

**PENNSYLVANIA**  
**PUBLIC UTILITY COMMISSION**  
**Harrisburg, PA 17105-3265**

**Rulemaking to Comply with the Competitive  
Classification of Telecommunication Retail Services  
Under 66 Pa. C.S § 3016(a); General Review of  
Regulations 52 Pa. Code, Chapter 63 and Chapter 64**

**L-2018-3001391**

**COMMENTS ON BEHALF OF AT&T IN RESPONSE TO PROPOSED RULEMAKING**

Pursuant to the Notice issued in the above-captioned matter, AT&T Corp. and Teleport Communications America, LLC (collectively, “AT&T”) hereby submit the following Comments to the Public Utilities Commission (“Commission”).

**Introduction**

AT&T appreciates the Commission’s attention to this important issue and welcomes this opportunity to submit these Comments in response to the Commission’s “Advanced Notice of Proposed Rulemaking” Order. AT&T supports making permanent the temporary waivers granted by the Commission in its 2015 Reclassification Order of many of its Chapter 63 and Chapter 64 regulations as to competitive wire centers, as well as an expansion of those waivers for services provided throughout the Commonwealth. As a Competitive Local Exchange Carrier in Pennsylvania, AT&T has a substantial interest in the outcome of this proposed rulemaking. AT&T submits that the public interest will be best served by permanently waiving or eliminating the outdated and unnecessary regulations in Chapters 63 and 64 which are addressed in the Commission’s Proposed Rulemaking Order.

Pennsylvania should continue to foster an environment which allows the forces of competition to drive technology innovation and affordable communication services by eliminating those regulatory requirements which only serve to thwart competition and increase the cost of providing those services. The current competitive market has resulted in an undeniable shift of consumers from traditional landline telephone services offered by switched voice service providers to new providers, technologies and services, most notably wireless and VoIP based services. Consumers in Pennsylvania are increasingly opting for wireless or VoIP services and choosing to cancel or reduce their traditional switched voice local exchange services which are the subject of the regulations at issue here.

Granting providers the flexibility to offer services on competitive terms acceptable to customers, rather than terms dictated by outdated regulations, allows those providers and their affiliates to better devote resources to modern technologies and services. AT&T invested more than \$725 million in our network in the Commonwealth from 2015-2017. During that period, we made over 700 specific network upgrades, including new towers in rural Pennsylvania. With the help of these investments, our mobile broadband network covers an estimated 99.7% of the Pennsylvania population. Businesses and consumers certainly benefit from the availability of enhanced coverage and modern technologies; and the demand for modern services drives the creation of jobs and economic activity. In sum, telecommunications investment provides sizable and significant benefits to consumers and the overall economy and the resources of providers are better spent on those investments, rather than on compliance with regulations that were created in a much different era.

It is against this backdrop that AT&T offers the following comments in support of the permanent waiver of Chapter 63 and 64 regulations addressed in this rulemaking docket.

## **Chapter 63 Regulations**

AT&T agrees with the Commission's findings in support of the existing temporary waiver of those regulations relating to Services and Facilities; Accounts and Records; Quality of Service; Extended Area Service; and Public Coin Service. We have seen nothing in the three years since those regulations were waived to suggest the need to maintain those regulations. To the contrary, competition has continued to grow, networks and technology have advanced, and these rules are demonstrably outdated and unnecessary. For instance, competitive forces drive service quality, not regulations. Competitors compete on product, price, and varying levels of quality. Consumers make choices about the communications services they use every day, free to not only switch providers, but also to switch to services that better suit their evolving needs. Now, in addition to voice calls using wireline, wireless, or VoIP and communicating by email, people communicate using a variety of methods, for example using Instagram<sup>®</sup>, Snapchat<sup>®</sup>, Twitter<sup>®</sup>, text, Facebook<sup>®</sup>, and FaceTime<sup>®</sup> to name a few. Calls can be made using smart speakers connected to the internet such as Amazon's Alexa. Not only are these methods to communicate new, many are free. According to the FCC's Voice Subscription Report, as of December, 2016, there were over 13.3M mobile voice subscriptions and 2.8M interconnected VoIP subscriptions but only 2.7M traditional switched access voice subscriptions in Pennsylvania.<sup>1</sup>

While VoIP, wireless and other communications choices have increased, traditional switched voice itself is a diminishing segment of the broader communications market. Clearly, customers who are not happy with service quality provided with their traditional regulated voice service have choices for alternate communications and increasingly exercise those choices over

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<sup>1</sup> See: <https://www.fcc.gov/voice-telephone-services-report> and [https://www.fcc.gov/sites/default/files/vts\\_st1.xlsx](https://www.fcc.gov/sites/default/files/vts_st1.xlsx)

an expanding set of options. There is simply no need to require providers of traditional landline switched voice services to maintain or report service quality metrics in this competitive climate.

When the Commission waived the requirements of Subchapter E § 63.56(a)-(e), it retained subsections (f) and (g). AT&T submits that the entire section 63.56 regulations should be permanently waived. The requirement that “a public utility shall establish and maintain a performance record for each central office or other appropriate entity which shall be kept current and shall show applicable service results hourly, daily, monthly, as appropriate” does not bear on the quality of customer service. It is not the performance of the central office that is important, it is the impact on customers. Indeed, with modern technology, the metrics identified in the regulations have, over time, become increasingly less relevant to quality of service, making this reporting even less useful.

Likewise, while AT&T understands the Commission’s interest in retaining regulations bearing on consumer protections, AT&T submits that the regulations at Subchapter E § 63.57 (Customer trouble reports) are no longer accurate measures of service to customers. For instance, subsection 63.57 (f) provides that “It shall be substandard performance for a public utility to receive more than 5.5 customer trouble reports per 100 lines per month. A public utility receiving greater than 5.5 customer trouble reports per 100 lines per month is subject to the reporting requirements set forth in § 63.55(a) (relating to surveillance levels).” There is simply no reason to maintain this outdated metric in this era of competition and choices. If customers’ expectations are not met by their provider, they will choose another provider or another service that meets those expectations. The regulations at Subchapter E § 63.57 can be waived without undermining the Commission’s role in protecting consumers.

## **Chapter 64 Regulations**

Again, AT&T supports the elimination of the outdated, unnecessary regulations contained in Chapter 64 relating to payment, billing, credit, and termination standards, and other rules relating to the telephone provider's relationship with its customer for the reasons stated by the Commission. In today's competitive marketplace, these artificial rules only apply to a small percentage of the consumer market and can distort the natural competitive playing field. Importantly, providers can, and do, address each of these terms in Service Guides available to customers.

AT&T notes that the Commission did not waive the regulation at section 64.24, which addresses the ability to retain traditional basic local exchange service upon termination of a bundled package. AT&T submits that this "protection" is no longer necessary or appropriate in the current competitive market where customers-- indeed the majority of customers -- are buying unregulated services and bundles from various providers. Like all of the other regulations dealing with the customer relationship, providers should be able to set their own policies. The marketplace will drive the terms of those policies without the need for the Commission to establish or monitor compliance with a standard one-size-fits all set of rules.

Finally, while AT&T understands the Commission's prior retention of Subchapter G relating to informal and formal complaints, we submit that the process laid out in Section 64.142 unnecessarily complicates the resolution of disputes for all participants. For instance, 64.142 section (3) requires the production of an itemized statement of accounts, which is time consuming and often not relevant to the case. Nor is it necessary to provide the customer with the address to make payment (subsection 5) or a complete recitation of the dispute rules set forth in subsection (6). In sum, there is no reason to dictate the specific information that must be

communicated between a provider and its customer. The nature of each individual dispute will naturally drive the exchange of information.

### **Expansion of Waivers for CLECs in all wire centers**

The same rationale for making these temporary waivers permanent in the competitive wire centers applies with equal force to the value of permanently waiving these regulations for CLECs in so-called “non-competitive” wire centers as well. A CLEC entering or serving a non-competitive wire center that is predominantly served by an independent ICO or ILEC need not be held to the same requirements as those ICOs and ILECs. AT&T residential and small business lines are decreasing each year in Pennsylvania. As our customer base for these traditional landline services decreases, the resources available to comply with regulations declines as resources are reallocated to the modern services that consumers want.

By definition, CLECs operate in a competitive environment wherever they operate in Pennsylvania. Requiring CLECs to adhere to a patchwork of regulations across the state is unnecessary and wasteful and may discourage new CLECs from entering or expanding – and thus reduce competitive choices for consumers.

Moreover, unnecessary regulation in what is already a highly competitive market, with ever increasing alternatives, unnecessarily increases operating costs -- costs that customers will ultimately bear. CLEC’s may lack the ability to easily bifurcate their operating systems to accommodate different regulatory requirements in competitive vs. non-competitive classified areas, which may effectively force a company to adhere to regulatory requirements even where those regulations have been waived – thus negating the Commission’s stated intent and purpose. AT&T submits that, during the pendency of this rulemaking proceeding, the Commission should

on a temporary basis extend the existing waivers to all wire centers, with an eye toward permanent waivers at the conclusion of this rulemaking.

AT&T continues, for instance, to tariff residential services in competitive wire centers, even though the Commission granted the ability to detariff those services, because it might have created customer confusion to detariff in only some of the wire centers. For detariffing to have a meaningful affect and cost-savings for CLECs, it should be permitted on a state-wide basis for all of its retail services.

### **Permanent Extension of Waiver for Detariffing Business Services**

In addition to the waivers expressly addressed in the Commission's Notice of Rulemaking, AT&T seeks the permanent waiver of the temporary waiver granted by Order dated February 9, 2017 in Docket P-2016-2575097. By that Order, the Commission granted AT&T's petition for a temporary waiver of the regulations at 52 Pa. Code §§ 53.58(c), 53.58(d), and 53.59 based upon the success of detariffing during the preceding waiver period.

The detariffing of business services which this Commission has permitted in Pennsylvania has allowed AT&T to better meet the needs and expectations of its enterprise and large business customers. AT&T posts its terms, conditions, and rates for enterprise and large business customers in its Service Guide, which is readily available on its website.<sup>2</sup> AT&T is not aware of any customer complaints raised in connection with detariffing in Pennsylvania. The rates, terms and conditions by which AT&T offers service to its customers continue to be publicly available to customers and this Commission on AT&T's public website and the Staff has access to all the information it needs to monitor these matters, and so there is no practical need for a tariff.

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<sup>2</sup> AT&T's Service Guide covering all regulated services that AT&T offers in the Commonwealth can be found at: <http://serviceguide.att.com/servicelibrary/ext/aslstate.cfm?state=PA#>

## **Conclusion**

AT&T again wants to commend the Commission and Staff for initiating this time-consuming, but worthwhile analysis of Chapter 63 and 64 regulations. With just a few exceptions, including those noted above, AT&T agrees with the analysis conducted by the Commission when it granted temporary waivers in its 2015 Reclassification Order. And AT&T submits, for the reasons stated above, that the time has come to extend and expand those waivers – permanently and geographically. Customers throughout the state have a great many choices, and they are exercising that freedom to choose. Burdening CLECs with outdated regulations only serves to drive up costs for a product that is already declining in popularity and is inconsistent with today's economic reality.

Respectfully submitted,



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