

**PENNSYLVANIA  
PUBLIC UTILITY COMMISSION  
Harrisburg, PA 17120**

Public Meeting held March 10, 2022

Commissioners Present:

Gladys Brown Dutrieuille, Chairman  
John F. Coleman, Jr., Vice Chairman  
Ralph V. Yanora

Pennsylvania Public Utility Commission,  
Bureau of Investigation and Enforcement

M-2022-3024130

v.

Verizon Pennsylvania LLC

**OPINION AND ORDER**

**BY THE COMMISSION:**

Before the Pennsylvania Public Utility Commission (Commission) for consideration and disposition is a proposed Joint Petition for Approval of Settlement (Settlement, Settlement Agreement, or Petition) filed on January 31, 2022, by the Commission's Bureau of Investigation and Enforcement (I&E) and Verizon Pennsylvania LLC (Verizon PA or Company) (collectively, the Parties), to resolve all issues with respect to an informal investigation conducted by I&E based upon complaints received by the Bureau of Consumer Services (BCS) regarding alleged improper telephone service suspensions and terminations. Both Parties filed Statements in Support of the Settlement. The Parties submit that the proposed Settlement, which has

been filed pursuant to 52 Pa. Code §§ 5.41, 5.231-232, and 3.113(b)(3), is in the public interest and consistent with the Commission’s Policy Statement at 52 Pa. Code § 69.1201, *Factors and Standards for Evaluating Litigated and Settled Proceedings Involving Violations of the Public Utility Code and Commission Regulations*.  
Petition at 10.

Before issuing a final decision on the merits of the proposed Settlement, and consistent with the requirement of 52 Pa. Code § 3.113(b)(3), we shall publish the Settlement in the *Pennsylvania Bulletin* and provide an opportunity for interested parties to file comments regarding the proposed Settlement.

### **Background and History**

Under its network transformation program, and in accordance with the rules and procedures of the Federal Communications Commission (FCC), Verizon PA filed appropriate notice with the FCC to retire its copper network and to provide all of its services over fiber optic facilities in 158 wire centers in Pennsylvania.<sup>1</sup> Petition at 4.

The Commission recognizes that the retirement of copper telephone lines is an activity that is regulated primarily by the FCC. Petition at 4. In areas where Verizon PA is migrating its copper facilities to fiber, the Commission also recognizes that applicable federal law permits Verizon PA to suspend and ultimately terminate service of

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<sup>1</sup> See *In the Matter of: Technology Transitions; Policies and Rules Governing Retirement of Copper Loops by Incumbent Local Exchange Carriers; Special Access for Price Cap Local Exchange Carriers; AT&T Corporation Petition for Rulemaking to Reform Regulation of Incumbent Local Exchange Carrier Rates for Interstate Special Access Services, Report and Order, Order on Reconsideration, and Further Notice of Proposed Rulemaking*, 30 FCC Rcd 9372, 9383-84, para. 16 (Rel. August 7, 2015), codified in 47 C.F.R. 51.332.

any customer who refuses to provide the Company with the necessary access to transition the service to fiber. Petition at 4-5.

Notwithstanding the above acknowledgments, the Commission has previously determined that, during the conversion from copper to fiber, Verizon PA still must comply with Section 1501 of the Public Utility Code (Code) and Chapter 64 of the Commission Regulations as they relate to service and suspension/termination of regulated voice service when completing its copper wire retirement.<sup>2</sup> Petition at 5.

On March 13, 2020, in response to the COVID-19 pandemic, the Commission issued its *March 2020 Moratorium Order*<sup>3</sup> that, *inter alia*, imposed a moratorium on the termination of utility services, including regulated telecommunications services, pending the Proclamation of Disaster Emergency issued by Governor Tom Wolf. Petition at 5.

On October 8, 2020, the Commission issued an Order lifting the absolute utility service termination moratorium and allowing disconnections of service to resume effective November 9, 2020. Verizon PA halted its migration to fiber efforts during the moratorium. Verizon ceased suspensions and terminations of regulated services (both for

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<sup>2</sup> See *Irwin Fox v. Verizon Pennsylvania, LLC*, Docket No. C-2016-2576094 (Order entered July 12, 2018). Also see *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; 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*, Docket Nos. P-2014-2446303; P-2014-2446304; L-2018-3001391 (Final Order entered February 27, 2020) (revisiting waivers previously designated as temporary).

<sup>3</sup> See generally *Re: Public Utility Service Termination Moratorium, Proclamation of Disaster Emergency – COVID-19*, Docket No. M-2020-3019244 (Order ratified at March 26, 2020 Public Meeting) (*March 2020 Moratorium Order*).

nonpayment and copper retirement) from March 13, 2020, through December 8, 2020, in compliance with the *March 2020 Moratorium Order*. Verizon resumed contacting customers to inform them about copper retirement and the need to migrate services to fiber on or about September 10, 2020, but it did not resume suspending services until December 8, 2020. Petition at 5.

On or about February 12, 2021, after receiving multiple informal complaints, BCS submitted a memo to I&E outlining its concerns that Verizon PA was improperly suspending telephone service. BCS provided I&E with a copy of seven informal complaints, some of which alleged suspension/termination without notice. Petition at 6.

By Data Request Letter dated March 24, 2021, I&E informed Verizon PA that it was initiating an investigation into suspension/termination of telephone service allegedly in violation of the moratorium of the *March 2020 Moratorium Order* and Chapters 55 and 64 of the Code. *Id.*; Verizon PA Statement in Support at 2. The investigation was initiated based on the information provided to I&E by BCS. I&E requested information from Verizon PA relating to telephone service suspensions and terminations associated with nonpayment and copper retirement for the time period from March 13, 2020 (the beginning of the moratorium) to March 24, 2021 (the date of I&E's letter). Verizon PA St. at 2. On April 21, 2021, Verizon PA provided responses to I&E's requests for information and cooperated in the investigation. Petition at 6; Verizon PA St. at 2.

On May 4, 2021, I&E submitted a second set of data requests, to which Verizon PA provided timely responses on May 25, 2021. Petition at 6.

While the data demonstrated Verizon PA's overall compliance with the moratorium, in the course of reviewing the responses, I&E identified five categories of

potential regulatory violations. Verizon PA denied the alleged violations had occurred and/or provided mitigating information. Petition at 6; Verizon PA St. at 3. The underlying facts of these issues will be discussed in more detail in the following section of this Opinion and Order.

In light of the facts involved in the informal investigation, I&E and Verizon PA began settlement discussions to amicably resolve the alleged violations. Those discussions ultimately resulted in the instant Petition, which, as noted, was filed by the Parties on January 31, 2022, to resolve the contested allegations.

## **The Petition**

### **A. Alleged Violations**

The Petition includes details concerning the five categories of potential violations that I&E identified as a result of its investigation. The five categories are as follows:

- (a) Customer Letters to Residents of Multiple Dwelling Units;
- (b) Suspensions on a Sunday;
- (c) Terminations on a Sunday;
- (d) One Account Allegedly Suspended and Terminated During the March 2020 moratorium; and
- (e) Letter to a Health Care Facility

Petition at 6-9.

The Petitioners aver that had this matter been fully litigated, I&E would have proffered evidence and legal arguments to demonstrate that Verizon PA committed the following violations, broken down by category:

**[a. Customer Letters to Residents of Multiple Dwelling Units]**

- a. Verizon PA's notification letters to tenants who are residents of multiple dwelling units relating to the suspension and termination of service due to the retirement of copper wire and installation of fiber optics were confusing, conflicting, and misrepresented the customer's ability to call 911 after service was suspended/terminated. If proven, I&E alleges that such conduct would have violated 66 Pa. C.S. § 1501 (multiple counts). [footnote omitted]

**[b. Suspensions on a Sunday]**

- b. Verizon PA unlawfully suspended telephone service on a Sunday. If proven, I&E alleges that such conduct would have violated 52 Pa. Code § 64.62 (multiple counts).

**[c. Terminations on a Sunday]**

- c. Verizon PA unlawfully terminated telephone service on a Sunday. If proven, I&E alleges that such conduct would have violated 52 Pa. Code § 64.62 (multiple counts).

**[d. One Account Allegedly Suspended and Terminated During the March 2020 Moratorium]**

- d. Verizon PA unlawfully suspended and terminated a customer's service on September 14, 2020. If proven, I&E alleges that such conduct would have violated the March 2020 Moratorium Order and 52 Pa. Code § 64.121.

**[e. Letter to a Health Care Facility]**

- e. Verizon PA's notification letters to health care facility relating to suspensions and terminations were not compliant.

If proven, I&E alleges that such conduct would have violated 52 Pa. Code §§ 55.101-55.115.

Petition at 9-10.

## **B. Terms and Conditions of the Settlement**

The Parties submit that, as a result of successful negotiations, they have reached an agreement on an appropriate outcome to the investigation as encouraged by the Commission's policy to promote settlements. *See* 52 Pa. Code § 5.231. Petition at 3. The Parties further state that the Settlement is consistent with the Commission's Policy Statement at 52 Pa. Code Section 69.1201 for evaluating litigated and settled proceedings involving violations of the Code and Commission Regulations. *Id.* Therefore, the Parties urge the Commission to approve the Settlement as submitted as being in the public interest. *Id.*

The Settlement comprises the Joint Petition for Approval of Settlement containing the terms and conditions of the Settlement, Proposed Ordering Paragraphs, and the respective Statements in Support of the Settlement from I&E (Appendix A to the Petition) and Verizon PA (Appendix B to the Petition).

The essential terms and conditions of the Settlement, as set forth in Paragraphs 40-52 of the Petition, are as follows:

### **IV. SETTLEMENT TERMS**

40. Pursuant to the Commission's policy of encouraging settlements that are reasonable and in the public interest, the Parties held a series of discussions that culminated in this Settlement. I&E and Verizon PA desire to (1) terminate I&E's informal investigation; and (2) settle this matter completely without litigation. The Parties recognize that this

is a disputed matter, and given the inherent unpredictability of the outcome of a contested proceeding, the Parties further recognize the benefits of amicably resolving the disputed issues. The conditions of the Settlement, for which the Parties seek Commission approval, are set forth below.

41. Verizon PA shall pay a cumulative civil penalty of thirty thousand dollars (\$30,000.00).

42. The civil penalty shall not be tax deductible or passed through as an additional charge to Verizon PA's customers in Pennsylvania.

43. Verizon PA has and will continue to work with I&E and BCS to modify/edit the notification letters, as future circumstances require, sent to multiple dwelling units and their tenants and the notification letters sent to health care facilities and their tenants relating to copper retirement, to ensure compliance with the Public Utility Code and the Commission's regulations and clarity on the intention and ramifications of the letters.

## **V. CONDITIONS OF SETTLEMENT**

44. The benefits and obligations of this Settlement Agreement shall be binding upon the successors and assigns of the Parties to this Agreement.

45. This Agreement may be signed in counterparts and all signatures attached hereto will be considered as originals.

46. In order to effectuate the Parties' Settlement Agreement, the undersigned Parties request that the Commission issue a Secretarial Letter or Order approving the Petition without modification.

47. The Parties agree that any party may petition the Commission for rehearing or take other recourse allowed under the Commission's rules if the Commission Secretarial Letter or Order substantively modifies the terms of this Joint Petition for Approval of Settlement. In that event, any party may give notice to the other party that it is withdrawing from this Joint Petition for Approval of Settlement. Such notice



must be in writing and must be given within twenty (20) business days of the issuance of any Initial or Recommended Decision or any Commission Order or Secretarial Letter which adopts this Joint Petition for Approval of Settlement with substantive modifications of its terms. The consequence of any party withdrawing from this Joint Petition for Approval of Settlement as set forth above is that all issues associated with the requested relief presented in the proceeding will be fully litigated unless otherwise stipulated between the parties and all obligations of the Parties to each other are terminated and of no force and effect. In the event that a party withdraws from this Joint Petition for Approval of Settlement as set forth in this paragraph, I&E and Verizon PA jointly agree that nothing in this Settlement Agreement shall be construed as an admission against or as prejudice to any position which any party might adopt during litigation of this case.

48. I&E and Verizon PA jointly acknowledge that approval of this Settlement Agreement is in the public interest and is fully consistent with the Commission's Policy Statement for evaluating litigated and settled proceedings involving violations of the Code and Commission regulations, 52 Pa. Code § 69.1201. The Commission will serve the public interest by adopting this Joint Petition for Approval of Settlement.

49. The Joint Petition for Approval of Settlement avoids the time and expense of litigation in this matter before the Commission, which likely would entail preparation for and attendance at hearings and the preparation and filing of briefs, reply briefs, exceptions, reply exceptions. The Parties further recognize that their positions and claims are disputed and, given the inherent unpredictability of the outcome of a contested proceeding, the Parties recognize the benefits of amicably resolving the disputed issues through settlement. Attached as Appendices A and B are Statements in Support submitted by I&E and Verizon PA, respectively, setting forth the bases upon which they believe the Settlement Agreement is in the public interest.

50. Adopting this Settlement Agreement will eliminate the possibility of any appeal from the Commission Secretarial

Letter or Order, thus avoiding the additional time and expense that they might incur in such an appeal.

51. This Settlement Agreement consists of the entire agreement between I&E and Verizon PA regarding the matters addressed herein. Moreover, this Settlement represents a complete settlement of I&E's investigation of Verizon PA's alleged violations related to unlawful suspensions and terminations and copper wire retirement notification letters for the time period up to and including March 24, 2021, and fully satisfies I&E's informal investigation of the matters discussed herein. The Parties expressly acknowledge that this Settlement Agreement represents a compromise of positions and does not in any way constitute as a finding or as an admission concerning the alleged violations of the Public Utility Code and the Commission's regulations.

52. The Settlement Agreement contains a summary of alleged violations of the Public Utility Code and the Commission's regulations. *See*, Section III, Alleged Violations. In addition, the Settlement Terms contains Proposed Settlement Terms. *See*, Section IV, Settlement Terms. With the exception of the approval of this Settlement without modification, none of the provisions in this Settlement Agreement shall be considered or shall constitute an admission, a finding of any fact, or a finding of culpability on the part of Verizon PA in this or any other proceeding.

Petition at 10-13.

### **Discussion**

Pursuant to our Regulations at 52 Pa. Code § 5.231, it is the Commission's policy to promote settlements. The Commission must, however, review proposed settlements to determine whether the terms are in the public interest. *Pa. PUC v. Philadelphia Gas Works*, Docket No. M-00031768 (Order entered January 7, 2004).

In reviewing settlements that resolve informal investigations, the Commission will provide other potentially affected parties with the opportunity to file comments regarding a proposed settlement prior to issuing a decision. The Commission's Regulations at 52 Pa. Code § 3.113(b) provide as follows:

**§ 3.113. Resolution of informal investigations.**

\* \* \*

(b) Under 65 Pa. C.S. Chapter 7 (relating to Sunshine Act), the Commission's official actions resolving informal investigations will be as follows:

\* \* \*

(3) When the utility, or other person subject to the Commission's jurisdiction, has committed to undertake action to address or remedy a violation or potential violation of the act or to resolve another perceived deficiency at the utility, in the form of a settlement with the Commission staff or other resolution of the matter, the Commission's consideration of the settlement or approval of the utility's action will occur at public meeting. Except for staff reports and other documents covered by a specific legal privilege, documents relied upon by the Commission in reaching its determination shall be made part of the public record. **Before the Commission makes a final decision to adopt the settlement or to approve the utility's action, the Commission will provide other potentially affected persons with the opportunity to submit exceptions thereon or to take other action provided for under law.**

52 Pa. Code § 3.113(b) (emphasis added). *See also Pa. PUC, Bureau of Investigation and Enforcement v. PPL Electric Utilities Corporation*, Docket No. M-2012-2264635 (Order entered September 13, 2012); *Pa. PUC, Bureau of Investigation and Enforcement*

*v. Liberty Power Holdings, LLC*, Docket No. M-2019-2568471 (Order entered August 8, 2019).

### **Conclusion**

Before issuing a decision on the merits of the proposed Settlement, consistent with the requirement of 52 Pa. Code § 3.113(b)(3), and for the reasons stated above, we believe it is appropriate to provide interested parties an opportunity to file comments on the proposed Settlement. Therefore, we will: (1) publish this Opinion and Order and a copy of the proposed Settlement (including Appendices) and Statements in Support, attached hereto, in the *Pennsylvania Bulletin*; and (2) provide an opportunity for interested parties to file comments regarding the proposed Settlement within twenty-five days of the date of publication in the *Pennsylvania Bulletin*; **THEREFORE,**

### **IT IS ORDERED:**

1. That the Secretary's Bureau shall duly certify this Opinion and Order along with the attached Joint Petition for Approval of Settlement (including Appendices) and the Statements in Support thereof, at Docket No. M-2022-3024130, and deposit them with the Legislative Reference Bureau for publication in the *Pennsylvania Bulletin*.

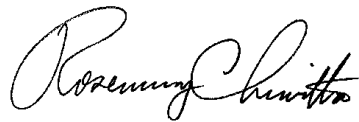
2. That within twenty-five (25) days of the date that this Opinion and Order and the attached Joint Petition for Approval of Settlement (including Appendices) and the Statements in Support thereof are published in the *Pennsylvania Bulletin*, interested parties may file comments concerning the proposed Settlement. Comments to the proposed Settlement shall be filed with the Commission through efilings. Please know that at this time **ALL** parties wanting to file with the Commission and participate in proceedings before the Commission must open an efilings account free of charge through

our website and accept eservice. This is in accordance with the Commission's Emergency Order at Docket No. M-2020-3019262. An efilng account may be opened at our website, <https://www.puc.pa.gov/efiling/default.aspx>.

3. That a copy of this Opinion and Order, together with the attached Joint Petition for Approval of Settlement (including Appendices) and the Statements in Support thereof, at Docket No. M-2022-3024130, shall be served on the Office of Consumer Advocate and the Office of Small Business Advocate.

4. That, subsequent to the Commission's review of any comments filed in this proceeding, at Docket No. M-2022-3024130, a final Opinion and Order will be issued by the Commission.

**BY THE COMMISSION,**



Rosemary Chiavetta  
Secretary

(SEAL)

ORDER ADOPTED: March 10, 2022

ORDER ENTERED: March 10, 2022

# **Attachment**



COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA PUBLIC UTILITY COMMISSION  
COMMONWEALTH KEYSTONE BUILDING  
400 NORTH STREET, HARRISBURG, PA 17120

BUREAU OF  
INVESTIGATION  
&  
ENFORCEMENT

January 31, 2022

**Via Electronic Filing**

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

Re: Pennsylvania Public Utility Commission,  
Bureau of Investigation and Enforcement v.  
Verizon Pennsylvania LLC  
Docket No. M-2022-3024130  
**Joint Petition for Approval of Settlement and Statements in Support**

Dear Secretary Chiavetta:

Enclosed for electronic filing is the **Joint Petition for Approval of Settlement and Statements in Support** in the above-referenced matter.

Copies have been served on the parties of record in accordance with the Certificate of Service. If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink that reads 'Kayla L. Rost'.

Kayla L. Rost  
Prosecutor  
Bureau of Investigation & Enforcement  
PA Attorney ID No. 322768  
(717) 787-1888  
[karost@pa.gov](mailto:karost@pa.gov)

KLR/ac  
Enclosures

cc: Kathryn G. Sophy, Director, OSA (*via email*)  
Kimberly A. Hafner, Deputy Director – Legal, OSA (*via email*)  
Per Certificate of Service

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission,	:	
Bureau of Investigation and Enforcement	:	
	:	
v.	:	Docket No. M-2022-3024130
	:	
Verizon Pennsylvania LLC	:	

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**JOINT PETITION FOR APPROVAL OF SETTLEMENT**

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**TO THE HONORABLE PENNSYLVANIA PUBLIC UTILITY COMMISSION:**

Pursuant to 52 Pa. Code §§ 5.41, 5.232 and 3.113(b)(3), the Pennsylvania Public Utility Commission’s (“Commission”) Bureau of Investigation and Enforcement (“I&E”) and Verizon Pennsylvania LLC (“Verizon PA” or “Company”) hereby submit this Joint Petition for Approval of Settlement (“Settlement” or “Settlement Agreement”) to resolve all issues related to an informal investigation initiated by I&E. I&E’s investigation was initiated based upon information provided by the Commission’s Bureau of Consumer Services (“BCS”), which had received complaints regarding alleged improper telephone service suspensions and terminations.

As part of this Settlement Agreement, I&E and Verizon PA (hereinafter referred to collectively as the “Parties”) respectfully request that the Commission enter a Final Opinion and Order approving the Settlement, without modification. Statements in Support of the Settlement expressing the individual views of I&E and Verizon PA are attached hereto as Appendix A and Appendix B, respectfully.



## I. INTRODUCTION

1. The Parties to this Settlement Agreement are the Pennsylvania Public Utility Commission's Bureau of Investigation and Enforcement, by its prosecuting attorneys, 400 North Street, Commonwealth Keystone Building, Harrisburg, PA, 17120, and Verizon Pennsylvania, LLC with a business address of 900 Race Street, 6<sup>th</sup> floor, Philadelphia, PA 19107.

2. The Pennsylvania Public Utility Commission is a duly constituted agency of the Commonwealth of Pennsylvania empowered to regulate public utilities within this Commonwealth, as well as other entities subject to its jurisdiction, pursuant to the Public Utility Code ("Code"), 66 Pa. C.S. §§ 101, *et seq.*

3. I&E is the entity established to prosecute complaints against public utilities and other entities subject to the Commission's jurisdiction pursuant to 66 Pa.C.S. § 308.2(a)(11); *see also Implementation of Act 129 of 2008; Organization of Bureaus and Offices*, Docket No. M-2008-2071852 (Order entered August 11, 2011)(delegating authority to initiate proceedings that are prosecutor in nature to I&E).

4. Section 501(a) of the Code, 66 Pa. C.S. § 501(a), authorizes and obligates the Commission to execute and enforce the provisions of the Code.

5. Section 701 of the Code, 66 Pa. C.S. § 701, authorizes the Commission, *inter alia*, to hear and determine complaints alleging a violation of any law, regulation, or order that the Commission has jurisdiction to administer.

6. Section 3301 of the Code, 66 Pa. C.S. § 3301, authorizes the Commission to impose civil penalties on any public utility or on any other person or corporation subject to

the Commission's authority for violations of the Code, the Commission's regulations and orders. Section 3301 allows for the imposition of a fine for each violation and each day's continuance of such violation(s). 66 Pa. C.S. § 3301.

7. Verizon PA is an Incumbent Local Exchange Telecommunications Carrier ("ILEC") as defined by Section 3012 of the Code, 66 Pa. C.S. § 3012 with a public utility code number of 310200.

8. Verizon PA, as a certificated ILEC, is subject to the power and authority of the Commission pursuant to Sections 501 and Chapter 30 of the Code, 66 Pa. C.S. §§ 501, 3011 *et seq.*

9. The Commission has jurisdiction over the subject matter and the actions of Verizon PA in its capacity as an ILEC serving customers in Pennsylvania pursuant to applicable Commonwealth statutes and regulations.

10. This matter involves allegations related to the suspension and termination of telephone service.

11. As a result of successful negotiations between I&E and Verizon PA, the Parties have reached an agreement on an appropriate outcome to the investigation as encouraged by the Commission's policy to promote settlements. *See* 52 Pa. Code § 5.231. The Settlement also is consistent with the Commission's Policy Statement for evaluating litigated and settled proceedings involving violations of the Code and Commission regulations, 52 Pa. Code Section 69.1201. The Parties agree to the settlement terms set forth herein and urge the Commission to approve the Settlement as submitted as being in the public interest.

## II. STIPULATED FACTS

12. The Commission has jurisdiction over the subject matter of and the Parties to this proceeding. 66 Pa.C.S. §§ 102, 501.

13. “It is the policy of the Commission to encourage settlements.” 52 Pa. Code § 5.231(a).

14. Under its network transformation program, Verizon PA filed with the Federal Communications Commission (“FCC”) to retire its copper network and provide all of its services over fiber optic facilities in 158 wire centers in Pennsylvania.

15. Verizon PA’s network transformation program is intended to eliminate redundant costs associated with copper networks overlapping fiber networks and to provide a more reliable, resilient, and functionally robust network to its customers.

16. Unlike copper facilities, fiber facilities do not corrode when wet, are less susceptible to damage from lightning, are less prone to static and outages, and are easier to repair. Replacing copper with an all-fiber network is beneficial to the environment because a fiber network consumes less energy to operate, fiber lines are lighter in weight requiring less space and fewer support structures, and fiber production uses glass rather than mined copper. Fiber networks also support the high bandwidth broadband and video services that many customers need.

17. The Commission has recognized that the retirement of copper telephone lines is an activity that is regulated primarily by the FCC. While Verizon PA seeks to migrate all working services from copper to fiber to continue serving its customers over fiber in areas where copper is being retired, the Commission has recognized that applicable law permits

Verizon PA to suspend and ultimately to terminate service if a customer denies the company access to transition the service to fiber. However, the Commission has noted that, during the conversion from copper to fiber, Verizon PA must still comply with Section 1501 of the Public Utility Code and Chapter 64 of the regulations as it relates to service and suspension/termination of regulated voice service when completing its copper wire retirement.<sup>1</sup>

18. On March 13, 2020, in response to the COVID-19 pandemic, the Commission issued an Emergency Order (“March 2020 Moratorium Order”) imposing a moratorium on the termination of utility services, including regulated telecommunications services, pending the Proclamation of Disaster Emergency issued by Governor Tom Wolf.<sup>2</sup>

19. On October 8, 2020, the Commission issued an Order lifting the absolute utility service termination moratorium and allowing disconnections of service to resume effective November 9, 2020.

20. Verizon PA halted its migration to fiber efforts during the March 2020 Moratorium. Verizon ceased suspensions and terminations of regulated services (both for nonpayment and copper retirement) from March 13, 2020 through December 8, 2020 in compliance with the moratorium. Verizon resumed contacting customers to inform them about copper retirement and the need to migrate services to fiber on or about September 10, 2020 but did not resume suspending services until December 8, 2020.

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<sup>1</sup> *Irwin Fox v. Verizon Pennsylvania, LLC*, C-2016-2576094, Opinion and Order dated July 12, 2018.

<sup>2</sup> *See generally Emergency Order*, Docket M-2020-3019244 (Order ratified at March 26, 2020 Public Meeting).

21. On or about February 12, 2021, the Commission's Bureau of Consumer Services ("BCS") referred to I&E its concerns that Verizon PA was improperly suspending telephone service based on informal complaints received from Verizon PA customers. Some of the complaints alleged suspension/termination without notice.

22. On March 24, 2021, I&E issued a Data Request Letter ("I&E Data Request-Set I") informing Verizon PA of the scope of its investigation and requesting a response to I&E's nine (9) data requests. Verizon PA's responses were due on April 21, 2021.

23. On April 21, 2021, Verizon PA provided its responses to I&E Data Request-Set I.

24. On May 4, 2021, I&E submitted a second set of data requests ("I&E Data Request-Set II"), to which Verizon PA timely provided its responses on May 25, 2021.

25. In reviewing Verizon PA's data request responses, I&E identified five (5) categories of potential violations, as described below. Verizon PA denied the alleged violations.

**A. Customer Letters to Residents of Multiple Dwelling Units**

26. In its responses, Verizon PA provided a copy of notification letters submitted to customers relating to Verizon PA's retirement of copper wire and installation of fiber optics. One set of letters was intended to be sent to copper-served Verizon PA customers who are tenants in a building where the property owner's consent was required to install fiber to serve those customers, including letters for the situation where the building owner would not allow fiber to be installed.

27. I&E identified numerous issues with the letters sent to residents of multiple dwelling units where the property owner refused to permit access to install fiber, including but not limited to the conflicting information regarding the date services will be disconnected and whether the customer will be able to call 911, the inconsistent and rather confusing bolded lettering on top of the notices, and the uncertain language used, i.e., disconnect versus suspended and/or terminated.

28. Verizon PA agreed to work with BCS and I&E to revise the wording of the letters and the letters have been revised to all parties' satisfaction for use going forward.

**B. Suspensions on a Sunday**

29. In response to I&E's request for information on telephone service suspensions and terminations from March 13, 2020 to March 24, 2021, Verizon PA provided a chart to I&E of suspensions/terminations related to nonpayment during that time period.

30. The chart demonstrated that Verizon PA had ceased all suspensions and terminations for nonpayment during the moratorium period and had resumed suspensions on December 8, 2020. Out of a total of approximately 16,000 accounts listed on the spreadsheet as having been suspended and/or terminated during the requested time period, four (4) of the accounts noted on Verizon PA's chart were listed as being suspended on December 27, 2020, a Sunday.

**C. Terminations on a Sunday**

31. In reference to the chart discussed in paragraph 29 above, it indicated that, out of a total of approximately 16,000 accounts, one thousand nine hundred and eighteen

(1,918) accounts were listed as being terminated on a Sunday (February 7, 2021; February 14, 2021; February 21, 2021; February 28, 2021; March 7, 2021; March 14, 2021; and March 21, 2021).

**D. One Account Allegedly Suspended and Terminated During the March 2020 Moratorium**

32. Based on an informal complaint provided by Verizon PA in response to the data requests, I&E identified one (1) customer account for which it asserted that Verizon PA suspended and terminated services on September 14, 2020. Verizon PA asserted that certain non-basic services were suspended and terminated in September of 2020, but the customer's basic dial tone services were not suspended or disconnected at that time and the customer retained the ability to place and receive telephone calls during the moratorium.

**E. Letter to a Health Care Facility**

33. In its response, Verizon PA provided copies of letters sent to the property owner of a senior living community relating to its retirement of copper wire and installation of fiber optics.

34. I&E contends that these letters must comply with Sections 55.104 and 55.108 of the Commission's regulations (relating to terminating service to health care facilities). Verizon PA asserts that the letters were not termination notices because Verizon PA does not provide voice services to this facility and that the letters were intended to inform this property owner of the need to allow Verizon to bring fiber to the building for Verizon to be able to continue to serve tenants residing within the senior living community who have Verizon service on copper.

35. I&E identified several deficiencies with the letters, including but not limited to, the letters failing to include a date of suspension and/or termination and failing to provide the 37-day notice to the facility and BCS.

36. While Verizon PA does not believe Chapter 55 was implicated in its correspondence with this particular facility, Verizon PA agreed to work with BCS and I&E on the Chapter 55 letters to be sent in the future to health care facilities if suspension and termination are required in a copper retirement situation, and the template letters have been revised to all parties' satisfaction for use going forward.

37. The results of I&E's investigation, which included review of the customer complaints, and Verizon PA's responses to data requests, formed the basis for the instant Settlement Agreement.

### **III. ALLEGED VIOLATIONS**

38. Had this matter been fully litigated, I&E would have proffered evidence and legal arguments to demonstrate that Verizon PA committed the following violations:

- a. Verizon PA's notification letters to tenants who are residents of multiple dwelling units relating to the suspension and termination of service due to the retirement of copper wire and installation of fiber optics were confusing, conflicting, and misrepresented the customer's ability to call 911 after service was suspended/terminated. If proven, I&E alleges that such conduct would have violated 66 Pa. C.S. § 1501 (multiple counts).<sup>3</sup>
- b. Verizon PA unlawfully suspended telephone service on a Sunday. If proven, I&E alleges that such conduct would have violated 52 Pa. Code § 64.62 (multiple counts).

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<sup>3</sup> See also *Neil and Gilda Altman v. Verizon Pennsylvania LLC*, C-2015-2515583 (Initial Decision dated July 25, 2016) and *James H. Joseph v. Verizon Pennsylvania, Inc.*, C-2013-2344290 (Initial Decision dated February 13, 2014) 2014 Pa. PUC LEXIS 112.



- c. Verizon PA unlawfully terminated telephone service on a Sunday. If proven, I&E alleges that such conduct would have violated 52 Pa. Code § 64.62 (multiple counts).
- d. Verizon PA unlawfully suspended and terminated a customer's service on September 14, 2020. If proven, I&E alleges that such conduct would have violated the March 2020 Moratorium Order and 52 Pa. Code § 64.121.
- e. Verizon PA's notification letters to health care facility relating to suspensions and terminations were not compliant. If proven, I&E alleges that such conduct would have violated 52 Pa. Code §§ 55.101-55.115.

39. Had this matter been fully litigated, Verizon PA would have denied each of the alleged violations of the Commission's regulations, the Code, or Commission's Orders, raised defenses and/or mitigating factors to each of these allegations, and defended against the same at hearing as set forth in Verizon PA's Statement in Support of Settlement.

#### **IV. SETTLEMENT TERMS**

40. Pursuant to the Commission's policy of encouraging settlements that are reasonable and in the public interest, the Parties held a series of discussions that culminated in this Settlement. I&E and Verizon PA desire to (1) terminate I&E's informal investigation; and (2) settle this matter completely without litigation. The Parties recognize that this is a disputed matter, and given the inherent unpredictability of the outcome of a contested proceeding, the Parties further recognize the benefits of amicably resolving the disputed issues. The conditions of the Settlement, for which the Parties seek Commission approval, are set forth below.

41. Verizon PA shall pay a cumulative civil penalty of thirty thousand dollars (\$30,000.00).

42. The civil penalty shall not be tax deductible or passed through as an additional charge to Verizon PA's customers in Pennsylvania.

43. Verizon PA has and will continue to work with I&E and BCS to modify/edit the notification letters, as future circumstances require, sent to multiple dwelling units and their tenants and the notification letters sent to health care facilities and their tenants relating to copper retirement, to ensure compliance with the Public Utility Code and the Commission's regulations and clarity on the intention and ramifications of the letters.

## **V. CONDITIONS OF SETTLEMENT**

44. The benefits and obligations of this Settlement Agreement shall be binding upon the successors and assigns of the Parties to this Agreement.

45. This Agreement may be signed in counterparts and all signatures attached hereto will be considered as originals.

46. In order to effectuate the Parties' Settlement Agreement, the undersigned Parties request that the Commission issue a Secretarial Letter or Order approving the Petition without modification.

47. The Parties agree that any party may petition the Commission for rehearing or take other recourse allowed under the Commission's rules if the Commission Secretarial Letter or Order substantively modifies the terms of this Joint Petition for Approval of Settlement. In that event, any party may give notice to the other party that it is withdrawing from this Joint Petition for Approval of Settlement. Such notice must be in writing and must be given within twenty (20) business days of the issuance of any Initial or Recommended Decision or any Commission Order or Secretarial Letter which adopts this

Joint Petition for Approval of Settlement with substantive modifications of its terms. The consequence of any party withdrawing from this Joint Petition for Approval of Settlement as set forth above is that all issues associated with the requested relief presented in the proceeding will be fully litigated unless otherwise stipulated between the parties and all obligations of the Parties to each other are terminated and of no force and effect. In the event that a party withdraws from this Joint Petition for Approval of Settlement as set forth in this paragraph, I&E and Verizon PA jointly agree that nothing in this Settlement Agreement shall be construed as an admission against or as prejudice to any position which any party might adopt during litigation of this case.

48. I&E and Verizon PA jointly acknowledge that approval of this Settlement Agreement is in the public interest and is fully consistent with the Commission's Policy Statement for evaluating litigated and settled proceedings involving violations of the Code and Commission regulations, 52 Pa. Code § 69.1201. The Commission will serve the public interest by adopting this Joint Petition for Approval of Settlement.

49. The Joint Petition for Approval of Settlement avoids the time and expense of litigation in this matter before the Commission, which likely would entail preparation for and attendance at hearings and the preparation and filing of briefs, reply briefs, exceptions, reply exceptions. The Parties further recognize that their positions and claims are disputed and, given the inherent unpredictability of the outcome of a contested proceeding, the Parties recognize the benefits of amicably resolving the disputed issues through settlement. Attached as Appendices A and B are Statements in Support submitted by I&E and Verizon

PA, respectively, setting forth the bases upon which they believe the Settlement Agreement is in the public interest.

50. Adopting this Settlement Agreement will eliminate the possibility of any appeal from the Commission Secretarial Letter or Order, thus avoiding the additional time and expense that they might incur in such an appeal.

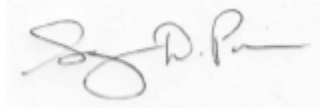
51. This Settlement Agreement consists of the entire agreement between I&E and Verizon PA regarding the matters addressed herein. Moreover, this Settlement represents a complete settlement of I&E's investigation of Verizon PA's alleged violations related to unlawful suspensions and terminations and copper wire retirement notification letters for the time period up to and including March 24, 2021, and fully satisfies I&E's informal investigation of the matters discussed herein. The Parties expressly acknowledge that this Settlement Agreement represents a compromise of positions and does not in any way constitute as a finding or as an admission concerning the alleged violations of the Public Utility Code and the Commission's regulations.

52. The Settlement Agreement contains a summary of alleged violations of the Public Utility Code and the Commission's regulations. *See*, Section III, Alleged Violations. In addition, the Settlement Terms contains Proposed Settlement Terms. *See*, Section IV, Settlement Terms. With the exception of the approval of this Settlement without modification, none of the provisions in this Settlement Agreement shall be considered or shall constitute an admission, a finding of any fact, or a finding of culpability on the part of Verizon PA in this or any other proceeding.

**WHEREFORE**, the Pennsylvania Public Utility Commission's Bureau of Investigation and Enforcement and Verizon Pennsylvania LLC respectfully request that the Commission enter an Order approving the terms of the Joint Petition for Approval of Settlement in their entirety as being in the public interest.

[SIGNATURE PAGE TO FOLLOW]

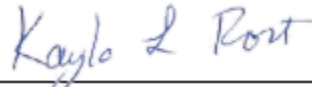
IN WITNESS WHEREOF, I&E and Verizon PA by their authorized representative have hereunto set our hands and seals on this 31st day of January 2022.



Date: January 31, 2022

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Suzan D. Paiva  
*Associate General Counsel for  
Verizon Pennsylvania LLC*



Date: January 31, 2022

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Kayla L. Rost  
*Prosecutor for the Commission's  
Bureau of Investigation and Enforcement*

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission,	:	
Bureau of Investigation and Enforcement	:	
	:	
v.	:	Docket No. M-2022-3024130
	:	
Verizon Pennsylvania LLC	:	

**PROPOSED ORDERING PARAGRAPHS**

1. That the Joint Petition for Approval of Settlement filed on January 31, 2022 between the Commission’s Bureau of Investigation and Enforcement and Verizon Pennsylvania LLC (“Verizon PA”) is approved in its entirety without modifications.

2. That, in accordance with Section 3301 of the Public Utility Code, 66 Pa. C.S. § 3301, within thirty (30) days of the date this Order becomes final, Verizon PA shall pay thirty thousand dollars (\$30,000.00), which consists of the entirety of the civil penalty amount. Said payment shall be made by certified check or money order payable to “Commonwealth of Pennsylvania” and shall be sent to:

Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120

3. That the civil penalty shall not be tax deductible or passed through as an additional charge to Verizon PA’s customers in Pennsylvania.

4. That Verizon PA will continue to work with the Commission’s Bureau of Investigation and Enforcement and the Bureau of Consumer Services to modify/edit the

suspension and termination notification letters, as future circumstances require, as it relates to the retirement of copper wire and installation of fiber optics.

5. The above-captioned matter shall be marked closed upon receipt of Verizon PA's payment of the civil penalty.



**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission, :  
Bureau of Investigation and Enforcement :  
v. : Docket No. M-2022-3024130  
Verizon Pennsylvania LLC :

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**THE BUREAU OF INVESTIGATION AND ENFORCEMENT’S  
STATEMENT IN SUPPORT OF THE  
JOINT PETITION FOR APPROVAL OF SETTLEMENT**

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**TO THE HONORABLE PENNSYLVANIA PUBLIC UTILITY COMMISSION:**

Pursuant to 52 Pa. Code §§ 5.231, 5.232 and 69.1201, the Pennsylvania Public Utility Commission’s (“Commission” or “PUC”) Bureau of Investigation and Enforcement (“I&E”), a signatory party to the Joint Petition for Approval of Settlement (“Settlement” or “Settlement Agreement”) filed in the matter docketed above, submits this Statement in Support of the Settlement Agreement between I&E and Verizon Pennsylvania LLC (“Verizon PA” or “Company”).<sup>1</sup> I&E avers that the terms and conditions of the Settlement are just and reasonable and in the public interest for the reasons set forth herein.

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<sup>1</sup> I&E and Verizon PA are collectively referred to herein as the “Parties.”

**I. Background**

On or about February 12, 2021, the Commission’s Bureau of Consumer Services (“BCS”) submitted a memo to I&E outlining its concerns that Verizon PA was improperly suspending telephone service after receiving multiple informal complaints. BCS provided I&E with a copy of seven (7) informal complaints which alleged improper suspension/termination and/or suspension/termination without notice. By letter dated March 24, 2021, I&E issued a Data Request Letter (“I&E Data Request-Set I”) informing Verizon PA of the scope of its investigation and requesting a response to I&E’s nine (9) data requests. Verizon PA’s responses were due on April 21, 2021.

On April 21, 2021, Verizon PA provided its responses to I&E Data Request-Set I.

On May 4, 2021, I&E submitted a second set of data requests (“I&E Data Request-Set II”), to which Verizon PA timely provided its responses on May 25, 2021. In light of the facts involved in the informal investigation, I&E and Verizon PA began discussing settlement to amicably resolve the instant matter.

On January 31, 2022, the Parties filed a Joint Petition for Approval of Settlement resolving all issues between I&E and Verizon PA in the instant matter. This Statement in Support is submitted in conjunction with the Settlement Agreement.

**II. The Public Interest**

Pursuant to the Commission’s policy of encouraging settlements that are reasonable and in the public interest, the Parties held a series of settlement discussions. These discussions culminated in this Settlement Agreement, which, once approved, will

resolve all issues related to I&E's informal investigation involving allegations that Verizon PA unlawfully suspended and terminated telephone service and failed to comply with the Commission's regulations and the Public Utility Code with the issuance of its copper wire retirement notification letters.

I&E intended to prove the factual allegations set forth in its investigation at hearing to which Verizon PA would have disputed. This Settlement Agreement results from the compromises of the Parties. I&E recognizes that, given the inherent unpredictability of the outcome of a contested proceeding, the benefits to amicably resolving the disputed issues through settlement outweigh the risks and expenditures of litigation. I&E submits that the Settlement constitutes a reasonable compromise of the issues presented and is in the public interest. As such, I&E respectfully requests that the Commission approve the Settlement without modification.

### **III. Terms of Settlement**

Under the terms of the Settlement Agreement, I&E and Verizon PA have agreed to the following:

- A. Verizon PA shall pay a total civil penalty of \$30,000.00.
- B. Verizon PA has and will continue to work with I&E and BCS to modify/edit the notification letters, as future circumstances require, sent to multiple dwelling units and their tenants and the notification letters sent to health care facilities and their tenants to ensure compliance with the Public Utility Code and clarity on the intention and ramifications of the letters.

The civil penalty shall not be tax deductible pursuant to Section 162(f) of the Internal Revenue Code, 26 U.S.C.S. § 162(f). Furthermore, the civil penalty shall not be passed through as an additional charge to Verizon PA's customers in Pennsylvania.

In consideration of Verizon PA's payment of a monetary civil penalty and its agreement to work with I&E and BCS to modify the notification letters, I&E agrees that its informal investigation relating to Verizon PA's conduct as described in the Settlement Agreement referenced herein shall be terminated and marked closed upon approval by the Commission of the Settlement Agreement without modification and completion of the numerated settlement terms.

Upon Commission approval of the Settlement in its entirety without modification, I&E will not file any complaints or initiate other action against Verizon PA at the Commission with respect to the unlawful suspensions and terminations from March 2020 to March 2021 and the copper wire retirement notification letters issued until March 24, 2021 which were the subject of I&E's instant informal investigation.

#### **IV. Legal Standard for Settlement Agreements**

Commission policy promotes settlements. *See* 52 Pa. Code § 5.231. Settlements lessen the time and expense that the parties must expend litigating a case and, at the same time, conserve precious administrative resources. Settlement results are often preferable to those achieved at the conclusion of a fully litigated proceeding. "The focus of inquiry for determining whether a proposed settlement should be recommended for approval is not a 'burden of proof' standard, as is utilized for contested matters." *Pa. Pub. Util.*

*Comm'n, et al. v. City of Lancaster – Bureau of Water*, Docket Nos. R-2010-2179103, *et*

*al.* (Order entered July 14, 2011) at p. 11. Instead, the benchmark for determining the acceptability of a settlement is whether the proposed terms and conditions are in the public interest. *Pa. Pub. Util. Comm'n v. Philadelphia Gas Works*, Docket No. M-00031768 (Order entered January 7, 2004).

I&E submits that approval of the Settlement Agreement in the above-captioned matter is consistent with the Commission's Policy Statement regarding *Factors and Standards for Evaluating Litigated and Settled Proceedings Involving Violations of the Public Utility Code and Commission Regulations* ("Policy Statement"), 52 Pa. Code § 69.1201; *see also Joseph A. Rosi v. Bell-Atlantic-Pennsylvania, Inc.*, Docket No. C-00992409 (Order entered March 16, 2000). The Commission's Policy Statement sets forth ten (10) factors that the Commission may consider in evaluating whether a civil penalty for violating a Commission order, regulation, or statute is appropriate, as well as whether a proposed settlement for a violation is reasonable and in the public interest. 52 Pa. Code § 69.1201.

The Commission will not apply the factors as strictly in settled cases as in litigated cases. 52 Pa. Code § 69.1201(b). While many of the same factors may still be considered, in settled cases, the parties "will be afforded flexibility in reaching amicable resolutions to complaints and other matters as long as the settlement is in the public interest." *Id.* The first factor considers whether the conduct at issue was of a serious nature, such as willful fraud or misrepresentation, or if the conduct was less egregious, such as an administrative or technical error. Conduct of a more serious nature may warrant a higher civil penalty while conduct that is less egregious warrants a lower amount. 52 Pa.

Code § 69.1201(c)(1). I&E acknowledges that the conduct did not constitute willful fraud or misrepresentation. Rather, Verizon PA represented that the unlawful suspensions and terminations were an isolated error and that Verizon PA has taken the steps to reduce or eliminate the possibility of such error in the future. In reference to the notification letters, while Verizon PA disagreed with I&E that the letters were confusing, misleading, and conflicting, Verizon PA agreed to modify the letters. These facts were considered in arriving at the civil penalty amount in the Settlement Agreement.

The second factor considers whether the resulting consequences of Verizon PA's alleged conduct were of a serious nature. When consequences of a serious nature are involved, such as personal injury or property damage, the consequences may warrant a higher penalty. 52 Pa. Code § 69.1201(c)(2). I&E has no knowledge of whether the alleged conduct resulted in personal injury or property damage. Nonetheless, the consequences of Verizon PA's conduct resulted in (1) confused, upset customers who were unsure of the seriousness and intention of the notification letters, i.e., the customer may and will lose service if not migrated to fiber optic; and (2) customers whose telephone service was suspended and/or terminated on a Sunday without any recourse or ability to timely address the issue. I&E asserts that access to telephone service is critical to everyday life and lack of access could have a serious impact.

The third factor to be considered under the Policy Statement is whether the alleged conduct was intentional or negligent. 52 Pa. Code § 69.1201(c)(3). "This factor may only be considered in evaluating litigated cases." *Id.* Whether Verizon PA's alleged conduct

was intentional or negligent does not apply since this matter is being resolved by settlement of the Parties.

The fourth factor to be considered is whether Verizon PA has made efforts to change its practices and procedures to prevent similar conduct in the future. 52 Pa. Code § 69.1201(c)(4). As stated above, Verizon PA represented that it has taken steps to reduce or eliminate the possibility of a suspension or termination being processed on a Saturday, Sunday, or holiday in the future by working with its Information Technology department and reviewing its processing systems. As it relates to the notification letters, Verizon PA, I&E, and BCS have held multiple meetings and have exchanged multiple drafts of the notification letters to ensure compliance with the Public Utility Code and the Commission's regulations, as well as to ensure that the letters are clear and informative.

The fifth factor to be considered relates to the number of customers affected by the Company's actions and the duration of the violations. 52 Pa. Code § 69.1201(c)(5). I&E identified four (4) customers whose telephone service was suspended on a Sunday, one thousand nine hundred and eighteen (1,918) customers whose telephone service was terminated on a Sunday, and one (1) customer whose service was suspended and terminated during the March 2020 Moratorium. The notification letters that I&E focused on through its informal investigation were sent to one (1) customer and one (1) health care facility. I&E is not aware of the total number of these specific notification letters which were sent to customers or health care facilities. These facts were considered when calculating the civil penalty.

The sixth factor to be considered relates to the compliance history of Verizon PA. 52 Pa. Code § 69.1201(c)(6). An isolated incident from an otherwise compliant company may result in a lower penalty, whereas frequent, recurrent violations by a company may result in a higher penalty. *Id.* To date, I&E is aware of 3 formal complaints filed which relate to this issue, F-2021-3024088, C-2018-3003786, and C-2018-3006579.

The seventh factor to be considered relates to whether the Company cooperated with the Commission's investigation. 52 Pa. Code § 69.1201(c)(7). I&E submits that Verizon PA fully cooperated in the investigation in this matter, including cooperating in both informal discovery as well as settlement discussions.

The eighth factor to be considered is the appropriate settlement amount necessary to deter future violations. 52 Pa. Code § 69.1201(c)(8). I&E submits that all the settlement terms (the civil penalty and the cooperation between the parties to modify the notification letters) are substantial and sufficient to deter Verizon PA from committing future violations.

The ninth factor to be considered relates to past Commission decisions in similar situations. 52 Pa. Code § 69.1201(c)(9). I&E submits that the instant Settlement Agreement should be viewed on its merits as there are no past Commission decisions that are directly responsive to this matter.

The tenth factor considers "other relevant factors." 52 Pa. Code § 69.1201(c)(10). I&E submits that an additional relevant factor – whether the case was settled or litigated – is of pivotal importance to this Settlement Agreement. A settlement avoids the necessity for the governmental agency to prove elements of each allegation. In return, the



opposing party in a settlement agrees to a lesser fine or penalty, or other remedial action. Both parties negotiate from their initial litigation positions. The fines and penalties, and other remedial actions resulting from a fully litigated proceeding are difficult to predict and can differ from those that result from a settlement. Reasonable settlement terms can represent economic and programmatic compromise while allowing the parties to move forward and to focus on implementing the agreed upon remedial actions.

In addition, the settlement terms are undoubtedly in the public interest because the modifications to the notification letters are made to better inform the public. I&E discovered through this investigation that the general public may not be aware or educated on Verizon PA's copper retirement plan and what customers can expect to happen if Verizon PA is retiring its copper network in their service area. I&E believes that the edits made to the letters will fully explain Verizon PA's copper retirement plan, the customer's obligations to accept the migration to fiber, the customer's options in the event either they or their landlord refuse the migration to fiber, how the conversion to fiber will impact their services and/or bill, the general time-frame for each important event (i.e., suspension and/or termination), and the phone number of BCS and Verizon PA who the customer can contact to discuss Verizon PA's migration and to have their questions answered.

In conclusion, I&E fully supports the terms and conditions of the Settlement Agreement. The terms of the Settlement Agreement reflect a carefully balanced compromise of the interests of the Parties in this proceeding. The Parties believe that approval of this Settlement Agreement is in the public interest. Acceptance of this

Settlement Agreement avoids the necessity of further administrative and potential appellate proceedings at what would have been a substantial cost to the Parties.

WHEREFORE, I&E supports the Settlement Agreement as being in the public interest and respectfully requests that the Commission approve the Settlement in its entirety without modification.

Respectfully submitted,

A handwritten signature in blue ink that reads "Kayla L. Rost". The signature is written in a cursive style.

Kayla L. Rost

Prosecutor

PA Attorney ID No. 322768

Pennsylvania Public Utility Commission  
Bureau of Investigation and Enforcement  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120  
(717) 787-1888  
[karost@pa.gov](mailto:karost@pa.gov)

Dated: January 31, 2022

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission,	:	
Bureau of Investigation and Enforcement	:	
	:	
v.	:	Docket No. M-2022-3024130
	:	
Verizon Pennsylvania LLC	:	

**VERIZON PENNSYLVANIA LLC'S  
STATEMENT IN SUPPORT OF SETTLEMENT**

Verizon Pennsylvania LLC (“Verizon PA”), a signatory to the Joint Petition for Approval of Settlement Agreement (“Settlement”), submits this Statement in Support of the Settlement in the above-captioned matter between Verizon PA and the Commission’s Bureau of Investigation and Enforcement (“I&E”). The Settlement fully resolves all issues relating to I&E’s investigation of Verizon PA’s suspensions and terminations of telephone service.

Verizon PA respectfully submits that the Settlement is in the public interest and requests that the Commission approve it without modification. Commission policy promotes settlements, which decrease the time, expense and risks of litigation and conserve administrative resources. 52 Pa. Code § 5.231. Verizon PA and I&E engaged in an exchange of information and negotiations, and Verizon PA continues to cooperate with I&E’s investigation and has resolved it amicably. While some allegations underlying this investigation remain disputed, and the proposed Settlement represents a compromise of the parties’ respective litigation positions, the benefits of amicably resolving the allegations through settlement significantly outweigh the time, expense and risks of litigation. The proposed settlement is reasonable and its approval is in the public interest under the standards of the Commission’s policy statement at 52 Pa. Code § 69.1201.

**I. Background**

By letter dated March 24, 2021, I&E informed Verizon PA that it was initiating an investigation into suspension/termination of telephone service allegedly in violation of the moratorium of the Covid-19 Emergency Order, Docket No. M-2020-3019244, and Chapters 55 and 64 of the Public Utility Code. The investigation was initiated based on information provided to I&E by the Bureau of Consumer Services (“BCS”). I&E requested information from Verizon PA relating to telephone service suspensions and terminations associated with nonpayment and copper retirement for the time period from March 13, 2020 (the beginning of the moratorium) to March 24, 2021 (the date of I&E’s letter). Verizon PA responded to I&E’s requests for information and cooperated in the investigation. The parties ultimately reached the amicable Settlement that is presented to the Commission for approval.

Verizon PA’s produced data demonstrating that it complied with the Commission’s Emergency Order at Docket No. M-2020-3019244, which established an absolute moratorium on utility service terminations (including regulated telephone service) due to the COVID-19 emergency from March 13 to November 9, 2020. After that date terminations were permitted to resume with certain restrictions and requirements. Verizon PA ceased all fiber migration suspensions and disconnection from March 13 to December 9, 2020. Verizon PA ceased all suspensions and disconnections for non-payment from March 13 to December 8, 2021. Verizon PA’s customer complaint data also showed that there was no systemic compliance problem. There were only 26 complaints regarding suspension or disconnection of telephone service from March 13, 2020 through March 24, 2021 and none of them related to a suspension or termination

occurring during the time of the Commission’s moratorium (with the exception of one about which Verizon PA and I&E disagree, discussed below).<sup>1</sup>

While the data demonstrated overall compliance with the moratorium, in the course of reviewing the responses I&E identified several issues that it asserted could be regulatory violations, although Verizon PA disagreed that violations had occurred and/or provided mitigating information. The underlying facts of these issues are as follows:

**1. Copper Retirement Letters to Residents of Multiple Dwelling Units (“MDUs”).**

As part of its data responses, Verizon PA provided templates of the letters it uses to comply with Chapter 64 notification requirements where residential telephone service is in jeopardy of suspension or termination associated with copper retirement. Verizon also provided extensive background on its copper retirement program, explaining that it has filed with the Federal Communications Commission (“FCC”) to retire its copper network and provide all of its services over fiber optic facilities in many locations in its territory, which makes sense in the context of the overall dramatic change in communications services and technology over the past quarter century because most people have abandoned copper landlines in favor of wireless, cable company or Verizon’s fiber optic services. Maintaining a copper network for these very few remaining customers where there is an overlapping fiber network is both inefficient and unnecessary, so Verizon’s network transformation program is intended to eliminate these redundant costs by moving the last remaining customers to fiber-optic facilities. Customers can receive the same services over fiber at the same price terms and regulatory status (including basic telephone service) but they benefit from the migration because fiber facilities are more reliable and resilient than copper since they do not corrode when they get wet, are less

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<sup>1</sup> Verizon provided complaints from BCS, the Better Business Bureau and the Office of Attorney General.

susceptible to damage from lightning, are less prone to static and outages, and are much easier to repair. An all-fiber network is more efficient to operate and provides environmental benefits because it requires less power to run, does not use a metal that has to be mined, and runs on lines that are smaller and lighter so that the support infrastructure is smaller and less susceptible to weight wear and tear. Fiber also allows for advanced broadband, television, and other services many customers need.

The Commission has held that, where Verizon complied with the FCC's copper retirement rules, "there are no Commission laws, regulations or Orders regarding copper line availability or migration" that would require Verizon to continue to provide service over copper,<sup>2</sup>

and "the Commission lacks the power to intervene with Verizon PA's business decision to transition from copper to fiber."<sup>3</sup> Verizon PA would like its customers to migrate to fiber and continue being served, but "if a customer refuses to allow Verizon access to migrate its network serving lines from copper to fiber, then pursuant to Section 64.61(3) of the Commission's Regulations, a telephone company may suspend telephone service for '[un]reasonable refusal to permit access to service connections, equipment and other property of the LEC for maintenance or repair'" and then terminate service.<sup>4</sup>

I&E raised issues relating to the wording of a specific set of Chapter 64 letters sent to residential copper voice customers living in MDU buildings in an area where Verizon is retiring copper, where it is necessary for the property owner to allow Verizon PA to bring fiber into the building for Verizon PA to be able to continue to serve the tenants. The communications plan to

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<sup>2</sup> *Altman v. Verizon Pennsylvania LLC*, C-2015-2515583, Initial Decision at 14 (adopted by final order entered November 18, 2016).

<sup>3</sup> *Fox v. Verizon Pennsylvania LLC*, Docket No. C-2016-2576094 (Opinion and Order entered July 12, 2018) at 6.

<sup>4</sup> *Id.* at 6-7. In this event, new service on fiber remains available as an option if the customers change their mind.

the tenants, first. informs them of the issue and gives them an opportunity to encourage the landlord to allow fiber in the building (Verizon also engages in independent efforts to inform and persuade the landlords and those letters were produced to I&E as well). Involuntary termination of tenant service is not the desired outcome. Ideally, the property owner will respond positively and allow fiber. But if the property owner refuses fiber, these letters to the tenants offer information, assistance, and enough time for the tenants to make other arrangements for service and avoid suspension, and to contact Verizon if there are any extenuating issues. However, if the tenant does not make other arrangements for service and the property owner's refusal of fiber continues, then these letters are intended to comply with Chapter 64's notification requirements by serving as notices of suspension and termination to the tenants in the event this becomes necessary.

I&E did not disagree with the general process but took issue with some of the wording of the Chapter 64 notices to the tenants. Verizon PA would have demonstrated in a litigated proceeding that the format and contents of these letters complied with Chapter 64. Nonetheless, Verizon PA wishes for its letters to be as clear as possible for the customers and for there to be no doubt over its compliance, and therefore Verizon PA worked with I&E and BCS to revise the wording of the letters. The templates for future use have been revised to all parties' satisfaction before the Settlement was finalized and Verizon PA has agreed to continue to work with I&E and BCS as circumstances may require.

## **2. Sunday Nonpayment Suspensions and Terminations**

In response to I&E's data requests, Verizon PA provided a spreadsheet that demonstrated that it did not suspend or terminate services for nonpayment during the Commission's COVID moratorium, establishing Verizon's compliance with the moratorium orders with respect to its collections program. The spreadsheet showed approximately 16,000 accounts that were suspended and/or terminated for nonpayment outside the time period of the moratorium. I&E noted that the suspension date listed for four of the 16,000 accounts was a Sunday (December 27, 2020) and the termination date listed for 1,918 of the 16,000 accounts was a Sunday (February 7, 2021; February 14, 2021; February 21, 2021; February 28, 2021; March 7, 2021; March 14, 2021; and March 21, 2021).

Verizon is aware that 52 Pa. Code § 64.62 prohibits non-emergency suspension or termination of regulated residential telephone service on a week-end or holiday and agrees that a small number of accounts were suspended or terminated on a week-end day. This was due to an inadvertent IT error that occurred when treatment for nonpayment resumed after the moratorium, but Verizon PA promptly corrected the error and took steps to prevent it from reoccurring. In a litigated proceeding Verizon PA would have argued that a number of mitigating factors should be considered, including that this was an inadvertent technical error promptly corrected and that Verizon PA complied with the moratorium by ceasing suspensions and terminations, which was the issue I&E set out to investigate. Once treatment for nonpayment resumed, the customers at risk of termination received all notices required by the Commission's rules as well as substantial additional time and outreach beyond the rule requirements in an attempt to avoid having to disconnect customers for nonpayment. The vast majority of suspensions/terminations listed on the spreadsheet occurred on week-days in compliance with Section 64.62. Also, while the Commission's rules would have allowed Verizon PA to terminate service only 10 days after



suspension, all the customers (including the Sunday terminations) were provided a suspension period at least 30 days longer than the Commission's rules require, during which Verizon made numerous additional contacts in an attempt to resolve their payment issues and avert termination. This process more than met the spirit of the rule at 52 Pa. Code § 64.62, which is intended to ensure the customer has an opportunity to cure the nonpayment issue before final termination of the account. By the time these particular accounts were terminated the customers were not able to resolve the issue after numerous contacts by Verizon and 30 extra days, during which their telephone service was already suspended, and so it is not likely the customers were aware that the accounts moved from suspended to terminated status on a week-end (rather than, for example, the Friday before the week-end, which would have complied with the rules). Moving the service from suspension to termination over the week-end was a technical error with no realworld impact on the customers. In sum, not only did Verizon PA refrain from collections action for many months during the moratorium, but even after the moratorium ended Verizon's additional suspension time and extra outreach provided customer benefits during the difficult time of the COVID-19 emergency. While some customers ultimately had their accounts terminated, the extended suspension period and extra outreach efforts were a great benefit to many other customers who were able to manage their payment issues and keep service working, and so this technical error should be viewed in the context of the entire program.

### **3. One Account Allegedly Suspended/Terminated During Moratorium**

Verizon PA and I&E disagree over one informal complaint, where I&E asserts Verizon PA might have terminated service during the moratorium. In a litigated proceeding Verizon PA would have demonstrated that this customer's basic dial tone service was not suspended or disconnected and he retained the ability to place and receive telephone calls during the

moratorium even though some non-basic services such as DSL and voicemail were suspended (basic service was eventually terminated for nonpayment after the moratorium ended). In addition, the overwhelming evidence demonstrates that Verizon PA complied with the moratorium and had the systems in place to stop suspensions and terminations during that period both for copper retirement and nonpayment.

#### **4. Health Care Facility Letters**

Verizon PA and I&E disagree over the application of Chapter 55 of the Commission's regulations (relating to termination of service to health care facilities) to Verizon PA's fiber migration correspondence with a specific property owner of a senior living community. I&E asserted that the letters sent to that property owner should have contained a 37-day notice of termination and other information required by Chapter 55. In a litigated proceeding, Verizon PA would have demonstrated that these letters were not termination notices to a health care facility because Verizon does not provide voice services to this facility itself. Instead, the letters were to inform this property owner of the need to allow Verizon to bring fiber to the building for Verizon to be able to continue to serve tenants with individual service within the building and to inform this property owner of the benefits of fiber and the process to bring Verizon fiber to the building. It is not clear that Chapter 55 applies in the fiber migration context since it appears to be written for a non-payment situation, but even if it applies Chapter 55 would only be relevant if Verizon PA were proposing to terminate regulated voice service to the healthcare facility itself, which it was not. Chapter 55 does not apply to termination of service to residents within the facility as clearly stated in Section 55.115(b)(2) (“[w]ith respect to a residential account of a patient or resident in a health care facility, Chapters 56 and 64 apply.”) The different letters that were sent

to the residential tenants (which were the subject of the first issue) are evaluated under Chapter 64 not Chapter 55.

Nevertheless, if the situation arises where Verizon PA needs to communicate in the future with a health care facility over impending service termination due to failure to migrate to fiber, then Verizon PA wishes to ensure that its letters are clear and there is no question over their compliance with the rules. Therefore, Verizon PA has worked with I&E and BCS to revise the wording of the template letters to be used in the future if service to a health care facility must be terminated for failure to allow access for fiber migration. The letters have been revised to all parties' satisfaction before the Settlement was finalized and Verizon PA has agreed to continue to work with I&E and BCS as circumstances may require.

## **II. Settlement Terms**

The following are the terms of the Settlement for which the Parties seek Commission approval.

- Verizon PA shall pay a cumulative civil penalty of thirty thousand dollars (\$30,000.00), which shall not be tax deductible or passed through as an additional charge to Verizon PA's customers in Pennsylvania.
- Verizon PA has and will continue to work with I&E and BCS to modify/edit the notification letters, as future circumstances require, sent to multiple dwelling units and their tenants and the notification letters sent to health care facilities and their tenants relating to copper retirement, to ensure compliance with the Public Utility Code and the Commission's regulations and clarity on the intention and ramifications of the letters.

## **III. The Settlement is in the Public Interest and Supported by the Commission's Policy Statement for Evaluating Settled Proceedings**

The Commission has issued a policy statement at 52 Pa. Code § 69.1201 setting forth the factors and standards that may be considered in the evaluation of both litigated and settled cases. The policy statement provides that “[w]hen applied in settled cases, these factors and standards will not be applied in as strict a fashion as in a litigated proceeding. The parties in settled cases will be afforded flexibility in reaching amicable resolutions to complaints and other matters so

long as the settlement is in the public interest.” Verizon PA respectfully submits that this Settlement comports with the standards and factors in the Commission’s policy statement and is in the public interest, and therefore should be approved without modification. The individual factors are discussed below.

#### **A. Seriousness of Conduct**

The first factor is “[w]hether the conduct at issue was of a serious nature,” such as “willful fraud or misrepresentation” or is “less egregious, such as administrative filing or technical errors.” 52 Pa. Code § 69.1201(c)(1). In this case there was no willful or egregious conduct. The Sunday terminations issue was an inadvertent IT error promptly corrected and the network transformation correspondence at issue was intended to comply with applicable regulations.

#### **B. Consequences of Conduct**

The second factor looks at “[w]hether the resulting consequences of the conduct at issue were of a serious nature,” such as “personal injury or property damage.” 52 Pa. Code § 69.1201(c)(2). In this case there was no personal injury or property damage.

#### **C. Intentional or Negligent Conduct**

The third factor looks to “[w]hether the conduct at issue was deemed intentional,” which is more serious, or whether it is simply negligent. “This factor may only be considered in evaluating litigated cases” and thus does not apply here. 52 Pa. Code § 69.1201(c)(3). However, there is no allegation of intentional conduct.

#### **D. Modification of Practices and Procedures**

The fourth factor looks to “[w]hether the regulated entity made efforts to modify internal practices and procedures to address the conduct at issue and prevent similar conduct in the

future. These modifications may include activities such as training and improving company techniques and supervision. The amount of time it took the utility to correct the conduct once it was discovered and the involvement of top-level management in correcting the conduct may be considered.” 52 Pa. Code § 69.1201(c)(4).

In both situations Verizon PA took efforts to make modifications and prevent similar issues in the future. For the Sunday terminations, Verizon PA promptly corrected the IT error and took steps to ensure that it did not recur. For the network transformation letters, Verizon PA has worked with I&E and BCS to revise them to all parties’ satisfaction and pledged to continue to work with them as future circumstances require.

#### **E. Number of Customers and Duration**

The fifth factor looks to “[t]he number of customers affected and the duration of the violation.” 52 Pa. Code § 69.1201(c)(5). The number of customers at issue here is small.

#### **F. Compliance History**

The sixth factor looks to “[t]he compliance history of the regulated entity” and whether this was an “isolated incident from an otherwise compliant utility.” 52 Pa. Code § 69.1201(c)(6). Verizon PA respectfully submits that it has a good compliance history.

#### **G. Cooperation**

The seventh factor looks to “[w]hether the regulated entity cooperated with the Commission’s investigation.” 52 Pa. Code § 69.1201(c)(7). In this case Verizon PA cooperated with I&E’s investigation.

#### **H. Deterrence**

The eighth factor looks to “[t]he amount of the civil penalty or fine necessary to deter future violations.” 52 Pa. Code § 69.1201(c)(8). Verizon PA respectfully submits that it fully

intends to comply with applicable rules and orders relating to suspensions and terminations and a civil penalty is not necessary for deterrence, but the cumulative penalty agreed to in the settlement is reasonable under the circumstances.

### **I. Precedent**

The ninth factor looks to “[p]ast Commission decisions in similar situations.” 52 Pa. Code § 69.1201(c)(9). Verizon PA is not aware of any recent substantially similar situations that have come before the Commission.

### **J. Other Relevant Factors**

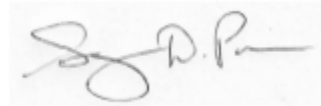
The final consideration is “[o]ther relevant factors.” 52 Pa. Code § 69.1201(c)(10). In this regard Verizon PA requests that the Commission consider the mitigating factors discussed above including that:

- The results of the investigation showed that Verizon PA complied with the Commission’s terminations moratorium for its collections program and its network transformation program, which was the primary issue I&E set out to investigate.
- The Sunday terminations error occurred in the unusual circumstance when Verizon PA was restoring its collections process after the moratorium. When collections resumed, customers received all notices required by the Commission’s rules and the vast majority of suspensions and terminations occurred on permitted week days. Although this inadvertent Sunday error happened in a small number of cases due to an IT error, Verizon PA promptly corrected it. Moreover, Verizon PA provided all at-risk customers with a substantially longer suspension period and much more time and outreach than the Commission’s rules require before termination in an attempt to help them keep their service after the Covid-19 moratorium was lifted, which was a benefit to many customers. This technical error should be viewed in the context of the entire program.
- With respect to the network transformation letters, Verizon PA endeavored to comply with Chapter 64 by including the two-step suspension and terminations notices and providing the information required by the rules. Verizon PA agreed to work with BCS and I&E to ensure that its letters are clear and that there is no question with their compliance and made revisions acceptable to all parties even before this Settlement was finalized.

**IV. Conclusion**

For the foregoing reasons, Verizon PA respectfully requests that the Commission approve without modification the Joint Petition for Approval of Settlement Agreement of Verizon PA and I&E in the above captioned matter.

Respectfully submitted,



Date: January 31, 2022

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Counsel for Verizon Pennsylvania LLC

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**


Pennsylvania Public Utility Commission,	:	
Bureau of Investigation and Enforcement	:	
	:	
v.	:	Docket No. M-2022-3024130
	:	
Verizon Pennsylvania LLC	:	

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a true copy of the foregoing **Joint Petition for Approval of Settlement and Statements in Support** dated January 31, 2022, upon the parties listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

**Service by Electronic Mail:**

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