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INDEPENDENT REGULATORY
REVIEW COMMISSION

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IRWINA. POPOWSKY
Consumer Advocate

July 31, 2008

James J. McNulty, Secretary
PA Public Utility Commission
Commonwealth Keystone Bldg.
400 North Street
P.O. Box 3265
Harrisburg, PA 17120

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

Dear Secretary McNulty:

Enclosed for filing please find an original and fifteen (15) copies of the Office of
Consumer Advocate's Comments in the above-referenced proceeding.

Copies have been served in accordance with the enclosed Certificate of Service.

Sincerely yours,

Joel H. Cheskis
Assistant Consumer Advocate
PA Attorney I.D. #81617

Enclosure

cc: Holly Frymoyer/BCS
Kim Kaufman/IRRC
Office of Special Assistants
Office of Administrative Law Judge
*102130

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

COMMENTS OF THE
OFFICE OF CONSUMER ADVOCATE

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DATED: July 31, 2008

I. INTRODUCTION

The Office of Consumer Advocate (OCA) fully supports the Public Utility Commission's (Commission) proposed addition of Section 64.24 to Title 52 of the Pennsylvania Code through its Proposed Rulemaking Order entered July 3, 2006. Provision of Bundled Service Package Plans at a Single Monthly Rate by Local Exchange Carriers, Docket No. L-00060179, 37 Pa.B. 1032 (pub. Mar. 3, 2007). The Proposed Rulemaking Order, which was reopened for Comment via publication in the Pennsylvania Bulletin on June 7, 2008, proposes to amend Chapter 64 (relating to standard and billing practices for residential telephone service) by adding Section 64.24 which would apply certain conditions to local exchange carriers (LECs) who offer bundled packages of services in a single package plan at a single monthly rate. Specifically, a LEC may not suspend or terminate a customer's basic service when the customer fails to make full payment on the bundled service package; rather, such customer will be converted to a basic service plan as long as the customer makes the appropriate payment for basic service. Proposed Section 64.24(1), 37 Pa.B. at 1035. Proposed Section 64.24 also requires that LECs provide a disclosure statement to bundled service package customers advising them of their rights to retain basic service. Proposed Section 64.24(3)(i), 37 Pa.B. at 1035. The Proposed Rulemaking Order also provides a temporary waiver of Chapter 64 billing requirements to the extent necessary to permit LECs to offer bundled service packages so long as these conditions are met.

The Commission has proposed Section 64.24 to reflect the current trend in the telecommunications industry of offering multiple services in a single priced billing package. Currently, the Commission grants waivers of various sections of Chapter 64 to allow telephone companies to offer bundled packages while still preserving the customer protections currently in place for basic local service. Such protections enable consumers to maintain basic telephone

service and access to the Public Switched Telephone Network (PSTN) as long as they meet their payment obligations regarding basic service. Proposed Section 64.24 would codify the conditions under which the Commission has permitted LECs to offer bundled service packages while still preserving the customer protections currently in place to enable consumers to maintain basic telephone service.

As discussed further below, the OCA strongly supports Proposed Section 64.24 and urges the Commission to adopt the Proposed Rulemaking Order in its entirety. As more consumers switch to bundled packages that include basic local telephone service, the consumer protections contained in Proposed Section 64.24 become increasingly important. Proposed Section 64.24 will allow a customer to subscribe to a package that meets their needs at the most economical cost but also ensures that a customer's basic local service can be retained even when the customer fails to make complete payment on a bundled service package. Under Proposed Section 64.24, the customer may still be subject to future suspension or termination for non-payment of the basic service charge in accordance with the Commission's Chapter 64 regulations if they do not meet the basic service payment obligation. Proposed Section 64.24 will also ensure adequate disclosure to consumers subscribing to bundled packages and allow the company to enter into a payment arrangement for past due amounts on the bundled service packages.

As a result, Proposed Section 64.24 satisfies two goals of Chapter 30 – to promote the competitive provision of telecommunications services and to maintain universal telephone service at affordable rates. *See*, 66 Pa.C.S. §§ 3011(2), (8). As discussed further herein, the OCA submits that Proposed Section 64.24 is fully within the Commission's authority, consistent with Chapter 30 and other provisions of the Public Utility Code, and ensures customer access to

basic telephone service in its most economical form. As such, the Commission should adopt Proposed Section 64.24 in its entirety.

II. SUMMARY

Chapter 64 of the Commission's regulations provides important consumer protections for telecommunications customers. 52 Pa. Code § 64.1, *et seq.* As the Pennsylvania telecommunications industry continues to transform to a more competitive environment in which multiple services are offered from the same company and appear on the same telephone bill, the consumer protections that exist in Chapter 64 become increasingly important to ensuring the availability of basic telephone service. Chapter 64, for example, provides that "payments received by a LEC which are insufficient to pay the balance due for telephone service and non-basic service shall first be applied to telephone service." 52 Pa. Code § 64.17. Chapter 64 further provides that "a customer's failure to pay charges for other services may not be a basis for termination of basic service unless the LEC is technically unable to terminate toll service without also terminating basic service as provided in § 64.63." 52 Pa. Code § 64.21(b). Chapter 64 also prohibits the suspension of basic service for nonpayment of non-basic services. 52 Pa. Code § 64.63(1). As can be seen, Chapter 64 seeks to ensure that customers maintain basic telephone service as long as they meet their payment obligations for that service.

Now, as more consumers purchase basic telephone service bundled with non-basic telephone services to realize the lowest cost for service that meets their needs, the Commission has proposed an addition to Chapter 64 to ensure that basic service is not compromised by the bundling of services. Proposed Section 64.24 establishes that a customer's basic service cannot be suspended or terminated if the customer fails to make full payment on a bundled service

package – a package that includes both basic and non-basic service. Rather, that customer can retain basic service as long as the customer pays the rate for such service. As the Commission and the Federal Communications Commission (FCC) have long recognized, basic local service is critical in that, *inter alia*, it provides consumers with access to E911 services and other important public services. As the Commission correctly proposes here, this basic service should not be jeopardized simply because it has been rolled into a bundle of other services. Instead, Proposed Section 64.24 requires the LEC to convert a customer to a basic service plan if there is less than full payment on the bundled package, subject to future suspension or termination for non-payment of basic service in accordance with the Commission’s Chapter 64 regulations if that customer fails to make payment on the basic service. Therefore, the balance between customer protections and the LECs interest is properly maintained as it applies to basic service.

The Commission should adopt Proposed Section 64.24 in its entirety because it will help ensure consumers’ access to vital basic telecommunications services. Proposed Section 64.24 reestablishes and formally codifies the historic protections the Commission has provided consumers when purchasing basic local telephone service with a bundle of other telecommunications services. The OCA will address below the specific issues raised in the June 7, 2008 republication of the Proposed Rulemaking Order.

III. COMMENTS

A. The Commission Has Authority To Establish Consumer Protection Regulations For Bundled Service Package Plans.

The Commission’s June 7, 2008 publication of the Proposed Rulemaking Order invites Comments on the “Commission authority to establish consumer protection regulations for bundled service package plans under 66 Pa.C.S. § 3016(e)(2).” 38 Pa.B. 2658. The OCA

submits that Chapter 30 of the Public Utility Code establishes the Commission's authority to enforce and establish consumer protection regulations for such services. In particular, the Commission's authority to set standards related to suspension and termination of telecommunications services is set forth in Section 3019(b)(2) as follows:

(b) Powers and duties retained. The Commission shall retain the following powers and duties relating to the regulation *of all telecommunications carriers* and interexchange carriers, including the power to seek information necessary to facilitate the exercise of these powers and duties:

* * *

(2) to review and revise quality of service standards contained in 52 Pa. Code (relating to Public Utilities) that address the safety, adequacy, reliability, *suspension, termination* and restoration *of any telecommunications service*. Any review or revision shall take into account consideration that emergence of new industry participants, technological advancements, service standards and consumer demand.

66 Pa.C.S. § 3019(b)(2) (emphasis added). Section 3019(b)(3) further provides the Commission with the authority to “establish such additional requirements as are consistent with this chapter as the commission determines to be necessary to ensure the protection of customers.” 66 Pa.C.S. § 3019(b)(3).

The term “telecommunications service” has been broadly defined by the General Assembly as “the offering of the transmission of messages or communications for a fee to the public.” 66 Pa.C.S. § 3012. The General Assembly did not limit the Commission's authority to review and revise the quality of service standards that address suspension and termination of basic service only when basic service is offered as a standalone service. Rather, the Commission's authority regarding suspension and termination applies to “any telecommunications service” offered by “all telecommunications carriers.” The Commission's

authority here is not limited to certain services but applies to “all telecommunications services.” Similarly, the authority given to the Commission pursuant to Section 3019(b)(3) to establish additional requirements likewise applies to *all* telecommunications carriers.¹

Additionally, Chapter 30 provides the Commission with authority to establish consumer protection regulations for the disconnection of all services necessary to complete a local exchange call. Section 3012 of the Public Utility Code defines “protected service” as:

“Protected Service.” The following telecommunications services provided by a local exchange telecommunications company unless the commission has determined the service to be competitive:

- (1) Service provided to residential consumers or business consumers that is necessary to complete a local exchange call.
- (2) Touch-tone service.
- (3) Switched access service.
- (4) Special access service.
- (5) Ordering, installation, restoration *and disconnection of these services*.

66 Pa.C.S. § 3012 (emphasis added). Therefore, the Commission has clear authority to ensure that disconnection of basic local telephone service is regulated.

While Section 3016 of the Public Utility Code allows a local exchange telecommunications company to “offer and bill to customers on one bill bundled packages of services which include nontariffed, competitive, noncompetitive or protected services,” 66 Pa.C.S. § 3016, such ability is not provided *in lieu of* the numerous consumer protections listed

¹ Proposed Section 64.24 does not seek to expand the Commission’s authority over non-jurisdictional services, such as interLATA toll services or competitive services such as video, data and wireless services. As such, the concerns expressed by the Broadband Communications Association of Pennsylvania (BCAP) in its Comments filed with the Commission on April 2, 2007 are without merit and should be rejected. BCAP Comments at 9-11 (“in exercising its jurisdiction over local telecommunications service, the Commission must avoid implementing requirements that result in *de facto* regulation of non-jurisdictional services”). Nonetheless, the provision of basic local telecommunications service that was subject to the Commission’s jurisdiction as a standalone service remains subject to the Commission’s jurisdiction even when bundled. Some parties previously questioned the authority of the Commission to implement Proposed Section 64.24 in their Comments. *See, Verizon Comments* at 3; BCAP Comments at 3-5. In light of this specific direction from the General Assembly in Section 3019(b), these arguments must be rejected.

elsewhere in Chapter 30 but is *in addition to* those protections. Section 3016(e)(2) cannot be read in isolation but must be read within the context of all of Chapter 30. In doing so, it is clear that the fundamental public policy objective of maintaining universal telecommunications service at affordable rates must be *balanced* with promoting the competitive provision of telecommunications services.²

This balance is evident in, *inter alia*, the General Assembly retaining the Commission's authority to include consumer protection for service and quality even for competitive services pursuant to Section 3019(g) of Chapter 30. 66 Pa.C.S. § 3019(g). Section 3019(g) provides:

Method for fixing rates. The commission may not fix or prescribe the rates, tolls, charges, rate structures, rate base, rate of return or earnings of competitive services or otherwise regulate competitive services *except as set forth in this chapter*.

Id. (emphasis added). As noted above, Section 3019(b)(2) states that the Commission has the authority to “review and revise quality of service standards contained in 52 Pa. Code (relating to public utilities) that address the safety, adequacy, reliability, suspension, termination and restoration of any telecommunications service” while Section 3019(b)(3) states that the Commission may “establish such additional requirements as are consistent with this chapter as the commission determines to be necessary to ensure the protection of customers.” 66 Pa.C.S. §§ 3019(b)(2) and (3). As such, the Commission retains the authority to establish consumer protections for bundled service packages offered under Section 3016(e)(2) so that all of the provisions and goals of Chapter 30 can be satisfied.

Reading all of the provisions of Chapter 30 together is consistent with basic rules of statutory construction that require that “every statute shall be construed, if possible, to give effect

² As such, the Commission should reject Verizon's argument in its prior Comments that Proposed Section 64.24 is inconsistent with Chapter 30 merely because Section 3016(e)(2) allows local exchange telecommunications companies to “offer and bill to customers on one bill bundled packages of services which include nontariffed, competitive, noncompetitive or protected services.” Verizon Comments at 3, *quoting*, 66 Pa.C.S. § 3016(e)(2).

to all its provisions,” 66 Pa.C.S. § 1921(a), and that “the General Assembly intends the entire statute to be effective and certain.” 66 Pa.C.S. § 1922(2). Section 3016(e)(2) read together with Section 3019(b)(3) and other provisions of Chapter 30 clearly places authority with the Commission to establish and enforce certain consumer protections in the competitive telecommunications environment. The Commission must balance the important public policy goals of maintaining universal service at affordable rates while at the same time encouraging the competitive provision of telecommunications services. These two goals must be achieved in unison, not in contradiction.

The OCA notes that the Commission has previously addressed the balance struck by Act 183 between the competitive provision of telecommunications services and ensuring consumer protections when it amended Chapter 63 of its regulations to codify Section 3018’s regulation of interexchange carriers (IXCs). Section 3018(a) of the Public Utility Code establishes that “[i]nterexchange services provided by interexchange telecommunications carriers shall be competitive services.” 66 Pa.C.S. § 3018(a). Similar to Section 3019(b)(2) and (g), Section 3018(a) restricts the Commission’s authority to set the rates or prices for IXC services, but preserves the Commission’s authority to “regulate the privacy of interexchange service and the ordering, installation, restoration and disconnection of interexchange service to customers.” *Id.*

In August, 2007, the Commission entered a Final Rulemaking Order amending Chapter 63 to conform with Section 3018. In that Final Rulemaking Order, the Commission revised the final regulation which describes the Commission’s enforcement authority to reference the Commission’s preserved authority as provided by Section 3018(b)(3). Final Rulemaking for Revision of Chapter 63 of Title 52 of the Pennsylvania Code Pertaining to Regulation of

Interexchange Carriers and Service, Docket No. L-00050170, 38 Pa.B. 488 (pub. Jan. 26, 2008).

In doing so, the Commission noted that:

[t]he proposed regulations do not reference the fact that the Commission continues to have authority over the provision of service by IXC's, including customer privacy, ordering, installation, restoration and disconnection, as well as the quality of service provided by IXC's to Pennsylvania consumers. *See* 66 Pa. C.S. § 3018(b)(3), (d)(1). Noting this omission, we will revise the proposed regulations so that the Commission's preserved authority over provisioning, quality and privacy of IXC services by IXC's is included within the proposed regulations.

Id. at 494-95.³ As such, the Commission rejected the position that "competitive" meant completely unregulated in all respects but recognized, instead, the dual objectives of Chapter 30 of promoting the competitive provision of telecommunications services while preserving the Commission's authority over provisioning, quality and privacy of IXC services. Similarly, the Commission has the authority in this proceeding to take action here to balance the competitive provision of telecommunications services while maintaining basic universal service and should do so by adopting the Proposed Section 64.24 in this case in its entirety.⁴

In sum, the ability of local exchange telecommunications companies to provide bundled services pursuant to Section 3016 cannot be read in a vacuum but must be read in conjunction with all of Chapter 30 and the Public Utility Code. Such a reading establishes the Commission's

³ *See also, Kintzler v. AT&T Communications of Pennsylvania, et al.*, Docket No. C-20066370, Remand Order (entered September 9, 2007) at n.4 ("We note that we do not regulate the intrastate rates for the long-distance services of IXC's since such services are deemed to be 'competitive' under 66 Pa.C.S. § 3018(a)&(b)(1). However, 66 Pa.C.S. § 3018(b)(3) does not 'limit the authority of the commission to regulate the privacy of interexchange service and the ordering, installation, restoration and disconnection of interexchange service to customers.' *See also, Firetree LTD v. AT&T Communications of Pennsylvania, LLC*, Docket No. C-20055714, Order (entered November 16, 2006).").

⁴ The OCA further notes that the Commission relied on Chapter 15 of the Public Utility Code in the IXC rulemaking and does so again in this instant rulemaking. *See, Proposed Rulemaking Order* at 5. Section 1504, for example, provides "the commission may, after reasonable notice and hearing, upon its own motion or upon complaint: ... (1) prescribe as to service and facilities, including the crossing of facilities, just and reasonable standards, classifications, regulations and practices to be furnished, imposed, observed and followed by any or all public utilities." 66 Pa.C.S. § 1504(1); *see also*, 66 Pa.C.S. §§ 1501, 1509.

clear authority to establish consumer protections as proposed in Section 64.24. The Commission must continue to balance the objective of permitting the competitive provision of telecommunications services while ensuring state and federal universal service principles. Proposed Section 64.24 provides such a balance.

B. A Protected Service Remains Protected Under The Public Utility Code Even When Included In A Bundled Service Package.

The Commission's June 7, 2008 publication of the Proposed Rulemaking Order also invites Comments on "the status of a protected service once included in a bundled service package." 38 Pa.B. 2658. As discussed above, pursuant to Section 3012 of the Public Utility Code, protected services include the "ordering, installation, restoration and disconnection" of "services provided to residential consumers or business consumers that is necessary to complete a local exchange call." 66 Pa. C.S. § 3012. There is nothing in Chapter 30, or the Public Utility Code in general, that provides that protected services lose their protected status when provided as part of a bundled service package. Instead, a protected service remains a protected service under the Public Utility Code even when included in a bundled service package.

Protected services are those select few services provided by telecommunications companies that provide consumers with access to the public switched telephone network (PSTN). Protected basic local telephone service allows consumers access to, *inter alia*, E911 and emergency medical services so that consumers can reach emergency personnel in a time of need. Protected basic local telephone service also provides vital services, such as the Telecommunications Relay Service (TRS) that allows hearing-impaired consumers to communicate with others. In essence, protected basic local telephone service provides essential connections for many Pennsylvania consumers to the rest of their community and to necessary

services.⁵ The General Assembly appropriately recognized in Chapter 30 the numerous public policy benefits of providing consumers with access to protected basic local telephone service.

Protected services remain protected even when offered with a bundle of other services because a customer must have access to the PSTN so they have vital services such as E911 and TRS. The need for, and importance of, access to the PSTN does not change simply because that access is provided through a bundled package of services. If a customer does not pay for non-basic or competitive services, such as video or internet service, the customer should lose those competitive services.⁶ But as long as customers pay for basic protected services, they should not be deprived of that service for failure to pay for non-protected services.

Chapter 64 is the vehicle through which the Commission provides consumer protections and Proposed Section 64.24 should be added to ensure that those protections continue to be applied to protected services even when purchased as part of a bundle of services.

- C. Any Costs Or Difficulties Associated With Implementing Proposed Section 64.24 Should Be Minimal Since Pennsylvania Telecommunications Carriers Already Have The Ability To Implement The Proposed Regulations And Many Have Been Doing So For Several Years.

The final directed question posed by the Commission in its June 7, 2008 publication of the Proposed Rulemaking Order invites a “detailed explanation of industry costs and technical difficulty associated with implementation of the proposed regulations, if any.” 38 Pa.B. 2658. Telecommunications companies will have more detailed information on the specific costs and

⁵ Protected services provided by carriers who are Eligible Telecommunications Carriers (ETCs) under Section 214 of the federal Telecommunications Act of 1996 (TA-96) are particularly important. 47 U.S.C. § 214(e). Companies who are ETCs are required to “offer the services that are supported by Federal universal service support mechanisms under section 254(c).” 47 U.S.C. § 214(e)(1)(A). These services include voice grade service and local calling through the PSTN and access to emergency services, interstate toll service, operators, and directory assistance. 47 C.F.R. § 54.101 (Supported Services for rural, insular and high cost areas). Again, the nature of, and importance of, those protected services is not changed by their inclusion with other services for pricing purposes.

⁶ Chapter 64 recognizes that telephone bills might contain charges for “entertainment” services. *See*, 52 Pa.Code § 64.2. Charges for such services fall within non-basic charges on the telephone bill.

difficulties associated with implementing the provisions of Proposed Section 64.24 and the OCA expects that they will provide the specific details in response to the Commission's query.

The OCA expects, however, that such costs and difficulties should be minimal since many of Pennsylvania's telecommunications companies have already been implementing the specific provisions of Proposed Section 64.24 for several years. This is evident from, *inter alia*, the numerous telecommunications companies that have sought and received a waiver of the Chapter 64 regulations which led to the issuance of Proposed Section 64.24. Those companies were granted a waiver of the Chapter 64 regulations regarding bundled services conditioned upon their compliance with the same requirements that are set forth in Proposed Section 64.24 regulations. The Commission noted in the Proposed Rulemaking Order that some companies received this waiver as early as 1997. Proposed Rulemaking Order at 1, n.2, 37 Pa.B. at 1033. Therefore, these companies should already be complying with the requirements of Proposed Section 64.24 and should have little if any difficulties and costs associated with implementing those provisions.⁷

Additionally, those companies who have not formally received a waiver from the Commission were granted "a temporary waiver of the applicable provisions of Chapter 64, effective until the final adoption of the regulations, provided that the necessary consumer safeguards are satisfied." Id. at 2. As such, additional telecommunications companies may have also already implemented these provisions. As a result, their difficulties and costs should also be minimal. All telecommunications companies have been on notice of the proposed regulatory obligations as a result of the Commission's Secretarial Letter issued on September 23, 2003

⁷ The OCA submits that the waivers granted by the Commission should be grandfathered and continued to the extent they comply with Proposed Section 64.24. The OCA therefore supports the request of the Pennsylvania Telephone Association (PTA) that "Companies operating under an existing waiver should be grandfathered." PTA Comments at 3-4.

establishing the goal of bringing competitive LECs into compliance with Section 64.21 of the Commission's regulations and the FCC's Truth-in-Billing regulations.⁸ These regulations provide that customers will have notice of whether or not failure to pay a specific charge will result in disconnect of basic service.

Additionally, Verizon Pennsylvania, Inc. (Verizon PA) received permission in 1997 to offer basic local calling as part of a single priced bundle, subject to Verizon PA's (then Bell Atlantic) commitment to preserve certain Chapter 64 protections.⁹ More recently, Verizon PA affirmed in 2007 that it continues to comply with the 1997 conditional waiver of Chapter 64 such that "no customer will lose basic service as a result of his or her failure to pay singly-priced service package charges."¹⁰ As is evident from the customer bill for services sold as a bundle attached hereto as Appendix A, Verizon PA is already able, for example, to distinguish between basic and non-basic telephone services on the bill it provides consumers.¹¹ Both Verizon PA and Verizon North's information tariffs state that if a bundled service customer becomes subject to termination procedures related to the non-basic services, then Verizon will convert the customer

⁸ See, Re: Compliance with 52 Pa.Code § 64.21, Separate Billing for Basic Service, Docket No. M-00031747, Secretarial Letter (September 23, 2003). Some competitive local exchange companies applied for the waiver as a result of the Secretarial Letter. *See e.g.,* Petition of Comcast Phone of Pennsylvania, LLC for Waiver of Certain Billing and Collection Rule Requirements Set Forth at 52 Pa.Code Chapter 64 to Permit Provision of Singly Priced Service Packages to Customers, including Residential Customers, Docket No. P-00042119, Order at 3 (Aug. 12, 2005). The FCC's Truth-in-Billing regulations can be found at 47 CFR § 64.2400 *et seq.*

⁹ Petition of Bell Atlantic-Pennsylvania, Inc. for Expedited Modification of Consent Order and Waiver of Certain Chapter 64 Requirements, Docket No. C-00881727, Order (June 12, 1997).

¹⁰ Verizon Pennsylvania, Inc. Petition for Modification of Consent Order, Docket No. C-00881727, Order at 9-10 (June 29, 2007). The Commission also clarified that Verizon PA would not be required to send disclosure letters to all existing customers, a condition otherwise imposed on LECs subject to the September 23, 2003 Secretarial Letter conditions. *Id.* at 14-15.

¹¹ The OCA specifically notes that page 3 of 4 in the attached bill clearly distinguishes basis and non-basic services. The bill also states: "Non-payment of non-basic service charges WILL NOT result in disconnection of your local telephone service." (emphasis in original).

to residence dial tone line service with local calling at the tariffed rate.¹² As such, Verizon is already complying with Proposed Section 64.24. Therefore, any concerns from Verizon regarding the cost of compliance have been resolved.¹³

Given the current ability of most, if not all, Pennsylvania LECs to comply with the provisions of Proposed Section 64.24, whether that be through prior Commission proceedings, waivers already granted or the temporary waiver granted as part of the Proposed Rulemaking Order, the OCA expects that any costs or difficulties associated with the implementation of the proposed regulation should be minimal.

D. The Notice Provisions Contained Within Proposed Section 64.24 Should Be Adopted.

Proposed Section 64.24 requires that LECs provide a disclosure statement to customers subscribing to or being offered a bundled service package that includes a statement that 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. *See*, Proposed Section 64.24(3). This section also requires that the customer receive a notice that the bundled service will be converted to a basic service plan in the event of nonpayment or partial payment on a bundled service package. *See*,

¹² *See e.g.*, Verizon Pennsylvania, Inc., Informational Tariff for Competitive Services, Pa.P.U.C. – No. 500, Section 45, 4th Rev. Sheet 14 (effective May 1, 2008).

¹³ In its prior Comments, Verizon argues that “the proposed rule requirements impose undue burdens on carriers.” Verizon Comments at 4-9. Verizon makes an analogy to a Cadillac buyer who fails to make monthly payments. Id. at 5. Verizon argues that, in such a situation, the dealer is not compelled to automatically switch the customer to a Chevrolet with lower payments but can repossess the Cadillac. Id. Verizon’s argument ignores the fundamental universal value of basic local telephone service which has given rise to the regulation of this vital public service for the past century, and clearly separates basic local telephone service from the purchase of an automobile or, for that matter, non-basic telecommunications services. The history of utility regulation is well-founded in public policy why basic local telephone service is important and must be protected in a newly competitive environment. Verizon’s comparison to purchasing an automobile misses the point. *See also*, BCAP Comments at 3, 8-9 and FSN Comments at 1. In particular, Full Service Network’s (FSN) arguments regarding the “burdensome costs” that would be created by the Proposed Section 64.24 should also be rejected because of its reliance on Chapter 14 of the Public Utility Code to support its argument. Chapter 14, by its own terms, clearly does not apply to Pennsylvania telecommunications providers. 66 Pa. C.S. § 1403. Any assertion that Chapter 14 can support any argument made in this proceeding should be dismissed outright.

Proposed Section 64.24(3)(ii). The OCA submits that providing customers with notice that their bundled package will be converted to a basic service plan is an important consumer protection that should be maintained.

In contrast, providing notice of conversion only in the initial disclosure statement is insufficient notice since many customers receive the disclosure statement when first signing up for the bundled package. It may then be several years later that potential conversion due to nonpayment becomes an issue. At that time, consumers may no longer be aware that conversion is possible. Notice just prior to the conversion is appropriate to ensure consumers are properly informed of the impending conversion at the relevant time.

Any costs associated with these notice provisions are clearly outweighed by the need to balance the objectives of maintaining universal telecommunications services while promoting the competitive provision of telecommunications services.¹⁴ Furthermore, as discussed above, most telecommunications carriers in Pennsylvania are already subject to these requirements and therefore costs or difficulties, if any, should be minimal.


As such, the notice provisions contained within Proposed Section 64.24 should be adopted. The value of the notice to consumers outweighs any burden it may create. The Commission should adopt Proposed Section 64.24 in its entirety.

¹⁴ In its prior Comments to the Commission, PTA argues that “Companies should not be required to provide a second notice of the conversion of the bundled offering in the event of nonpayment.” PTA Comments at 2-3. Instead, the PTA argues that providing notice of such conversion in the disclosure statement should suffice and that requiring companies to provide a second notice just prior to termination in the event of nonpayment will create “significant fiscal and administrative burdens associated with changing their suspension notice systems.” Id. at 3. The PTA argument should be rejected for the reasons explained above.

IV. CONCLUSION

The Pennsylvania Office of Consumer Advocate respectfully requests that the Public Utility Commission adopt Proposed Section 64.24 in its entirety. The OCA submits that Proposed Section 64.24 correctly balances the dual objectives of promoting the competitive provision of telecommunications services while maintaining universal availability of telecommunications services. The Commission's authority to establish consumer protections for bundled service package plans offered pursuant to Section 3016(e)(2) is clear and the Commission should add Proposed Section 64.24 to its regulations.

Respectfully submitted,



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Dated: July 31, 2008
101528

APPENDIX A



Telephone Number: [REDACTED]

Account Number: [REDACTED]

Account Summary

Previous Charges	\$ 60.99
Payment Received Dec 26. Thank You.	- 60.99
Balance	\$.00

New Charges

Verizon (page 3)	\$ 61.23
Total New Charges Due	\$ 61.23
Total Due	\$ 61.23

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Do not send payment

You are enrolled in Verizon's Direct Payment Option. The total due will be deducted from your bank account on 01/28/2008.

00040727 01 AV 0.312 ECP00411 0149

[REDACTED]





Billing Date: 01/01/08 Page 2 of 4

Telephone Number : [REDACTED]

Account Number: [REDACTED]

How to Reach Us

Payments

Payment Questions	verizon.com/onlinehelp	1 800 801-4008	24 hours a day
Pay By Phone Service*	(third party fee applies)	1 800 345-6563	24 hours a day
Online billing & payment	verizon.com/billview		
Paperfree Billing	verizon.com/paperfreebilling		

Bills, Orders, Repairs, Special Services

Bill Questions	verizon.com/onlinehelp	1 800 660-2215	8 am - 6 pm M-F
To order services	verizon.com/storefront	1 800 660-2215	8 am - 6 pm M-F
Are you moving?	verizon.com/movingcenter	1 866 896-6837	8 am - 6 pm M-F
Repair	verizon.com/repair	1 800 275-2355	24 hours a day
Centro Hispano de Verizon	verizon.com/espanol	1 800 479-0305	8 am - 6 pm M-F
Preguntas de Pagos	verizon.com/movingcenter	1 800 801-4008	disponible las 24 horas
Customers with Disabilities	verizon.com/disabilities	1 800 974-6006 v/tty	8:30 am - 5 pm M-F

For Your Information

*Pay By Phone Service

Pay By Phone service is optional and provided by a third party vendor for a fee. This service is not provided by Verizon and Verizon does not impose the fee. Verizon only collects the charges on your bill.

Federal Universal Service Fee helps keep telephone service affordable for high cost area, rural health-care providers, and library internet access.

911 Charge funds your community's 911 system. This fee is sent to your state/county treasury.

Previous Payment

If you sent a payment that we did not receive in time to be reflected on this bill, please deduct that amount before sending payment. To check whether your payment has been received, call the Payment Questions number above.

The Federal Communications Commission (FCC) authorizes the Subscriber Line Charge and Universal Service Fee.

PA Relay Surcharge funds telecommunications service for people with disabilities.

Returned Payment

If your payment is returned for any reason, Verizon will resubmit it electronically. A charge may apply for each payment returned.

Product Information

For Verizon product information visit verizon.com or use our automated help line at 1-800-234-2340.

Late Payment

To avoid a 1.25% late payment charge, payment must be received by the due date for total New Charges on page 1.

Tax & Fees

Federal Subscriber Line Charge funds part of the cost of providing long distance companies access to local telephone networks. It is applied per line.



MONTHLY SERVICE - BASIC (Jan 1 to Jan 31)

Description	Qty	Unit Rate	
1 Federal Subscriber Line Charge	1	5.91	5.91
2 Federal Universal Service Fee	1	.60	.60
Total			\$ 6.51

BASIC SERVICE TAXES AND SURCHARGES

3 Federal excise tax			.19
4 PA Gross Receipts Tax Surcharge			.39
5 PA Relay Surcharge			.08
6 E911			1.25
Total			\$ 1.91

Verizon basic charges \$ 8.42

NON-BASIC CHARGES

Description	Qty	Unit Rate	
7 + Verizon Freedom Essentials	1	46.99	46.99
Includes Regional Essentials provided by Verizon-PA and Unlimited Long Distance provided by Verizon Long Distance (\$14.95 of the total package price of \$46.99 is associated with long distance services and \$32.04 is associated with Regional Essentials).			
VERIZON FREEDOM ESSENTIALS includes:			
8 + Home Voice Mail-standard mlbx	1		.00
9 + Caller ID	1		.00
10 + Call waiting service	1		.00
11 + Flat Rate Unlimited Service	1		.00
12 + Dial Tone Line -Residence -Touchtone	1		.00
13 + Call Forwarding - Busy/Don't Answer	1		.00

Total \$ 46.99

+ Indicates services included in Verizon Freedom Essentials.

MONTHLY SERVICE - NON-BASIC (Jan 1 to Jan 31)

Description	Qty	Unit Rate	
14 Literacy Donation Program	1	1.00	1.00
15 Federal Universal Service Fee - LD	1	1.23	1.23
16 Gross Receipts Tax Surch Long Dist	1	.65	.65
Total			\$ 2.88

NON-BASIC SERVICE TAXES AND SURCHARGES

17 State sales tax			2.94
Total			\$ 2.94

Verizon non-basic charges ** \$ 52.81

****Non-payment of non-basic service charges WILL NOT result in the disconnection of your local telephone service.**

Total Verizon charges \$ 61.23

Reference ID EJCM8TZ234

Verizon Reads

If you have called your local business office and signed up to be a Literacy Champion, a tax deductible \$1 donation will be included monthly in the Verizon section of your bill. Contributions will benefit Verizon Reads, a non-profit organization supporting literacy programs. Even if you call the local business office to sign up, you are not required to pay the literacy donation. Phone service will not be terminated if you do not contribute. To discontinue your literacy donation call the phone number listed on page 2 of your bill.



Restatement of Charges:

Regulations require Verizon to group your charges as shown below to make it clear which charges you must pay to avoid suspension of your local service. Basic includes charges for local calling, applicable tax and fees.

Non-Basic charges include, but are not limited to, Caller ID, inside wire maintenance, regional and long-distance calling, internet service, DIRECTV and applicable tax and fees. Non-payment of any past due basic charges could result in suspension of your basic local service after you receive a separate written statement.

	Past Due Balances	Current Charges	Total
Basic	\$.00	\$ 8.42	\$ 8.42
Non-Basic	\$.00	\$ 52.81	\$ 52.81
Total	\$.00	\$ 61.23	\$ 61.23

Included on this portion of your bill is approximately \$3.46 for PA taxes on utilities

FOR YOUR INFORMATION

Important Information

On 11/17/2007 Verizon began recovering the 5% Pennsylvania Gross Receipts Tax (GRT) Surcharge that it is paying on your SLC and FUSF. The surcharge will appear as a separate line item labeled "PA Gross Receipts Tax Surcharge".

Important Credit Reporting Notice

We furnish our customers' bill payment information to the major credit reporting agencies in accordance with the Fair Credit Reporting Act.

Important billing information

When you provide a check, you authorize us either to use information from your check to make a one-time electronic fund transfer from your account or to process this transaction as a check. If you wish to be excluded from this process, please call 1-888-500-5358. When we use information from your check to make an electronic fund transfer, funds may be withdrawn from your account as soon as the same day we receive your payment, and you will not receive your check back from your financial institution.

For Your Information

If you have a billing question or complaint, please call or write to your Representative before the payment due date. The number to call is included in the How to Reach Us section on page 2. You may write to us at P.O. Box 9000, Annapolis, MD 21401-9000.

Residence Customers: You can obtain a rate schedule, an explanation of how to verify the accuracy of your bill and an explanation of various charges, if necessary, by calling your Service Representative or writing to the above address. You can also find rate and service information in the Customer Guide pages located in the front of your telephone directory.

CERTIFICATE OF SERVICE

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

I hereby certify that I have this day served a true copy of the foregoing document,
Office of Consumer Advocate's Comments, upon parties of record in this proceeding in accordance
with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and
upon the persons listed below:

Dated this 31st day of July, 2008.

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SERVICE BY E-MAIL & FIRST CLASS MAIL, POSTAGE PREPAID

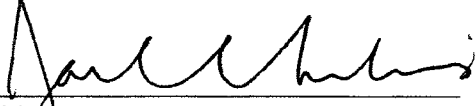
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