

Suzan DeBusk Paiva
Associate General Counsel



900 Race Street, 6th Floor
Philadelphia, PA 19107

Tel: (267) 768-6184
Suzan.D.Paiva@Verizon.com

February 18, 2020

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

Re: 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
Docket No. P-2014-2446303 & P-2014-2446304

Dear Secretary Chiavetta:

Enclosed please find Verizon's Comments to the Commission's February 6, 2020
Tentative Order, in the above captioned matter.

Please do not hesitate to contact me if you have any questions.

Very truly yours,

A handwritten signature in blue ink that reads "Suzan D. Paiva/sau".

Suzan D. Paiva

SDP/sau

Enclosure

CERTIFICATE OF SERVICE

I, Suzan D. Paiva, hereby certify that I have this day served a true copy of Verizon's Comments, upon the parties listed below in accordance with the requirements of 52 Pa. Code Section 1.54 (related to service by a participant) and 1.55 (related to service upon attorneys).

Dated at Philadelphia, Pennsylvania, this 18th day of February, 2020.

VIA FIRST CLASS U.S. MAIL

Barrett C. Sheridan, Esquire
Office of Consumer Advocate
555 Walnut Street, 5th Floor
Harrisburg, PA 17101

Joseph Monaghan
AT&T
AVP – Senior Legal Counsel
One AT&T Way, Room 3A114
Bedminster, NJ 07921

Steven C. Gray, Esquire
Office of Small Business Advocate
500 Walnut Street, 1st Floor
Harrisburg, PA 17101

Charles Thomas, III, Esquire
Thomas, Niesen & Thomas, LLC
212 Locust Street, Suite 600
Harrisburg, PA 17101
Counsel for PA Telephone Association

Scott J. Rubin, Esquire
Counsel for CWA and IBEW
333 Oak Lane
Bloomsburg, PA 17815

Harry S. Geller, Esquire
Elizabeth Marx, Esquire
c/o PA Legal Aid Network
118 Locust Street
Harrisburg, PA 17101
Counsel for CAUSE-PA

Deanne M. O'Dell, Esquire
Eckert Seamans Cherin & Mellott, LLC
213 Market Street, 8th Floor
P.O. Bx 1248
Harrisburg, PA 17101
Counsel for Full Service Network



Suzan D. Paiva
Pennsylvania Bar ID No. 53853
900 Race Street, 6th Floor
Philadelphia, PA 19107
(267) 768-6184

Attorney for Verizon

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Joint Petition of Verizon Pennsylvania LLC :
And Verizon North LLC for Competitive : Docket No. P-2014-2446303
Classification of all Retail Services in Certain :
Geographic Areas, and for a Waiver of : Docket No. P-2014-2446304
Regulations for Competitive Services :

VERIZON’S COMMENTS TO TENTATIVE ORDER

Verizon¹ does not oppose the holdings in the Commission’s February 6, 2020 Tentative Order, but given that there is no opportunity for replies, it provides this additional information in case the Commission is required to consider the matter again in response to any adverse comments.²

The tentative decision to extend the Chapter 63/64 waivers was correct and should be made final. This extension is needed to maintain the *status quo* while the Commission completes the rulemaking at Docket No. L-2018-3001391 to permanently revise or eliminate its rules for telephone companies. The Commission already concluded that the waived regulations are unnecessary and impose an unreasonable hardship on regulated telephone providers in today’s highly competitive environment, where the same rules do not apply to unregulated competitors. Nothing has occurred in the five years since that decision that would change it.

The Commission granted these waivers in 2015, together with its competitive classification of all services in 153 Verizon wire centers, after it found based on an evidentiary record that “competition exists in the current telecommunications landscape in the requested wire centers

¹ These comments are filed by Verizon Pennsylvania LLC and Verizon North LLC (together “Verizon”).

² If no adverse comments are filed, then the Tentative Order should become final by operation of law and there is no need for further Commission action.

because of cascading access line losses, sea changes in customer preferences, the marketplace's embrace of new forms of communicating, and the rise of many new entrants with independent service platforms," so that "[t]he credible evidence is that customer demand in the Verizon's service territories for communication services, including basic local exchange service, is being met by other carriers using other technologies."³ The Commission waived certain portions of its Chapter 63 and 64 regulations within the 153 competitive wire centers for Verizon and all CLECs to bring them "closer to regulatory parity with competing providers whose retail services are not subject to Commission jurisdiction," which is one of the "key policy objectives" of the Chapter 30 statute. *Id.* at 75. According to the Commission, "many of the monopoly-era Regulations in Chapters 63 and 64 that do not apply to Verizon's competitors do not make sense in a competitive marketplace. Regulation does not exist for regulation's sake. Rather, regulation seeks to produce a competitive result where there is no competition to do the same. Where sufficient competition exists, regulation is not needed and should be reduced or perhaps even discontinued." *Id.*

There certainly has been no diminishment in competition for voice services in the five years since the Commission waived its regulations. To the contrary, unregulated voice services are even more dominant today than they were at that time, as demonstrated by the updated versions of publicly available government reports that the Commission relied upon in 2015, as follows:

- Verizon's original petition cited FCC statistics reported as of June 2013 showing that Commission-regulated voice connections in Pennsylvania were 24 percent of the statewide total voice subscriptions at that time and numbered 4.4 million, while unregulated VoIP and mobile connections numbered over 14 million.⁴ The most current version of the same FCC report with data as of December 31, 2017 shows

³ March 4, 2015 Order at 34, 62.

⁴ The Commission-regulated landlines are the "switched" subscriptions provided by all ILECs and CLECs taken together. FCC Wireline Competition Bureau, Local Telephone Competition Status as of June 30, 2013, Tables 9 and 18. Available from <https://docs.fcc.gov/public/attachments/DOC-327830A1.pdf>.

that Commission-regulated landlines have declined to 2.4 million in Pennsylvania, while unregulated mobile lines and VoIP subscriptions increased to almost 16 million.⁵ In absolute numbers, this is a loss of almost half of the regulated landlines in Pennsylvania during that period. Where regulated lines comprised 24% of the statewide total when the Commission found sufficient competition to exist in its 2015 order, the FCC's 2017 data now shows that only 13% of the voice lines in Pennsylvania were regulated by this Commission. Given the steep level of decline, this percentage is surely smaller now in 2020 (the FCC has not reported more recent statistics).

- Verizon's original evidence also cited the Centers for Disease Control and Prevention's ("CDC") ongoing study of "wireless substitution," determining how many customers have given up landlines in favor of using only wireless telephones. In 2013, CDC data showed that 57% percent of national households were "wireless only" or "wireless mostly."⁶ In 2018 that percentage has increased to 72%.⁷ State specific statistics for Pennsylvania also show the same extensive wireless substitution.⁸
- In its original case Verizon presented FCC data on the number of Internet connections in Pennsylvania, which allow another means of competing with regulated landline service by providing instantaneous voice and non-voice communication through platforms such as Skype-like services, e-mail or social media. The 2013 statistics cited in Verizon's petition showed about 10 million Internet connections at that time, including mobile broadband, DSL, cable modem, and fiber to the home.⁹ The FCC now reports that as of December 31, 2017, Pennsylvanians had 16.3 million broadband Internet connections, a tremendous increase in just 4.5 years.¹⁰

⁵ FCC Wireline Competition Bureau, Voice Telephone Subscriptions as of December 31, 2017 (Rel. 8/28/19) (available at <https://www.fcc.gov/voice-telephone-services-report>).

⁶ Reclassification Petition, October 5, 2014 at 4 (citing a CDC report for 2013 showing the wireless only/mostly percentage to be 57%).

⁷ The latest CDC survey determined that, as of July-December 2018, 57.1 % of households nationally were wireless-only (no landline at all, regulated or unregulated), and an additional 15 % of American homes reported that they received all or almost all calls on wireless telephones ("wireless mostly"). Blumberg SJ, Luke JV. Wireless substitution: Early release of estimates from the National Health Interview Survey, July–December 2018. National Center for Health Statistics. Available from: <https://www.cdc.gov/nchs/data/nhis/earlyrelease/wireless201906.pdf>.

⁸ The CDC issued state specific statistics for 2018 estimating that over 74% of Pennsylvania children under 18 lived in wireless-only or wireless-mostly households, while more than 60% of adults 18 and over lived in wireless-only or wireless-mostly households. https://www.cdc.gov/nchs/data/nhis/earlyrelease/Wireless_state_201912-508.pdf.

⁹ Reclassification Petition, October 5, 2014 at 4 (citing FCC statistics as of June 2013).

¹⁰ FCC Internet Access Service as of December 31, 2017, available at <https://docs.fcc.gov/public/attachments/DOC-359342A1.pdf>.

In light of the highly competitive marketplace it found to exist in 2015, the Commission concluded that “the burden of complying with outdated Regulations with which Verizon’s competitors do not have to comply is an ‘unreasonable hardship’ that justifies granting a waiver.”¹¹ This finding is just as valid today as it was five years ago, if not more so. Because the rulemaking to permanently revise the Commission’s telecommunications regulations to reflect today’s competitive market is still ongoing, the Commission was correct in extending these waivers for Verizon and all regulated carriers to maintain the *status quo* while the rulemaking proceeds to completion. There would be no purpose to now subjecting Verizon and these other carriers to the re-imposition of “monopoly-era regulations” that the Commission already determined “do not make sense” in a competitive market and impose an “unreasonable hardship.” These waivers have been in place in the competitive wire centers for almost five years now and Verizon is not aware of any adverse effects from the waivers.

While Verizon supports the Commission’s decision to extend the existing waivers for all regulated carriers in the 153 wire centers, the Commission would be well justified to extend the waivers state-wide, to all locations and all providers, until the Commission issues permanent regulations. This relief was requested by Verizon in its comments in the rulemaking and is supported by the evidence of robust competition statewide. Verizon respectfully suggests that competition and the burdens and unreasonable hardships of complying with these outdated regulations are not limited to the exchanges that were classified competitive in 2015. If the Commission does not extend the waivers statewide now, then at least it should proceed expeditiously to complete the rulemaking to reduce regulation permanently.

¹¹ March 4, 2015 Order at 57.

Verizon also does not object to the Commission’s decision to require rulemaking parties to execute a protective order before requesting copies of the proprietary data for the calendar years 2015 and 2016 that Verizon submitted to the Commission in compliance with the March 4, 2015 Order.¹² The Commission correctly rejected the arguments of parties who demanded to make this data public even though Verizon agreed to supply this competitively sensitive information to the Commission in reliance on the fact that it would be kept confidential and not made available to the public or Verizon’s competitors.¹³ If aggregate data that masks the proprietary details would be useful to the rulemaking, Verizon could discuss compiling such information.

For the foregoing reasons, the decisions in the Commission’s February 6, 2020 Tentative Order should become final.

Respectfully submitted,



Suzan D. Paiva (Atty No. 53853)
Verizon
900 Race St., 6th Floor
Philadelphia, PA 19107
(267) 768-6184
Suzan.d.paiva@verizon.com

Attorney for Verizon Pennsylvania LLC and
Verizon North LLC

Dated: February 18, 2020

¹² *Id.* at 126, Ordering Paragraph 15. By order entered September 11, 2015 in this docket the Commission directed the specific format and content of this reporting. The data reported includes proprietary and competitive information such as Verizon’s monthly line counts and detailed service quality metrics.

¹³ 65 P.S. § 67.102 (exempting from public disclosure “confidential proprietary information” the “disclosure of which would cause substantial harm to the competitive position of the person that submitted the information”); 65 P.S. § 67.708(b)(17) (exempting from public disclosure material gathered by the Commission in the course of a noncriminal investigation of the companies it regulates).