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INDEPENDENT REGULATORY
REVIEW COMMISSION

COPY



William B. Petersen
Vice President and General Counsel

February 1, 2006

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

VIA UPS OVERNIGHT DELIVERY

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, Pa. 17120

*Re: Regulation of Interexchange Carriers and Services
Docket No. L-00050170*

Dear Secretary McNulty:

Enclosed please find an original and fifteen copies of the Reply Comments of Bell Atlantic Communications, Inc. (d.b.a. Verizon Long Distance), NYNEX Long Distance Company (d.b.a. Verizon Enterprise Solutions), Verizon Select Services Inc., and MCI Communications Services, Inc. (collectively "Verizon"), in the above-referenced matter. In addition, enclosed please find a diskette containing the Reply Comments in electronic format.

If you have any questions, please do not hesitate to contact me.

Very truly yours,

William B. Petersen

WBP/slb
Enc.

Via UPS Overnight Delivery

cc: David E. Screven, Esquire
Rhonda Stover

Via USPS First Class Mail

cc: Barrett Sheridan, Office of Consumer Advocate
Jennifer Duane, Sprint Nextel Corporation

FEB 01 2006

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION
PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Proposed Rulemaking for Revision of :
Chapter 63 of Title 52 of the Pennsylvania : Docket No. L-00050170
Code Pertaining to Regulation of Interexchange :
Telecommunications Carriers And Service :

REPLY COMMENTS OF VERIZON

The Commission's Proposed Rulemaking Order to codify provisions of Act 183 related to Interexchange Carriers ("IXCs") properly recognized that the current regulations should be modified to "more closely resemble[] a traditional unregulated market."¹ The Comments of the Office of Consumer Advocate ("OCA") fail to acknowledge the Commission's own finding that the IXC market is highly competitive, and that it is therefore appropriate for this Commission to adopt rules that reflect the need for less regulation. Contrary to the Commission's finding that regulatory burdens on IXCs are unnecessary and even harmful,² the OCA proposes confusing and unnecessary language that increases, rather than lessens, regulation. The Commission should reject the OCA's proposed changes to the Commission's regulations and should adopt the regulations as drafted, with the changes suggested by Bell Atlantic Communications, Inc. (d.b.a. Verizon Long Distance), NYNEX Long Distance Company (d.b.a. Verizon Enterprise Solutions), Verizon Select Services Inc., and MCI Communications Services, Inc. (collectively "Verizon") in its Initial Comments.

The OCA's Comments urge the Commission to continue regulating IXCs in a variety of ways. Specifically, the OCA suggests that the Commission modify the proposed regulations by adding a detailed new regulation stating that the Commission continues to "regulate the quality of interexchange competitive services provided by IXCs," as well as other aspects of IXC

¹ Proposed Rulemaking Order, March 29, 2005, p. 5.

² *Id.* at 4.

services.³ This regulation is inconsistent with the highly competitive state of the IXC market, and the Commission's recognition that the IXC market should be guided by competition, not regulatory oversight.

In its Comments, the OCA never once responds to, or even acknowledges, the Commission's findings that "IXCs have been operating in an increasingly competitive economic environment,"⁴ and that the regulations should ensure that "the intraState interexchange market more closely resembles a traditional unregulated market."⁵ Instead, the OCA continues to advocate for continuing regulation and oversight despite the dramatic changes to the IXC market over the years.

The OCA cites to 66 Pa. C.S. §3018 as justification for its position. However, Section 3018 does not require the Commission to exercise jurisdiction where it is not necessary. Sections 3018(b) and (d) state that the statute is not expressly limiting the Commission's authority with respect to certain aspects of IXC services. However, the statute does not require the Commission to exercise that authority, and does not require the Commission to regulate where the Commission has determined that such regulation is not needed. Therefore, the Commission's proposed regulations, which correctly limit the Commission's oversight of IXC services, are entirely consistent with the law and do not need to be expanded or clarified as suggested by the OCA.

OCA claims that its suggested changes to the regulations will "accurately give IXCs and consumers notice of the PUC's continued jurisdiction to protect consumers."⁶ However, the

³ OCA Comments at 4.

⁴ Proposed Rulemaking Order at 4.

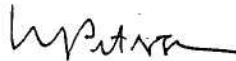
⁵ *Id.* at 5.

⁶ OCA Comments at 4.

OCA language will actually cause more confusion. Specifically, the OCA proposes language that the Commission “retains authority to regulate” several different aspects of IXC services. Because this language is not consistent with the remainder of the new regulations promulgated by the Commission, and is in fact inconsistent with those regulations and the Commission’s justification for the modified regulations, this new language only adds confusion and uncertainty to the Commission’s role in regulating IXC services. The OCA has not given a single valid reason for adding its suggested language to the Commission’s proposed regulations, and the language should therefore be rejected.

Verizon respectfully requests that the Commission reject the OCA suggested changes to the Commission’s proposed regulations, and adopt the regulations with the modifications recommended by Verizon in its Initial Comments.

Respectfully submitted,



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