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January 17, 2006

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 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 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.

cc: Via UPS Overnight Delivery
David E. Screven, Esquire
Rhonda Stover

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

COMMENTS OF VERIZON

At its March 23, 2005 public meeting, the Commission adopted a Proposed Rulemaking Order to codify provisions of Act 183 related to Interexchange Carriers ("IXCs"). The Commission has sought comments on whether the Commission should modify these regulations to free IXCs from certain tariff obligations with which the IXCs currently must comply.

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") support the Commission's initiative to move towards deregulation of IXCs. This approach is consistent with the will of the Pennsylvania Legislature. It is also an acknowledgement of the fact – no longer in dispute – that services provided by IXCs are highly competitive. It is this competitive marketplace, rather than regulation, that can and should guide the conduct of IXCs. The Commission's proposed detariffing regulations are an appropriate acknowledgement of this reality and the Commission is to be applauded for taking these steps. However, if these changes really are to result in less regulation, as the Commission intends, the Commission should clarify that these modifications do not also create new and additional obligations for IXCs, obligations unintended by the Commission and at odds with the deregulatory impetus behind these modifications. Accordingly, Verizon proposes that the Commission modify the proposed regulations in the limited ways discussed below.

§ 63.101. Statement of purpose and policy

Consistent with the statements made in the Commission's Order, Section 63.101 should make it clear that the modified regulations are intended to "more closely resemble[] a traditional unregulated market."[1] This statement is important to ensure that all of the regulations are interpreted in a manner consistent with the Commission's will and that the changes do in fact promote the Commission's goal of deregulation in a market that the Commission has recognized is "an increasingly competitive" one.[2] Consumers today readily switch carriers if they are not satisfied with the rates, terms and conditions offered by a particular IXC, and it is this market reality that should shape these modifications. Verizon therefore proposes that the Commission add the following sentence to the Statement of purpose and policy: "The policy of this subchapter is to codify provisions that more closely resemble a traditional unregulated market."

§63.102. Definitions

The very essence of the Commission's modifications, which is a reduction in IXC regulations, would be fatally undermined if they are somehow read as creating new and additional obligations for IXCs, particularly obligations that would be unintended and vague. Such unintentional uncertainty would chill deregulation. Unfortunately, portions of the proposed modifications to Section 63.102 and Section 63.104 could be misconstrued as creating new and additional obligations that are inconsistent with the Commission's de-regulatory intent and the will of the Pennsylvania Legislature.

Accordingly, Verizon proposes the following change be made to section 63.102:

Delete in its entirety the definition for the phrase "Clear and conspicuous manner."

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[1] Proposed Rulemaking Order at pg. 5.
[2] *Id.* at pg. 4.

This definition is unnecessary and introduces the unintended possibility of an additional and wholly subjective review process by the Commission staff. It would hardly be a move toward deregulation if the Commission unintentionally assigned to Commission staff the obligation to determine whether "information" no longer subject to a tariffing obligation and constituting private contract terms was "plain language." The Commission's purpose in making these modifications was to allow for detariffing, in order to free IXCs from the regulatory burdens associated with a tariff filing. Introducing the possibility that IXCs could be subjected to a new layer of review, one that would apply vague and subjective standards, completely undermines the deregulatory impetus behind these modifications. Furthermore, any such new and additional regulations could well be at odds with Act 183, which enumerates and expressly limits the power of this Commission to regulate IXCs. *See* Section 3018(b)(1) of Act 183.

As the Commission has already recognized, if consumers do not like a particular IXC's offerings or services, the consumer has more than ample opportunity to express his or her dissatisfaction by switching to another carrier. There is accordingly no need for micro-management of the IXCs' public postings regarding their terms and conditions of service. If the Commission permits an informal, amorphous review of each IXC's publicly posted language, the unintended result could well be *more* regulatory oversight than IXCs face in a tariffing regime. If the Commission is not willing to delete this definition, then the Commission should at least clarify that in adopting it and related substantive provisions in Section 63.104, it is not creating new and additional obligations for IXCs, or new and additional responsibilities for the Commission staff.

§63.104. Disclosure requirements for competitive services.

Verizon also proposes that the Commission make the following modifications to section 63.104:

Insert the word "tariffed" before the word "competitive" in the first sentence of subpart (b) ("An interexchange telecommunications carrier may maintain tariffs and file tariff supplements with the Commission that set forth the rates, charges, and service description information relating to each of its *tariffed* competitive services."). This change merely clarifies that competitive services do not automatically need to be tariffed.

Eliminate from subpart (c) the phrase "in an easily accessible and clear and conspicuous manner" ("If an interexchange telecommunications carrier chooses to detariff its competitive services, it shall make available for public inspection information concerning the rates, charges, terms and conditions for its competitive services [delete phrase] at the following locations:"). This change clarifies that these deregulatory modifications do not introduce a new and additional authority to inspect IXC publicly posted language pertaining to detariffed competitive services. In addition to being the very opposite of "deregulatory," and inconsistent with the Legislature's wishes, any such new and additional obligations would be vague and subjective. Standards such as "easily accessible," "clear," and in a "conspicuous manner" introduce uncertainly, chill deregulation, and could be read to provide for the micromanagement of detariffed competitive services.

Replace "subpart (d)" with "subpart (3); insert the word "detariffed" before the phrase "competitive services"; insert the word "either" before the phrase "principal office,"; replace the word "and" with the word "or" after the phrase "principal office." ("An interexchange telecommunications carrier shall update information concerning

changes in rates, charges, terms and conditions for its *"detariffed"* competitive services *"either"* at its principal office *"or"* [*delete "and"*] its Internet website no later than 48 hours after the effective date of the change so it provides the current information concerning service offerings."). These changes clarify that the obligations contained in this subpart apply only to those competitive services that the IXC chooses to detariff, and that they are not new and additional obligations for competitive services that an IXC chooses to continue to tariff. Furthermore, the suggested changes recognize that this subpart's updating requirement is an extremely broad one that not only encompasses rates, but also each and every term and condition associated with the provisioning of IXC service. Given the competitiveness of the IXC market, it is sufficient for an IXC to update the information either at its principal office or on the Internet. Requiring both of these obligations would be unnecessary and burdensome. As the Commission has already recognized, without a tariff the IXC's relationship with its customers will be governed by the marketplace, not primarily by public disclosure requirements. Competition among IXCs is a more potent and effective means to protect customers.

Relabel subparts (e) and (f) and (d) and (e) consistent with the recommended changes above.

Verizon respectfully requests that the Commission consider its foregoing comments in finalizing the revisions to its IXC regulations.

Respectfully submitted,

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