

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

WASHINGTON UTILITIES AND)	DOCKET UT-090073
TRANSPORTATION COMMISSION,)	
)	
Complainant,)	
)	
v.)	NOTICE WAIVING SUSPENDED
)	PENALTIES
VERIZON NORTHWEST, INC.,)	
)	
Respondent.)	
)	
.....)	
..)	

1 On March 18, 2009, the Washington Utilities and Transportation Commission (Commission) brought a Complaint against Verizon Northwest, Inc. (Verizon), on findings of probable cause that the company committed various violations of statute and rules with which it is required to comply in providing telecommunications services in Washington. On August 12, 2009, Verizon and Staff filed a Settlement Agreement and proposed that the Commission approve and adopt its terms in full resolution of the issues in this proceeding. The parties also filed a joint Narrative Supporting Settlement Agreement. The Commission gave notice of, and conducted a hearing on the Settlement on August 27, 2009.

2 On September 1, 2009, the presiding Administrative Law Judge entered an Initial Order Approving and Adopting Settlement Agreement. The Initial Order became a Final Order by operation of law, pursuant to Notice from the Commission’s Secretary issued on September 10, 2009.

3 Verizon admitted in the Settlement Agreement 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.

- On 47 occasions, it failed to assess rates associated with WTAP as set forth in its tariffs filed with the Commission under RCW 80.36.100 to customers eligible for WTAP rates.¹

4 Verizon agreed to pay penalties totaling \$39,600 within 30 days after the effective date of the Agreement, as follows:

- \$2,600 related to incorrect assessment of city tax rates to 26 Verizon customers.
- \$37,000 related to the failure to assess rates associated with WTAP.²

5 Verizon also agreed that it would remain subject to suspended penalties totaling \$39,900 related to the incorrect assessment of city tax rates, pending a Staff compliance investigation to be conducted approximately six months from the date of Order 03.³ Finally, Verizon agreed to pay approximately \$10,000 toward a WTAP outreach effort to be determined and directed by Staff and initiated in September 2009.⁴

6 The Commission confirmed via inquiry at hearing that Verizon previously reimbursed customers who paid taxes they were not required to pay. With respect to any future complaints or inquiries concerning misapplication of city utility tax rates, Verizon agreed to implement a process to timely investigate and, if warranted, issue additional customer credits. In conjunction with these investigations, Verizon agreed to investigate neighboring customers, and issue appropriate customer credits, if warranted.⁵ Verizon agreed to provide to Staff a summary of the results of these investigations for the purpose of determining compliance with the terms of the Settlement Agreement.⁶ The Settlement provides that the Commission, on Staff's

¹ See Settlement Agreement at ¶¶ 4-5.

² *Id.* at ¶¶ 6-7.

³ *Id.* at ¶ 6.

⁴ *Id.* at ¶ 8.

⁵ *Id.* at ¶¶ 9-10.

⁶ *Id.* at ¶ 11.

recommendation following its compliance investigation, will waive suspended penalties of \$39,900 if Verizon complies with these terms.⁷

7 With respect to the WTAP billing issue, Verizon agreed to create and deploy several quality control measures designed to ensure proper handling of WTAP applications and billing of WTAP customers. These measures are detailed in the Settlement Agreement and in Attachment 1 to the agreement. Briefly, Verizon agreed to:

- Provide regular “refresher” written communications to call center customer service representatives handling WTAP applications.⁸
- Deploy a WTAP computer screen interface unique for Washington State to be used by call center representatives handling WTAP calls.⁹
- Deploy an electronic routing mechanism for simpler routing of WTAP applications through Verizon for eligibility confirmation with Washington State Department of Social and Health Services.¹⁰
- Deploy a process to “sweep” its computer systems on a daily basis to ensure the prompt and proper routing of WTAP orders.¹¹
- Increase by 10 percent the number of customer calls it currently monitors, with the goal of capturing more WTAP calls in their monitoring.¹²
- Institute a process to ensure that any call center representatives that mishandle WTAP calls are promptly coached on appropriate WTAP handling.¹³

⁷ *Id.* at ¶ 6.

⁸ *Id.* at ¶ 12.

⁹ *Id.* at ¶ 13.

¹⁰ *Id.* at ¶ 14.

¹¹ *Id.* at ¶ 15, and Attachment 1 to Agreement.

¹² *Id.* at ¶ 16.

¹³ *Id.* at ¶ 17, and Attachment 1 to Settlement Agreement.

- 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, which is designed to ensure that WTAP complaints are handled properly, that Verizon complies with Commission rules and statutes, and for continuous improvement.¹⁴

In connection with these commitments, Verizon agreed to provide Staff with documentation of the processes or summaries of the results of the processes.

- 8 Beginning in March 2010, Staff conducted its compliance investigation as required by the Commission's order approving the Settlement Agreement, completing its report on April 26, 2010. Staff filed its report with the Commission on May 10, 2010, and recommended that the suspended penalties should not be imposed inasmuch as Verizon has complied with the requirements set forth in the Settlement Agreement.
- 9 Staff focused its investigation on the terms of the Settlement Agreement and Verizon's documentation of compliance with those terms. Staff also reviewed complaints against Verizon received by Commission consumer protection staff during the compliance period.
- 10 While consumer protection staff received some complaints against Verizon during the compliance period for WTAP-related violations, these violations stemmed from only eight individual complaints. According to Staff, this represents a significant drop in total complaints. Staff found, in addition, that Verizon has complied with all requirements outlined in the Settlement Agreement concerning WTAP-related issues. Staff recommends no enforcement action related to improper charges for WTAP customers.
- 11 Staff's investigation indicates that the company responded quickly and appropriately in investigating complaints from customers about city taxes. Staff found that the company provided credits within 35 days, as required by the Settlement Agreement. Staff believes Verizon has complied with the terms of the Settlement Agreement as those terms relate to the city tax billing issue. Further, Staff found that the number of complaints regarding city tax billing decreased during the compliance period. Staff

¹⁴ *Id.* at ¶ 18, and Attachment 1 to Settlement Agreement.

recommends the suspended penalties not be imposed, and no further enforcement action be taken related to improper charges for city taxes.

- 12 Considering Staff's findings, as detailed in its Investigation Report filed on May 10, 2010, and summarized above, it is appropriate that the Commission waive the suspended penalties imposed via Order 02. Accordingly, the Commission gives notice that it will not impose additional penalties against Verizon in connection with the specific violations that are the subject matter of this proceeding.

DATED at Olympia, Washington, and effective May 20, 2010.

WASHINGTON STATE UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER
Executive Director and Secretary