

**PENNSYLVANIA PUBLIC UTILITY COMMISSION  
HARRISBURG, PENNSYLVANIA 17120**

**Joint Petition of Verizon  
Pennsylvania LLC and Verizon  
North LLC for Competitive  
Classification of All Retail Services in  
Certain Geographic Areas and for a  
Waiver of Regulations for  
Competitive Services**

**Public Meeting May 19, 2015  
2446303-CMR  
Docket Nos. P-2014-2446303 and  
P-2014-2446304**

**MOTION OF VICE CHAIRMAN JOHN F. COLEMAN, JR.**

By Opinion and Order entered on March 4, 2015 at the above-captioned dockets, the Commission reclassified standalone basic local telephone service as competitive in 153 of the 194 wire centers for which Verizon Pennsylvania LLC and Verizon North LLC (collectively, Verizon) sought competitive status. The Commission in the *Reclassification Order* also granted a waiver of certain of its Chapter 63 and Chapter 64 regulations in competitive wire centers.<sup>1</sup>

Chapter 30 of the Public Utility Code (Code) is clear that the primary impact of the competitive status is (1) Verizon may price the service at its discretion and (2) Verizon may maintain a price list of a competitive service rather than maintaining a Commission-approved tariff. In the absence of a tariff, Verizon's "Product Guide" will be the governing document to memorialize the terms and conditions of standalone basic local telephone service in competitive wire centers.

Upon further review, I believe it is necessary for the Commission to issue a Tentative Implementation Order clarifying certain issues related to the reclassification. Clarification in the following areas is necessary to facilitate implementation of the *Reclassification Order* and to achieve a more efficient transition of basic service to a competitive service in the relevant areas.

**Application of the Product Guide**

The regulatory approach to standalone basic local telephone service provided in competitive wire centers in the Verizon service territories has shifted to lighter regulation and from tariff-based terms and conditions of service to contractually-based terms and conditions of service appearing in a Product Guide. Nevertheless, the Commission in the *Reclassification Order* retained certain of its Chapter 63 and 64 regulations that were viewed as remaining relevant in a competitive market. Moreover, in noncompetitive wire centers, the regulatory approach to standalone basic local telephone service customers remains largely the same, which includes the continued application of Chapters 63 and 64 of the Commission's regulations, virtually in their entirety.

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<sup>1</sup> The waivers apply to Verizon as well as to Competitive Local Exchange Carriers (CLECs) operating in the 153 competitive wire centers. The same implementation requirements and guidance set forth in this Motion applicable to Verizon shall also apply to CLECs operating in the competitive wire centers, if they choose to avail themselves of the various regulatory waivers granted to Verizon.

Thus, the rules applicable to resolving a customer complaint filed against Verizon PA or Verizon North (either formal or informal) depend on the customer's physical location. Through this Motion, I clarify that the following legal authorities will govern complaints filed by Verizon customers located in competitive wire centers:

- The regulations retained by the *Reclassification Order*;
- The Product Guide and any guidance that it may offer on whether Verizon's conduct is reasonable under Section 1501 of the Code;
- What is reasonable based on the facts presented in a case in accordance with Section 1501 of the Code.

With a conflict between the Verizon Product Guide and a retained regulation, the regulation trumps the Product Guide. This conclusion may be implicit in the *Reclassification Order*. However, I believe this clarification is necessary to remove any doubt, and Verizon's Product Guide shall note this conclusion. If there is no applicable regulation, the Product Guide can be used as a reference when addressing a customer complaint. If there is no applicable regulation and the Product Guide does not address an issue or is ambiguous, the proper inquiry is whether Verizon's conduct was reasonable under the circumstances in accordance with Section 1501 of the Code.

In an attempt to avoid any conflicts and potential customer confusion, Verizon shall review its Product Guide applicable to standalone basic local telephone service and determine whether there are any conflicts with the retained regulations in competitive wire centers. If so, Verizon is directed to modify its Product Guide so that it conforms to the retained regulations. Verizon's Product Guide should also include references to the Commission's retained regulations, where appropriate. For example, the section of Verizon's Product Guide governing suspension/termination of service should reference the Commission's emergency provisions at 52 Pa. Code §§ 64.101-64.111 that remain in effect in competitive wire centers. These changes are in addition to the Product Guide modifications required in the *Reclassification Order*.

Once completed, Verizon shall provide a copy of the Product Guide applicable to standalone basic local telephone service electronically to the Commission's Bureau of Technical Utility Services (TUS) and the Commissioner's Bureau of Consumer Services (BCS). Verizon also is required to notify TUS and BCS, at least ten days in advance, of any changes to the Product Guide and to provide TUS and BCS with electronic copies of the changed Product Guide pages.

#### Ordering Paragraphs (OP) 6 and 7 and the Carrier of Last Resort (COLR) Obligation

I also believe it is necessary to address a potential conflict between the COLR obligation established in OP-6 of the *Reclassification Order* and the status of Verizon's Product Guide established in OP-7 of the *Reclassification Order*. OP-6 specifies that the Verizon companies shall continue to hold their obligations as the COLR in competitive wire centers. This means that the Verizon companies will continue to connect all customers located in their service territories upon request. OP-7 specifies that the Verizon companies shall use the terms and

conditions of service contained in its “Product Guide” as the governing document for standalone basic local telephone service customers in competitive wire centers. Verizon’s current Product Guide notes that it will not provide service where providing the service is uneconomic or not justified based on economic factors or where otherwise provided in the Product Guide.<sup>2</sup>

One interpretation of Verizon's current Product Guide is that it may conflict with Verizon’s COLR obligation in competitive wire centers. To reconcile this potential conflict, I clarify that the Product Guide governs only to the extent it is consistent with applicable law. In other words, in competitive wire centers, the Product Guide does not trump Verizon’s statutorily-based COLR obligation that remains in those wire centers, and Verizon cannot contractually remove this obligation. The Product Guide also does not trump the requirement of 52 Pa. Code § 63.20 to “make reasonable line extensions[,]” which remain in effect in competitive wire centers.

Thus, the Product Guide governs in competitive wire centers only when it does not conflict with the Code and/or with Commission regulations that were retained in competitive wire centers. Otherwise, if there is a conflict between the Product Guide and the Code and/or the Commission’s regulations, the statute and/or regulations control, as previously discussed.

#### Section 64.201 Reporting

Section 3015(e)(4) of the Code requires Verizon to file an annual service report with the Commission, which is the Section 64.201 annual report. The Commission in the *Reclassification Order* waived some of the Section 64.201 residential account data reporting requirements in competitive wire centers but retained others in those wire centers. The Commission's rationale for granting the partial waiver was to keep certain of the Section 64.201 reporting requirements that could assist with assessing the impact of the reclassification on standalone basic local telephone service rates in competitive wire centers.

Upon further review, rather than waiving parts of Section 64.201 in competitive wire centers only, I propose the following regarding the Section 64.201 reporting requirements applicable to Verizon:

- Each Verizon company will file an annual statewide report, not broken down by competitive versus noncompetitive wire centers, in accordance with Section 64.201 of our regulations and this Motion.
- Each Verizon company will continue to report all information required under Section 64.201, except each Verizon company is not required to report the following: the Section 64.201 information in (b)(2)(ii)-(iv), (b)(4)(ii)-(iv), (b)(5), and (b)(8)-(11). These regulations are hereby waived.
- In place of Section 64.201(11), each Verizon company will report the total number of residential disputes handled, not just Chapter 64 disputes.

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<sup>2</sup> The relevant section of the Product Guide for each company is Section 1.2.G, 1<sup>st</sup> Revised Sheet 2.

Requiring Verizon to report the waived information is unduly burdensome, given the changes in the telecommunications market in Pennsylvania. As one example, collecting information on uncollectible accounts expenses seems unnecessary when considering Verizon is no longer subject to rate base/rate-of-return ratemaking. The same would hold true for collecting information related to toll and nonbasic revenues. Thus, I view this waiver as streamlining residential account data reporting requirements, while still ensuring that Verizon provides information that is relevant to the Commission's regulatory responsibilities.

The Section 64.201 waivers shall remain in place until no later than March 4, 2020 and subject to the rulemaking contemplated by the *Reclassification Order*. The issue of whether each Verizon company must file a separate Section 64.201 or Section 64.201-like report, broken down by competitive versus noncompetitive wire centers, will be addressed by the Commission in an action implementing the data collection directive in OP-15 and OP-16 of the *Reclassification Order*.

#### Suspension/Termination of Service Rules in Competitive Wire Centers

For competitive wire centers, the Commission has waived Subchapters F and H of Chapter 64 governing termination and restoration of service. The Commission in competitive wire centers also has waived parts of Subchapter E governing suspension of service, including Section 64.72 governing suspension notice information. The Commission, however, did not waive Section 64.71, which requires Verizon to provide seven days' advanced written notice to the customer prior to suspending service.<sup>3</sup> The Commission also did not waive Section 64.75 (Exception for suspension based on occurrences harmful to person or property)<sup>4</sup> and Section 64.62 (Days suspension or termination of service are prohibited).

With its waiver of Subchapters F and parts of Subchapter E of Chapter 64, the Commission intended to create a 1-tier notification process prior to suspension and termination of service in competitive wire centers; a 7-day advanced written notice process. As part of this process, the Commission anticipated that the written notice would advise the customer that, once service has been suspended, service may be terminated without the customer receiving any further written notice from the carrier.

This process is different than the traditional 2-tier notification process applicable to non-safety-related suspensions/terminations. The 2-tier process involves providing one written notice prior to suspension of service and, immediately after service is suspended, providing a second

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<sup>3</sup> Section 64.71 requires a LEC to provide seven days advanced written notice to the customer prior to suspending service unless the grounds for the suspension is failure to comply with the material terms of a payment agreement for toll or nonbasic telephone service, or both. If this exception applies, the LEC must comply with Section 64.81 (relating to limited notice upon noncompliance with report or order). However, the Commission in the *Reclassification Order* waived Section 64.81 in competitive wire centers. In furtherance of the Commission's intent, the Commission clarifies that the retention of Section 64.71 is limited to the first sentence only: "The LEC shall mail or deliver written notice to the customer at least 7 days before the date of proposed suspension regardless of the grounds upon which suspension is sought."

<sup>4</sup> Under Section 64.75 of the Commission's regulations, which was also retained in competitive wire centers, no written notice is required if the suspension and/or termination of service is based on a safety issue.

written notice prior to termination of service.<sup>5</sup> Under the 2-tier process, service cannot be terminated for at least 10 day after service has been suspended.

Upon further review, I believe it is necessary to provide guidance on the implementation of the 1-tier notification process in competitive wire centers. First, Verizon is required to provide at least thirty days' advanced notice to the Commission, in writing, prior to implementing the 1-tier advanced written notice process applicable to suspension/termination of service in competitive wire centers. As part of this advanced notice to the Commission, Verizon must provide the relevant details regarding how it intends to implement the 1-tier notice process, including the date that the 1-tier notice process is to take effect and a copy of the written notice to be provided to customers. Until such a filing is made and is effective, Verizon shall follow the existing 2-tier suspension/termination process in competitive wire centers.

Moreover, I clarify the following in connection with the customer notice requirements for the 1-tier notice process available in competitive wire centers:

- The advanced written notice must advise the customer that once service has been suspended for at least five days, service may be terminated without any additional notice being provided. The Commission adds this requirement as a condition to waiving Subchapter F and parts of Subchapter E in Chapter 64 for competitive wire centers.
- The advanced written notice must include, at a minimum, the reason for the proposed suspension/termination, the amount the customer must pay to avoid suspension/termination (if applicable), the earliest date that service will be affected, and information where the customer can contact Verizon about the matter to discuss avoiding suspension/termination. The advanced written notice also must include language that is the same or substantially similar to the language appearing in the medical emergency notice in Appendix A of the Commission's Chapter 64 regulations. The Commission adds these requirements as a condition to waiving Sections 64.72 and 64.123 of its regulations.

To resolve any ambiguity that may arise, I also propose the following additional clarifications regarding the 1-tier notice process available in competitive wire centers:

- When Verizon suspends service for nonpayment prior to the expiration of a medical certificate, Section 64.109 requires Verizon to follow the suspension notice procedures at Sections 64.71-74 of the Commission's regulations. Because Sections 64.72 through 63.74 have been waived in competitive wire centers, the Commission clarifies that when suspending service under Section 64.109 in competitive wire centers, Verizon must comply with Section 64.71 and the requirements established in a final order resulting from this Motion.

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<sup>5</sup> The requirements for termination of service in non-competitive areas are contained in Sections 64.121-64.123 of the Commission's regulations.

- Prior to Verizon suspending standalone basic local telephone service in a competitive wire center in accordance with Section 64.24(c) of the Commission's regulations, bundled bill customers are to receive the same notice as stand-alone basic local telephone service customers.

Erratum

I advise all parties of record that the *Reclassification Order* contains several ministerial errors. Therefore, I direct the following corrections to be made to the *Reclassification Order*:

1. Page 7, footnote 13 – replace “at 111” with “at 105-106”.
2. Page 61, footnote 44 – replace “at 111” with “at 105”.
3. Page 101 – In the last line of the first full paragraph, replace the words “file an” with “proceed with the”.
4. Appendix B – Section 63.55: Page 87 of the March 4, 2015 Order retains the Commission's Regulations in Section 63.55 (Surveillance levels). However, this Section inadvertently was listed as being waived in Appendix D – Subchapter E on p. 141 of the Order. Therefore, Section 63.55 (Surveillance levels) should be removed from the list of waived regulations in Appendix D.
5. Appendix E – Sub-chapter J: The citation to Section 64.201 (Reporting requirements), “§§ (b)(i)” . . . should be corrected to read “§§ (b)(1)”.

**THEREFORE, I MOVE THAT:**

1. The Office of Special Assistants prepare a Tentative Implementation Order consistent with this Motion.
2. The Tentative Implementation Order shall be served on all parties of record at the above-captioned dockets.
3. Comments filed in response to the Tentative Implementation Order will be due no later than ten (10) days from the entry date of the Order, and no reply comments shall be permitted.
4. If no adverse comments are timely received, the Tentative Implementation Order shall become final.

**Date:** May 19, 2015

  
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**JOHN F. COLEMAN, JR.**  
**VICE CHAIRMAN**