

213 Market Street, 9th Floor, P.O. Box 865, Harrisburg, PA 17108-0865
Tel: (717) 237-7160 ■ Fax: (717) 237-7161 ■ www.WolfBlock.com

Deanne M. O'Dell
Direct Dial: (717) 255-3744
Direct Fax: (717) 237-7314
E-mail: dodell@wolfblock.com

2591

COPY

April 2, 2007

VIA HAND DELIVERY

James McNulty
Secretary
PA Public Utility Commission
Commonwealth Keystone Bldg.
2nd Fl., 400 North Street
P.O. Box 3265
Harrisburg, PA 17105-3265

Re: Provision of Bundled Service Package Plans at a Single
Monthly Rate by Local Exchange Carriers,
Docket No. L-00060179

Dear Secretary McNulty:

On behalf of Full Service Network, enclosed for filing please find an original and fifteen (15) copies of its Comments with regard to the above-referenced matter.

Sincerely,



Deanne M. O'Dell

For WOLF, BLOCK, SCHORR and SOLIS-COHEN LLP

DMO/lww
Enclosure

cc: Elizabeth Lion Januzzi, w/enc.
Holly Frymoyer, w/enc.

RECEIVED

2007 APR -9 AM 11:03

INDEPENDENT REGULATORY
REVIEW COMMISSION

RECEIVED

2007 APR -2 PM 1:10

PA PUC
SECRETARY'S BUREAU

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Provision of Bundled Service Package Plans :
at a Single Monthly Rate by Local Exchange : Docket No. L-00060179
Carriers :
:

COMMENTS OF FULL SERVICE NETWORK

I. INTRODUCTION AND SUMMARY

Full Service Network ("FSN") submits these Comments in response to the Public Utility Commission's ("Commission") Proposed Rulemaking Order entered on July 3, 2006.¹ The Commission proposes to add a new section to its regulations regarding standards and billing practices for residential telephone service² to enable local exchange carriers ("LECs") to provide a variety of telecommunications services in one bundled, single-rate package while still ensuring that basic consumer protections are retained.³ While FSN supports the Commission's efforts in this undertaking, several important changes must be made to the proposed regulations to ensure that the Commission strikes the appropriate balance between the need for consumer protections and the ability of LECs to meet the needs of their customers by providing the desired bundled packages.⁴

As proposed now, the Commission's regulations threaten to impose burdensome costs on LECs wishing to provide bundled services through the requirement that LECs "convert the

¹ 37 Pa. Bull. 1032 (Mar 3, 2007).

² 52 Pa. Code §§ 64.1 - 64.211

³ See *Provision of Bundled Service Packages at a Single Monthly Rate*, 37 Pa. Bull. 1032 at Annex (Mar. 3, 2007)(to be codified at 52 Pa. Code § 64.24).

⁴ Appendix A, FSN's Suggested Revisions to the Commission's Proposed 52 Pa. Code § 64.24.

customer's service to a basic service plan" when less than full payment is received.⁵ If the intent of this provision is to require the constant issuance of new bills and delays in the ability of LECs to seek payment for services rendered, then the provisioning of bundled service packages will simply become too costly, too time-consuming and too redundant for LECs. The consequence of this will be that LECs may chose to stop offering bundled packages despite consumers' clear desire for them. Further, as the General Assembly noted in passing Chapter 14, "[i]ncreasing amounts of unpaid bills...threaten paying customers with higher rates due to other customers' delinquencies."⁶ To avoid such negative consequences, which do not serve either the consumers' interests or the LECs' ability to provide desired services, FSN offers suggested revisions to the proposed regulations as set forth in Appendix A.

In sum, these suggested revisions require LECs to clearly format bundled package bills so that consumers know what portion of their overall package rate is allocated to telephone services.⁷ Further, these revisions require LECs to apply any partial payments to basic service first to ensure that consumers who submit payments will have less chance of having their basic service wrongfully terminated.⁸ Finally, the revisions permit LECs to pursue lawful suspension and terminations of nonpaying customers in a timely and appropriate manner.⁹ FSN does not propose to eliminate any of the disclosure and notice requirements.¹⁰ By adopting these suggested revisions, the Commission's regulations will ensure that consumers continue to have

⁵ *Proposed Regulations* at § 64.24(2).

⁶ 66 Pa.C.S. § 1402(1).

⁷ Appendix A at § 64.24(b).

⁸ *Id.* at § 64.24(c).

⁹ *Id.* at § 64.24(d).

¹⁰ *Id.* at § 64.24(e) - (g).

all appropriate protections while also ensuring that the bundled service packages they clearly desire can be made available to them.

II. The Proposed Regulations Must be Clarified Regarding the Course of Action LECS are Expected to Take When Customers Do Not Pay Their Bundled Service Package Bills

When a consumer receives a bill for bundled services, the consumer may decide to submit a partial payment or the consumer may chose not to submit any payment. If the consumer chooses either option, the Commission's proposed regulations require LECs to "convert the customer's service to a basic service plan."¹¹ In practical application, the intent of this provision is unclear.

Does the proposed regulation require the LEC to make the change in its own records only or does the proposed regulation require LECs to generate new bills every time a customer falls short of full payment for a bundled package? While proposed § 64.24(3)(ii) does state that the LEC must notify the customer of the conversion to a basic service plan by issuing a "notice of suspension," proposed § 64.24(a) instructs that the LEC cannot suspend or terminate the basic service included in the bundled package for nonpayment of the bundled package. Since the proposed regulations prohibit a LEC from issuing a suspension notice for the basic service when a customer fails to pay for a bundled package, a logical interpretation of proposed § 64.24(2), which requires the conversion of the bundled account, is that the LEC must issue a new bill each time a bundled package customer fails to remit full payment. Requiring LECs to engage in this type of unnecessary burdensome requirement will create a situation where provisioning bundled

¹¹ *Proposed Regulations* at §64.24(2).

service packages is cost-prohibitive and consumers will be even more confused because they will be receiving a multiplicity of papers from the LEC.

Also unclear in the proposed regulation is when LECs are able to pursue collection activities related to non-paying customers. Is the initial non-payment of the bundled package the starting point or must the LEC wait until after it has generated new bills before it can begin the process? If this is the intent, then the Commission's proposed regulations add - at a minimum - an additional 30 days onto the time period before a LEC can terminate service for a non-paying customer. Below is an illustration of this potential impact assuming a due date for payment 25 days after issuance of the bill with an additional 5 days after the due date before the next month's bill is issued.

Day	Scenario #1: Suspension Occurs upon Initial Non-payment	Scenario #2: Suspension Delayed Until Second Billing
1	Bundled Bill Issued	Bundled Bill Issued
25	Bundled Bill Due	Bundled Bill Due
30	Next Month Bill Issued Suspension Notice Issued	New Basic Service Bill Issued
37	Account Suspended, Termination Notice Issued	
47	Account Terminated	
55		New Basic Service Bill Due
60		2nd New Basic Service Bill Issued Suspension Notice Issued
67		Account Suspended, Termination Notice Issued
77		Account Terminated

The consequences of adding another 30 days onto the LEC's ability to terminate an account for nonpayment cannot be overstated. Under Scenario #1 above, collection activities can begin immediately when a customer fails to make payment on the bundled package.¹² This is an equitable and fair result since the bundled package clearly includes basic service¹³ that the customer utilized.¹⁴ Under Scenario #2, collection activities are delayed by at least 30 additional days because of the need to issue another bill after the initial default. In reality, there will probably be additional delays due to the fact that the suspension and termination notices probably will not be generated immediately upon default. By the time termination is permitted under Scenario #2, the non-paying customer will have receive the benefit of almost three months of service and the LEC will have been required to incur additional costs in generating additional bills, notices and service for which no payment is forthcoming.

Chapter 14 indicates the General Assembly's desire that the Commission "eliminate opportunities for customers capable of paying to avoid timely payment of public utility bills."¹⁵ Proposals such as the one currently under consideration will curb the ability of LECs to collect money owed for services rendered. The result will be to reward customers who fail to pay their

¹² In the situation where a customer makes a partial payment, FSN suggests revising the proposed regulations to require LECs to apply that payment first to the charges for basic service. Appendix A at § 64.64(c). Therefore, the suspension/termination process discussed here for basic services would not apply unless the consumer's continuing default on payment meets the applicable standards for lawful suspension/termination.

¹³ To ensure that consumers understand the charges contained in their bundled packages, FSN suggests adding a new provision in the proposed regulations to require LECs to identify and itemize all telephone service charges on the bundled bill. Appendix A at § 64.64(b). Further, FSN's suggested revisions to the disclosure notices are intended to clearly detail the customer's rights and obligations when receiving a bundled service package. Appendix A at § 64.24(e).

¹⁴ Even under this fair result, ultimate termination of the customer's phone service does not occur for an additional 22 days after the initial default.

¹⁵ 66 Pa.C.S. § 1402(2).

bills. Everyone loses in such a situation. For the LEC, the cost of business is unreasonably inflated. This, in turn, could lead to a decision to not offer consumers something they clearly desire - bundled packages. To prevent this from happening, the Commission's proposed regulations - at a minimum - need to be clarified regarding the course of action LECs are expected to take when customers do not pay their bundled service package bills. Beyond this, the final regulations need to be appropriately revised to ensure that an equitable balance is achieved between consumer protections and the LEC's ability to provide service knowing that it will be able to timely collect money rightfully owed.

III. FSN's Suggested Revisions

The proposed suggestions offered by FSN in Appendix A are all intended to provide reasonable and equitable solutions to the issues of concern discussed in the previous section. As identified by the General Assembly with equal applicability to this situation, one of the important goals of these regulations should be to enable utilities to "reduce their uncollectible accounts...and increas[e] timely collections."¹⁶ Because this goal must be balanced with the appropriate consumer protections, FSN was careful to ensure that its suggestions maintain, and in some instances strengthen, consumer protections. The non-substantive changes made for consistency are self-explanatory. A discussion of the substantive changes suggested follows.

A. Bill Format: The Regulations Should Require Bundled Package Bills to Specifically Identify Charges for Telephone Services (Appendix A §64.24(b)).

In order to ensure that LECs have the ability to timely collect payment for services rendered, FSN recognizes that other consumer protections need to be added to the regulations to

¹⁶ 66 Pa.C.S. § 1402(3).

ensure that consumers are fully aware of their rights and obligations. Therefore, FSN suggests that the below new section be added to the regulations to address bill format.

§ 64.24

(b) **Bill Format.** Bills issued for bundled service packages must specifically identify and itemize all telephone service charges so that customers can easily identify what portion of the overall bill is allocated to basic service and what portions are allocated to other services.

By ensuring that the bills a customer receives for bundled service packages clearly identifies the amount of the bill allocated to pay the cost for basic services, there can be no doubt about how much the customer owes the LEC for basic service. Having this information from the first bill, eliminates the need for a LEC to issue a new bill for basic service upon default of the customer as appears to be currently proposed in § 64.24(2) because the customer knows from the first bill what portions of the bundled package bills pays for basic service.

B. Partial Payments: The Regulations Should Require Partial Payments on Bundled Packages to be Allocated to Payment Due for Basic Service (Appendix A §64.24(c)).

The Commission's proposed regulations do not address how LECs should allocate any partial payments received; rather, they require LECs to immediately convert a bundled service package to a basic service plan when less than full payment is received. Depending on the amount of the partial payment, this may be an overbroad solution. If the consumer's payment is just a little short of full payment, the costly requirement of the LEC to issue a new bill and convert the customer's service plan without regard for the customer's desire does not serve any purpose. Rather it creates more expense for the LEC and more confusion for the customer. By adding FSN's below suggested section to the regulations, the Commission will clearly define for

both customer and LEC how partial payments will be allocated to ensure the protection of basic services. FSN proposes the addition of the following section:

§ 64.24

(c) Partial Payment. When a customer makes a partial payment on a bundled service package, the LEC shall apply that payment first to the total charges due for basic services in accordance with § 64.17.

Adding this section will ensure that consumers who make some payment on a bundled service package will get the credit of that payment first to the cost of their basic services. With this allocation, the chances of wrongful suspension and termination of basic services will be minimized. Further, this suggested new section will ensure that consumers failing to pay a minor portion of their bill are not subjected to unnecessary and confusing paperwork from the LEC which appears to now be required under the proposed regulations that require LECs to "convert the customers' service to a basic service plan."

C. Suspension and Termination of Telephone Services: The Regulations Should Permit the Suspension and Termination of Telephone Services Under the Condition that Certain Safeguards are Implemented (Appendix A § 64.24(d)).

As discussed in Section II, the currently proposed regulations appear to require LECs to engage in unnecessary, time-consuming and costly actions before they are permitted to properly suspend or terminate a customer's basic services. The consequences of this can be detrimental in terms of the availability of bundled packages and the costs that are imposed upon LECs to comply with the proposed regulations. To resolve these concerns, FSN suggests that the following revisions be incorporated into the final regulations:

§ 64.24

(d) Suspension and Termination of Telephone Services.

(1) The LEC may not suspend or terminate a customer's basic service when the customer fails to make payment on the other service charges included in the bundled service package, in accordance with §§ 64.21(b) and 64.63(1).

(2) When a customer fails to make payment sufficient to pay the basic service charges identified in on a bundled service package, the LEC shall convert the customer's service to a basic service plan, may be subject to future suspension or termination for non-payment under the following conditions:

(i) the basic service charges were clearly identified on the bundled package bill as required by (b) of this Section.

(ii) the proper procedures to suspend or terminate the basic charges are followed in accordance with Commission regulations at §§ 64.61 - 64.63, 64.71 - 64.74, and 64.101- 64.111 for suspension, and §§ 64.121-64.123 for termination.

(3) Suspension of other service charges, not including basic service, contained in the bundled package shall be subject to suspension and termination in accordance with applicable law.

While the purpose of these suggested revisions is to ensure that LECs have the ability to pursue timely and appropriate collections for non-paying customers, these suggestions do so only within the appropriate confines of assuring that basic consumer protections are safeguarded. For example, suggested § 64.24(d)(1) prohibits a LEC from terminating a customer's basic service when the customer fails to pay the other charges contained in the bundled service package. This section read in conjunction with FSN's suggested § 64.24(c) (requiring partial payments to be applied first to basic services contained in the bundle) ensure that any attempts to pay the bundled service packages are credited to the most important service in the bundle - basic service. Moreover, this suggested section provides a layer of consumer protections in the regulation that does not exist under the Commission's current proposal.

FSN's suggested § 64.24(d)(2)(i) similarly provides the appropriate safeguards necessary to guard against inappropriate suspensions and terminations. According to this suggested

section, if a LEC has failed to appropriately identify the portion of the bundled service package that is allocated to basic services, then the LEC cannot pursue suspension or termination. The addition of safeguards such as this will ensure that suspension and termination procedures will be applied appropriately and that consumers will have appropriate notice of the procedures governing bundled service packages. With the appropriate guidelines in place, as suggested by FSN, the Commission will empower LECs to provide the bundled service packages that consumers desire while still ensuring that basic consumer protections are guarded.

D. Disclosure Statement: Customer Disclosure Statements Must be in Accordance with the Final Regulatory Changes (See FSN Proposed § 64.24(e)).

FSN supports the Commission's concept in the proposed regulations to require disclosure statements so that consumers are aware of their rights and obligations when choosing to receive a bundled service package. The below suggestions are offered to align the disclosure statements with FSN's suggested revisions regarding suspension and termination.

§ 64.24

~~(3)(e)~~ Disclosure Statement. The LEC must provides a disclosure statement to customers subscribing to or being offered a bundled service package. The bundled service package disclosure statement shall contain the following:

~~(i)~~ (1) A statement that a customer's basic service may not be suspended or terminated when the customer fails to make payment in full on the monthly charge for the bundled service package.

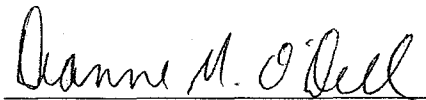
~~(ii)~~ (2) A statement that, in the event of nonpayment or partial payment on a bundled service package, the a-customer's payment will be applied first to the outstanding basic service charges due.

(3) A statement that, failure to timely pay in full the charges included in the bundled package and itemized on the customer's bill may result in suspension or termination of the services as appropriate and in accordance with applicable law. ~~shall receive a notice of suspension for the bundled service package advising the customer that the bundled service package will be converted to a basic service plan at the current basic service rate in the LEC's tariff, stated in dollar amount.~~

IV. CONCLUSION

Consumers want bundled service packages. The days of cafeteria style shopping for telecommunications services are gone. Consumers want not only their telecommunications services, including wireless, but also their internet and cable television services on one bill. This trend is expected to continue into the foreseeable future. FSN has responded to this demand and wishes to be able to continue to offer bundled service packages to its customers. If the Commission creates burdensome regulations that will impose unnecessary, costly and time delays on FSN's ability to provision the bundled services and receive payment for the service, the ability of LECs to offer bundled service packages will be hampered. Adopting without modification the proposed § 64.24 regulations as set forth by the Commission will place the provisioning of bundled service packages in jeopardy. Therefore, FSN respectfully requests that the Commission adopted the suggested revisions detailed in Appendix A as they appropriately balance the need for consumer protections with the ability of LECs to reasonably provide bundled service packages.

Respectfully submitted,



Alan C. Kohler, Esquire
Deanne M. O'Dell, Esquire
Wolf, Block, Schorr & Solis-Cohen LLP
213 Market Street, 9th Floor
Harrisburg, PA 17101
(717) 237-7160

Dated: April 2, 2007

Counsel for Full Service Network

APPENDIX A

Comments of Full Service Network, Docket No. L-00060179 FSN's suggested revisions to Commission's proposed 52 Pa. Code § 64.24

§ 64.24. Provision of bundled service packages at a single monthly rate.

(a) A LEC may offer bundled packages of services including nontariffed, competitive, noncompetitive, basic service, or services of an affiliate, combined in a single package plan at a single monthly rate in accordance with the provisions of this Section. ~~under the following conditions:~~

(b) Bill Format. Bills issued for bundled service packages must specifically identify and itemize all telephone service charges so that customers can easily identify what portion of the overall bill is allocated to basic service and what portions are allocated to other services.

(c) Partial Payment. When a customer makes a partial payment on a bundled service package, the LEC shall apply that payment first to the total charges due for basic services in accordance with § 64.17.

(d) Suspension and Termination of Telephone Services.

(1) The LEC may not suspend or terminate a customer's basic service when the customer fails to make payment on the other service charges included in the bundled service package, in accordance with §§ 64.21(b) and 64.63(1).

(2) When a customer fails to make payment sufficient to pay the basic service charges identified in ~~on a bundled service package, the LEC shall convert the customer's service to a basic service plan,~~ may be subject to future suspension or termination for non-payment under the following conditions:

(i) the basic service charges were clearly identified on the bundled package bill as required by (b) of this Section.

(ii) the proper procedures to suspend or terminate the basic charges are followed in accordance with Commission regulations at §§ 64.61 - 64.63, 64.71 - 64.74, and 64.101- 64.111 for suspension, and §§ 64.121-64.123 for termination.

(3) Suspension of other service charges, not including basic service, contained in the bundled package shall be subject to suspension and termination in accordance with applicable law.

(3)(e) Disclosure Statement. The LEC must provides a disclosure statement to customers subscribing to or being offered a bundled service package. The bundled service package disclosure statement shall contain the following:

(i) ~~(1)~~ A statement that a customer's basic service may not be suspended or terminated when the customer fails to make payment in full on the monthly charge for the bundled service package.

~~(ii)~~ (2) A statement that, in the event of nonpayment or partial payment on a bundled service package, the a customer's payment will be applied first to the outstanding basic service charges due.

(3) A statement that, failure to timely pay in full the charges included in the bundled package and itemized on the customer's bill may result in suspension or termination of the services as appropriate and in accordance with applicable law. ~~shall receive a notice of suspension for the bundled service package advising the customer that the bundled service package will be converted to a basic service plan at the current basic service rate in the LEC's tariff, stated in dollar amount.~~

(f) Payment Arrangements. ~~(4)~~ The LEC may offer payment agreements for past-due amounts on bundled service packages.

~~(5)~~(g) Notices. Notices issued by the LEC pertaining to the bundled service package, including the disclosure statement, a suspension or termination notice, or other communication, shall be subject to Commission review and approval for compliance with Commission regulations and consistency with plain language guidelines at § 69.251 (relating to policy statement on plain language guidelines).