (e.g., job aids) that describe detailed  
12                   procedures for proper carrier handling of WTAP applications, to all appropriate  
13                   call center representatives.  
14                   • Create and deploy a WTAP computer screen interface, unique for Washington  
15                   State, to be used by call center representatives handling WTAP calls from  
16                   Washington customers.  
17  
18                   • Create and deploy an electronic routing mechanism through which call center  
19                   representatives handling WTAP calls can simply click “yes” rather than input a  
20                   specific code number, to route WTAP applications to Verizon’s Services  
21                   Resource Center (“SRC”) for eligibility confirmation with the Washington  
22                   State Department of Social and Health Services.  
23  
24                   • Create and deploy a process to “sweep” its computer systems on a daily basis  
25                   to ensure that WTAP orders have been properly routed to the SRC work queue.  
26                   Verizon will promptly (not to exceed three business days) re-route any WTAP  
27                   orders that are identified as not having been properly routed.  
28  
29                   • Increase by 10 percent the number of customer calls currently monitored with a  
30                   goal of capturing comparatively infrequent WTAP calls.  
31  
32                   • Institute a process to ensure (based on information heard by observers  
33                   monitoring customer calls to Verizon representatives) that call center  
34                   representatives in WTAP “non-compliance” are coached by supervisors on  
35                   appropriate WTAP handling in as close to “real time” as possible.  
36  
37                   • Institute a process in which its complaint handling, Lifeline and call center  
38                   teams partner and routinely interface to perform root cause and trend analysis  
39                   of WTAP-related complaints.  
40

1 **Q. Will Commission Staff continue to monitor Verizon's compliance with WTAP**  
2 **application and billing laws and rules?**

3 A. As part of the settlement agreement, Staff will conduct a compliance investigation  
4 sometime after March 10, 2010, to determine whether Verizon is in compliance with the  
5 Commission's order. Staff will file its report with the Commission. Included in Staff's  
6 recommendation will be whether suspended penalties should be imposed for  
7 noncompliance with the agreement.

8  
9 **Q. Will the terms of this settlement agreement apply to Frontier if the transaction is**  
10 **approved?**

11 A. Yes, the Commission's order applies to Verizon Northwest. According to the Joint  
12 Applicants, Verizon Northwest will survive the transaction, though it will have a new  
13 name (Frontier Northwest) and a new parent. However, the call center services and  
14 operational support systems that Verizon Northwest uses may be reorganized as a result  
15 of the transaction. Therefore, as a practical matter, there is no assurance the training and  
16 systems improvements included in the settlement will carry over to the new entity.

17  
18 **Q. What concerns do you have about Frontier's acquisition of Verizon.**

19 A. Staff is concerned that the transfer of ownership could undo the gains that we hoped to  
20 obtain through the settlement order. Specifically, if the Commission approves the  
21 transaction, Staff would have new concerns about WTAP billing as it relates to the  
22 integration of the billing and ordering systems. The size of this transaction is significant,  
23 and as Bob Williamson mentions in his testimony; the process of integrating systems is

1 complex and subject to errors. Staff is concerned about the potential for billing errors and  
2 significant consumer complaints in all areas, however, I am particularly concerned about  
3 the potential for errors in the area of WTAP where Verizon has already had difficulty in  
4 the past. Also, according to data request responses, Frontier has not yet decided how it  
5 might reorganize its call centers (“consumer ordering centers”). See Exh. \_\_\_ (SLS-2)  
6 (Joint Applicant’s responses to Public Counsel Data Requests 220, 221). This is  
7 important because the personnel who are receiving the special instruction and supervision  
8 under the WTAP settlement are call center employees.

9 Frontier claims as a benefit of the transfer of ownership that “Frontier will be able  
10 to generate improved operational performance through the deployment of Frontier’s  
11 technology and processes in the acquired service areas.”<sup>1</sup> However, the Company’s  
12 marketing focus seems to be on promoting larger bundles of service for greater revenue.<sup>2</sup>  
13 WTAP customers might not be a high priority for companies focused on up-selling  
14 customers into bundles of services in order to get the most revenue they can out of each  
15 customer. What happens to the low-income customer who can only afford plain old  
16 telephone service? If the promise of better customer service is to be counted on as a  
17 benefit of the transfer of ownership, then the Commission should impose conditions to  
18 ensure that those benefits apply to all customers, not just the high revenue customers.

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<sup>1</sup> Direct Testimony of Daniel McCarthy at p. 18.

<sup>2</sup> *Id.* at pp. 6-9.

1 **Q. Do you have any other issues regarding Verizon's treatment of WTAP-qualified**  
2 **customers?**

3 A. Yes. Staff received many complaints from consumers who intended to order WTAP  
4 service who were sold bundles of service. These customers were unaware until they  
5 received their bill that subscribing to bundled services rendered them ineligible for  
6 WTAP credits. Customers were simply not made aware that if they ordered bundled  
7 services, they were giving up the WTAP benefits.

8  
9 **Q. What should Frontier do to ensure WTAP customers can make informed decisions?**

10 A. If Frontier retains the same WTAP practice as Verizon (to not allow WTAP discounts  
11 with bundles), it should provide clear scripts to its customer service and sales  
12 representatives so that each WTAP customer is aware that WTAP credits on basic local  
13 phone service when it is sold as part of specially-priced package or bundle of services  
14 will not apply. Further, this information should be clearly noted on its Web page, and  
15 other marketing material.

16  
17 **Q. Aside from the WTAP issues, what about the other issues; such as, complaints about**  
18 **long hold times, failure to respond timely to direct customer complaints and**  
19 **Commission-referred complaints, and failure to properly bill city taxes?**

20 A. Staff reviewed 54 complaints that the Commission received from Verizon customers  
21 during the months of April, May and June 2009, to determine whether Verizon's was still  
22 failing to comply with Commission rules on these topics. There were almost no  
23 comments in the complaints about Verizon's customer service or hold times, and no

1 violations for improper billing of city taxes, or other billing issues. This is encouraging,  
2 however, the WTAP issue remained and was subsequently addressed in the settlement  
3 agreement described above.

4  
5 **Q. If the Commission decides to approve this transfer of control, what conditions do**  
6 **you recommend to address your concerns about the company's compliance with**  
7 **WTAP requirements?**

8 A. If the Commission decides to approve this transaction, I recommend that the Commission  
9 require the company to meet the following conditions:

- 10 • Frontier must change its verification process to have customer service  
11 representatives place a three-way call to DSHS with the customer on the line to  
12 verify eligibility.

13  
14 The purpose of this condition is to ensure that Frontier processes WTAP  
15 applications in a timely manner and applies WTAP credits to the customer's first bill, or  
16 the first bill following a change to WTAP service from regular service. Qwest  
17 Corporation, the largest ILEC in our state, already follows this process. Qwest  
18 representatives make a three-way call to DSHS with the customer on the line, and  
19 achieve timely processing of WTAP applications. Frontier advised Staff that it makes  
20 three-way calls to determine eligibility in some of the states where it currently provides  
21 service. By making the three-way call with the customer on the line, verification is  
22 immediate, and the customer receives the proper discounts and credits immediately. This  
23 process overcomes the problems that customers of Verizon have experienced of not  
24 receiving timely discounts and credits. The WTAP manager at DSHS in Washington  
25 advised me that they will have the resources to handle the increased call volume if

1 Verizon (Frontier) Northwest changes its process to the three-way call to verify WTAP  
2 eligibility.

- 3 • Frontier must provide a \$75 credit to any WTAP-qualified customer that fails  
4 to receive the appropriate discount, credit, or waiver of the deposit, within the  
5 first bill cycle after application. This credit shall remain in place for three years  
6 following the transaction.  
7

8 This should give the company enough incentive to focus on its WTAP customers,  
9 and to ensure that proper credits take place on the customer's initial bill after applying for  
10 the program.

- 11 • Frontier must report to the commission, every month for three years following  
12 the transfer, the following pertaining to WTAP applications:  
13
  - 14 a. Number of WTAP customers who applied for service within the month
  - 15 b. Date of each application
  - 16 c. Date DSHS was contacted and confirmed or denied WTAP eligibility
  - 17 d. Date of the customer's billing cycle (if the applicant is an existing  
18 customer)
  - 19 e. Date WTAP credits were applied to the customer's account
  - 20 f. Number of \$75 WTAP credits applied to the customer's accounts
  - 21 g. Number of customers denied WTAP credits and the reasons for denial  
22
- 23 • Frontier must provide clear scripts to its customer service and sales  
24 representatives so that each WTAP customer is aware of the restrictions of  
25 bundled service on WTAP credits. Further, this information should be clearly  
26 noted on its Web page and other marketing material.  
27

28 This is especially important where the company puts an emphasis on bundles and  
29 up selling customers.

30  
31 **Q. Does this conclude your testimony?**

32 **A.** Yes.  
33