

DECISION MEMORANDUM

TO: COMMISSIONER KEMPTON
COMMISSIONER SMITH
COMMISSIONER REDFORD
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL

FROM: WELDON STUTZMAN
DEPUTY ATTORNEY GENERAL

DATE: OCTOBER 30, 2009

SUBJECT: DOCKET NO. 31-4101-0901
COMMISSION REVIEW OF THE TELEPHONE CUSTOMER
RELATIONS RULES

Commission Proposed Language:

001. TITLE AND SCOPE (RULE 1).

The name of this chapter is the “Customer Relations Rules for Telephone Corporations Providing ~~Local Exchange or Intrastate MTS/WATS Services~~ in Idaho Subject to Customer Service Regulation by the Idaho Public Utilities Commission ~~Under the Public Utilities Law or the Telecommunications Act of 1988,~~” (The Telephone Customer Relations Rules). For companies subject to Commission regulation under Title 62, Idaho Code, these rules apply to companies providing local exchange service as defined in Section 62-603, Idaho Code. This chapter has the following scope: These rules provide a set of fair, just, reasonable, and non-discriminatory rules to address recurring areas of disagreement between local exchange companies and ~~MTS/WATS~~ other telephone companies and customers with regard to deposits, guarantees, billing, application for service, denial of service, termination of service, complaints to telephone companies, billing for interrupted service, and provision of certain information about customers to authorities. (7-1-93)(____)

Verizon Proposed Language:

001. TITLE AND SCOPE (RULE 1).

The name of this chapter is the “Customer Relations Rules for Telephone Corporations Providing ~~Local Exchange or Intrastate MTS/WATS Services~~ in Idaho Subject to Customer Service Regulation by the Idaho Public Utilities Commission ~~Under the Public Utilities Law or the Telecommunications Act of 1988,~~” (The Telephone Customer Relations Rules). For companies subject to Commission regulation under Title 62, Idaho Code, these rules apply to companies providing local exchange service as defined in Section 62-603, Idaho Code. This chapter has the following scope: These rules provide a set of fair, just, reasonable, and non-

discriminatory rules to address recurring areas of disagreement between local exchange companies and ~~MTS/WATS~~ other telephone companies and customers with regard to deposits, guarantees, billing, application for service, denial of service, termination of service, complaints to telephone companies, billing for interrupted service, and provision of certain information about customers to authorities. These rules only apply to services provided to residential and small business customers and do not apply to multi-state business customers or business customers with five (5) or more lines in Idaho. (7-1-93)()

Commission Proposed Language:

005. DEFINITIONS (RULE 5.)

106. Small Business Telephone Service. “Small business telephone service” means telecommunication service furnished to a business or institutional entity, whether an individual, partnership, corporation, association or other business or institutional form, for occupational, professional, or institutional purposes, to customers who do not subscribe to more than five (5) local access lines within a building, i.e., service provided to small business customers as defined in Section 62-603(11), Idaho Code. (7-1-99)()

Qwest Position:

This language should be updated to conform to the present language of §62-60 (11), Idaho Code, which focuses on the number of lines associated with a particular billing address rather than the physical building location of lines to determine whether a customer is or is not a small business customer.

Qwest Proposed Language:

106. Small Business Telephone Service. “Small business telephone service” means telecommunication service furnished to a business or institutional entity, whether an individual, partnership, corporation, association or other business or institutional form, for occupational, professional, or institutional purposes, to customers who do not subscribe to more than five (5) local access lines ~~within a building~~ which are billed to a single billing location, i.e., service provided to small business customers as defined in Section 62-603(11), Idaho Code. (7-1-99)()

Commission Proposed Language:

1010. DEPOSIT REQUIREMENTS -- LECS (RULE 1010).

01. Residential Customers. No ~~local exchange~~ company providing local exchange service shall demand or hold any deposit from any ~~current~~ residential customer ~~or applicant~~ for service without proof that the customer ~~or applicant~~ is likely to be a credit risk or to damage the property of the local exchange company or ~~MTS~~ other companies for which it bills. A history of

late payment or lack of previous history with the local exchange company does not, in itself, constitute such proof. A local exchange company shall not demand or hold a deposit under this rule as a condition of service from a residential customer ~~or applicant~~ unless one or more of the following criteria applies: (7-1-93)(____)

a. The customer ~~or applicant~~ has outstanding a prior residential service account ~~with any telephone company that accrued within the last four (4) years~~ and at the time of application for service remains unpaid and not in dispute. (7-1-93)(____)

b. The customer's ~~or applicant's~~ service ~~from any telephone company~~ has been temporarily denied or terminated within the past four (4) years for one (1) or more of the following reasons: (7-1-93)(____)

i. Non-payment of any undisputed delinquent bill; (7-1-93)

Qwest Position:

The second sentence of Rule 100.01 is not justified. A provider of telecommunications service should be allowed to consider a "history of late payment" as proof of credit risk that justifies requesting a deposit to guarantee payment for future service. In fact, such history is used by the national credit reporting agencies as a factor in determining a consumer's credit worthiness.

Where telephone companies are not rate-regulated and customer non-payment cannot be passed on as a general cost of a doing business to other customers, telephone companies should be given the freedom to consider rational business considerations in determining when a deposit to guarantee payment is appropriate.

Similarly, in 100.01.b., the Company should be allowed to consider non-payment of any past undisputed bill as grounds for asking a customer for a deposit for future service. The limitation that non-payment can only be considered if it occurred in "the past four (4) years" is without justification. The mere passage of time does not change the fact that prior denial or termination of service could reasonably indicate that the customer is a non-payment risk. Requiring a customer to make a deposit is a fair and reasonable way to limit the telephone companies' risk while still allowing customers to obtain service. Since the Commission is no longer regulating the economic operations of Title 62 companies, it should not impose rules that limit the companies' flexibility in making rational business decisions as to which customers represent a risk. Indeed, the differences in how companies choose to deal with such questions

could be a way in which companies differentiate themselves from competitors (i.e., some may require deposits while others may charge higher rates etc.).

In the negotiated rulemaking, the Commission Staff suggested that the four year period should be retained because it reflects the statute of limitations on the providers' ability to recover from the customer for an unpaid debt. Although Qwest objects to this overly simplified summary of the possible effect of the statute of limitations, the Staff argument is beside the point. The issue for consideration under this rule is what the Company is allowed to consider when assessing whether it should ask for a deposit from a customer. Whether or not the Company could today initiate a court case against the customer to recover the bad debt is not determinative (in fact, the Company may even have an unpaid judgment against the customer, yet the rule would preclude seeking a deposit if four years have passed, regardless the customer's legal duty to pay).

What is important in determining whether a deposit is appropriate is that the customer demonstrated he/she is a risk for non-payment. The Company should be allowed to consider that customer behavior in assessing whether a deposit should be required.

Qwest Proposed Language:

1040. DEPOSIT REQUIREMENTS -- LECS (RULE 1040).

01. Residential Customers. No ~~local exchange~~ company providing local exchange service shall demand or hold any deposit from any *current* residential customer ~~or applicant~~ for service without proof that the customer ~~or applicant~~ is likely to be a credit risk or to damage the property of the local exchange company or MTS other companies for which it bills. ~~A history of late payment or lack of previous history with the local exchange company does not, in itself, constitute such proof.~~ A local exchange company shall not demand or hold a deposit under this rule as a condition of service from a residential customer ~~or applicant~~ unless one or more of the following criteria applies: (7-1-93)()

b. The customer's ~~or applicant's~~ service ~~from any telephone company~~ has been temporarily denied or terminated ~~within~~ the past ~~four (4) years~~ for one (1) or more of the following reasons: (7-1-93)()

Commission Proposed Language:

1042. WRITTEN EXPLANATION FOR DENIAL OF SERVICE OR REQUIREMENT OF DEPOSIT -- LECS (RULE 1042).

~~Upon request of the applicant or customer,~~ If the local exchange company ~~must~~ requires a cash

deposit as a condition of providing service, then it shall immediately provide an written explanation to the applicant or customer stating the precise reasons why it requires a deposit or denies service is required. The applicant or customer shall be given an opportunity to rebut these reasons. The applicant or customer must be orally notified of the right to a written explanation In the event of a dispute, the customer must be advised that an informal or formal complaint may be filed with the Commission. (7-1-93)()

Verizon Position:

Verizon recommends the Commission remove the reference to “cash.” By deleting the word “cash,” it is clear that the requirements of this rule apply to all required deposits, whether they are paid in currency or by check, credit card, debit card or any other means.

Verizon Proposed Language:

1042. WRITTEN EXPLANATION FOR DENIAL OF SERVICE OR REQUIREMENT OF DEPOSIT -- LECS (RULE 1042).

Upon request of the applicant or customer, If the local exchange company must requires a ~~cash~~ deposit as a condition of providing service, then it shall immediately provide an written explanation to the applicant or customer stating the precise reasons why it requires a deposit or denies service is required. The applicant or customer shall be given an opportunity to rebut these reasons. The applicant or customer must be orally notified of the right to a written explanation In the event of a dispute, the customer must be advised that an informal or formal complaint may be filed with the Commission. (7-1-93)()

Commission Proposed Language:

1075. RETURN OF DEPOSIT -- LECS (RULE 1075).

02. Existing Customers. The deposit, with accrued interest, must either be credited to the customer's current bill or be refunded promptly by the local exchange company when: If the customer has paid all undisputed bills and has no more than one (1) late payment during the past twelve (12) consecutive months of service, the telephone company shall promptly return the deposit (with accrued interest) by crediting the customer's current account or issuing a refund. (3-30-01)()

Qwest Position:

This proposal has the effect of applying an *additional* limitation to the Company's retention of deposits from residential customers. The current version of the rule does not give residential customers “one free late payment.” Certainly a late payment, particularly if it occurs late in the twelve month period, could be evidence that the customer is at risk for not making his payments. If that occurs, the continuation of the deposit is an important tool in managing

business risk. There is no evidence this added regulatory limitation is necessary or desirable. Instead, unless the customer has completed one full year of on-time payments (as contemplated under the rule), when to refund deposits should be a business decision of the telephone company that will be tempered by the competitive market pressures associated with customers having alternatives.

Qwest Proposed Language:

Qwest proposed that 105.02 should be eliminated or, at minimum, remain unchanged with regard to residential customers.

Commission Proposed Language:

201. ISSUANCE OF BILLING STATEMENTS -- CONTENTS OF BILLS -- RESIDENTIAL AND SMALL BUSINESS SERVICE (RULE 201).

01. Local Exchange Service. Billing statements for residential and small business local exchange service ~~shall~~ must be issued on a regular basis. ~~Bills, and~~ must contain the following information: (7-1-93)(____)

c. The due date of the bill by which payment must be received, unless the customer has authorized automatic monthly payment. If automatic payment is authorized, the billing statement must reflect the actual or earliest possible date that funds will be withdrawn from a bank account or charged to a credit card account; (7-1-93)(____)

Qwest Position:

Qwest agrees with the changes proposed for the first sentence of subparagraph c. However, Qwest strongly disagrees with the second sentence. The addition of a requirement for “the actual or earliest possible date” for *optional* bill-paying arrangements severely limits the value of allowing such arrangements and, in the case of the option of automatic credit payment, imposes costs and difficulties that are in no way justified by any appropriate regulatory concern.

The automatic credit card payment issue: It is important to understand that customers who have opted to have their bills paid by pre-arranging to have their credit cards charged automatically each month stand in a unique relationship to all other customers using the methods that are presently available to customers for bill payment.

Customers must make an *affirmative choice* to have a credit card automatically billed as a means of paying their monthly bill. At the time they choose that option they are told their

credit card will be charged three to five days after their bill date and they consent to this arrangement. They receive a billing statement that allows them to keep track of their expenditures, but they are not expected to take any action on that billing statement; instead they have chosen to have a credit card automatically charged by the Company. They also enjoy the “float” of having their telephone bill paid but not writing a check for several weeks later, i.e., until they pay their credit card company. Customers who have this arrangement are unique in that they do not actually pay with any of their own money until they pay the credit card bill, which in most cases will be weeks after it is charged to pay the phone bill.

Traditional customers who, for example, receive a bill and then write a check and mail it to the Company benefit from knowing when the bill must be paid to avoid making a late payment. The first sentence of the proposed 201.01 c. accomplishes that goal. Customers who have arranged to have payment automatically withdrawn from a checking or saving account, while also choosing an optional method, can at least arguably benefit from being able to predict when their account will be reduced by the amount of the bill to avoid overdrafts, etc. Qwest’s bills provide that information and these arrangements are not at issue here.

Customers paying by automatic credit card arrangements have none of these concerns. The proposed rule’s insistence that these customers must be informed each and every month *when* their credit card will be *automatically* charged serves no beneficial purpose. These customers still have the opportunity to challenge the bill and receive a credit (or perhaps a refund) from the telephone company if they have a verified billing concern. They also have the option of not paying their credit card bill (or at least that portion of it that is disputed) until their billing issue is resolved. They do not run the risk of late payment and they are in complete control as to when their checking account is reduced by the amount of the credit card bill associated with their telephone charges.

Complying with the proposed Rule will penalize Qwest and customers without producing any advantage: While printing the date the credit card will be charged on the bill may intuitively seem like a small thing, it is not. The added requirement would be costly to Qwest. In fact, any change in billing format is very expensive to implement-particularly, as here, when it is required only in Idaho and for only a small portion of the customers. This requirement would also unduly limit the ability of telephone companies like Qwest to offer optional billing arrangements to customers. For example, future optional payment arrangements may also be

impacted by the language requiring notice as to when some phase of the automatic process will take place, making such future options too difficult or costly to implement. Imposing such a requirement in the proposed rule aimed at optional programs, chosen by customers for their own convenience, could mean Idaho customers may not be offered the advantages of future optional arrangements.

Limiting customer options runs against the grain of the legislative enactments of the Idaho Legislature and of Congress and against the stated objectives of this Commission to “simplify[] regulatory requirements and allow[] companies more flexibility to respond to customers’ service requests.” The second sentence of proposed Rule 201.01 subparagraph “c” produces this result without offering any offsetting customer advantage. Qwest has offered automatic credit card payment arrangement to literally thousands of Idaho customers for several years. To the best of the Company’s information it has received only one customer complaint during all that time.

One customer complaint: The customer whose complaint brought this issue to the Commission’s attention had been using automatic credit card billing for about two years when he was inadvertently overcharged by \$1.32. When the error was brought to the Company’s attention, the charge was reversed and the customer received a credit for the full amount of the overcharge the following month (i.e., his credit card was automatically charged \$1.32 less than it would otherwise be charged and he was thereby made whole.)

Overall the proposed language for the second sentence of subparagraph “c” fails to recognize the competitive realities that new billing and payment methods continue to emerge in the marketplace. Such arrangements, like automatic credit card payments, are *optional* for customers. Qwest’s proposed language satisfies the intent to require a statement date and a due date for traditional billing and payment methods that will continue to exist, while allowing future, optional billing/payment arrangements to be offered without undue limitations.

Qwest Proposed Language:

c. The due date of the bill by which payment must be received, unless the customer has authorized *optional billing or payment method: automatic monthly payment. If automatic payment is authorized, the billing statement must reflect the actual or earliest possible date that funds will be withdrawn from a bank account or charged to a credit card account;* (7-1-93)()

Commission Proposed Language:

3021. GROUNDS FOR DENIAL OR TERMINATION OF LOCAL EXCHANGE SERVICE WITH PRIOR NOTICE (RULE 3021).

A telephone company may deny or terminate local exchange service to a customer ~~or applicant~~ without the customer's ~~or applicant's~~ permission, but only after adequate notice has been given in accordance with these rules, for one (1) or more of the following reasons: ~~(3-30-01)~~()

06. Obligation to Connect Service. Nothing in this rule requires the telephone company to connect service for a customer who owes money on an existing account or from a previous account if the unpaid bill is for service provided within the past four (4) years. ()

Qwest Position:

This regulation precludes telephone companies from denying service to a customer who owes for past service, if that service was rendered more than four years ago. Once again the rule provides that *some companies* in a competitive market must provide service to those who have not paid undisputed past bills. Meanwhile, no similar rule applies to cellular/wireless, Internet, or cable competitors. The regulation is an obvious hold-over from the time when Commission-regulated companies were the sole providers of telephone service and bad debt could be incorporated in Commission-regulated rates. Such provisions have no place in a competitive market.

Once again in the negotiated rulemaking the Staff suggested that the statutes of limitations would bar a company from bringing a suit to recover a bad debt after four years. This is irrelevant. As the Rule is written, the Company could have brought and won such a case within the past four years, yet the Company would be required to offer service to the customer once four years had passed, even if he evaded payment of a court judgment. Moreover, under proposed Rule 100.01.b.i., the Company would not even be permitted to collect a deposit from the customer. Both of these rules ignore the reality that failure to pay undisputed bills for services that have been received makes these customers poor prospects for the future.

Customers who do not pay undisputed bills are a bad debt risk and telephone corporations should be allowed the freedom to exercise their business judgment as to how to deal with them. There is no valid justification for limiting a company's ability to protect itself from known risks through means such as refusing to connect if an unpaid debt is found. If there is a concern that "old" bills may not be actually owed or are disputed, such issues can be properly addressed in the

complaint process. There has been no history of problems on this topic to justify imposition of these restrictions on Title 62 companies.

Qwest Proposed Language:

Qwest proposes deleting closing phrase, “if the unpaid bill is for service provided within the past four (4) years,” from the proposed Rule 302.06.

06. Obligation to Connect Service. Nothing in this rule requires the telephone company to connect service for a customer who owes money on an existing account or from a previous account~~if the unpaid bill is for service provided within the past four (4) years.~~ (____)

Commission Proposed Language:

3043. REQUIREMENTS FOR NOTICE BEFORE TERMINATION OF LOCAL EXCHANGE SERVICE (RULE 3043).

01. ~~Seven-Day~~ Initial Notice. If the telephone company intends to terminate local exchange service under Rule 3021, it must send to the customer written notice of termination mailed at least seven (7) calendar days before the proposed date of termination. This written notice must contain the information required by Rule 3064. (~~3-30-01~~)(____)

03. Additional Notice. If the telephone company has not terminated service within twenty-one (21) days after the proposed termination date as specified in a written notice, the telephone company must again provide notice under Subsections 3043.01 and 3043.02 if it still intends to terminate service. (~~3-30-01~~)(____)

3064. CONTENTS OF NOTICE OF INTENT TO TERMINATE LOCAL EXCHANGE SERVICE (RULE 3064).

01. Contents of Notice. The written or oral notice of intent to terminate local exchange service required by Rule 3043 must state: (~~1-5-95~~)(____)

Verizon Position:

Verizon recommends that the Commission authorize the use of electronic notices to terminate service when the customer has agreed to electronic billing. Electronic notice of termination will actually provide a customer who has elected electronic billing with faster notice since it eliminates the mailing time associated with sending a notice of termination through the mail. Further, since the customer has elected electronic billing, the customer’s electronic address is known to the provider thereby reducing the risk that the customer would not actually receive the notice. Finally, this approach saves the provider postage and other costs of mailing and

lowers a provider's cost of doing business. In the event the provider receives a rejection of an electronic notice, Verizon recommends that the provider would then be required send a written termination notice to the customer by mail at least seven calendar days prior to termination. If this recommendation is accepted, corresponding changes should be made to Rule 304 concerning the contents of the notice.

Verizon Proposed Language:

3043. REQUIREMENTS FOR NOTICE BEFORE TERMINATION OF LOCAL EXCHANGE SERVICE (RULE 3043).

01. ~~Seven-Day~~ Initial Notice. If the telephone company intends to terminate local exchange service under Rule 3021, it must send to the customer written notice of termination mailed at least seven (7) calendar days before the proposed date of termination or electronic notice at least seven (7) calendar days before the proposed date of termination to those customers who have elected electronic billing. This ~~written~~ notice must contain the information required by Rule 3064. (3-30-01)(____)

03. Additional Notice. If the telephone company has not terminated service within twenty-one (21) days after the proposed termination date as specified in a ~~written~~ notice, the telephone company must again provide notice under Subsections 3043.01 and 3043.02 if it still intends to terminate service. (3-30-01)(____)

3064. CONTENTS OF NOTICE OF INTENT TO TERMINATE LOCAL EXCHANGE SERVICE (RULE 3064).

01. Contents of Notice. The written, electronic or oral notice of intent to terminate local exchange service required by Rule 3043 must state: (1-5-95)(____)

Commission Proposed Language:

3108. INSUFFICIENT GROUNDS FOR TERMINATION OF LOCAL EXCHANGE SERVICE (RULE 3108).

01. Termination Prohibited. No customer shall be given notice of termination of local exchange services nor shall the customer's local exchange service be terminated if the unpaid bill cited as grounds for termination is: (1-1-95)(____)

01a. ~~Less Than Fifty Dollars~~. ~~The customer's unpaid bill cited as grounds for termination is~~ Less than fifty (\$50) dollars; (7-1-99)(____)

d. ~~Inside wire maintenance~~. For service provided four (4) or more years ago unless the customer made a payment on the bill within the past four (4) years, or the customer signed a written payment agreement and then failed to pay; (3-30-01)(____)

Qwest Position:

Regarding subparagraph “a,” there is no basis for limiting the size of an undisputed bill to \$50. That amount is roughly two months of local exchange service. Whether a customer delinquency is sufficient to justify termination should be a business decision of the telephone company, since it is naturally limited by business constraints (e.g., costs). Terminating service to customers for minor delinquencies would likely prove a poor business strategy. However, requiring that all companies carry customers who are nearly two months delinquent without recourse makes no business sense and has no valid regulatory basis. Contrary to when this rule was initially adopted, customers have many alternatives to their current company including wireless, cable, and Internet-based services. Telephone companies should be granted the freedom to decide when they disconnect a customer who refuses to pay undisputed bills for past service.

Subparagraph “d,” like proposed Rules 100.01.b.i. and 302.06 prohibits telephone companies from relying on undisputed delinquent bills for services rendered more than four years previously as a basis for disconnection of service. This particular reversion is marginally better than the other two articulations of this idea, in that it does recognize two exceptions to what is elsewhere simply a blanket rule. While this is an improvement, it is still overly restrictive. As stated above, the mere passage of time does not absolve a customer of his responsibility to pay for the services he has received. Whether or not a company should use unpaid past bills as a basis for requiring a deposit, refusing to connect service, or disconnecting existing service should be a business decision within the context of the competitive marketplace. Those cases in which the customer has a dispute or concern about said bills can and should be handled in the complaint process. Meanwhile customers have options, including pre-paid cellular/wireless service that will enable them to enjoy the benefits of telecommunications service.

Qwest Proposed Language:

Qwest proposes that subparagraphs 308.01.a. and 308.01.d. be deleted as unwarranted.

Verizon Position:

It is not clear to Verizon if the \$50 dollar threshold described in this rule applies only to local exchange service. Verizon recommends that the subsection .01 be clarified to state that the unpaid balance specifically relates only to local exchange service and further requests that the

threshold be lowered to \$30. A \$30 threshold is consistent with the majority of the states within which Verizon operates. In the event Verizon is unable to terminate local exchange service to a customer whose outstanding balance is between \$30 and \$50, Verizon could lose revenues and incur additional costs in the event Verizon is unable to collect amounts due for local exchange service. The lost revenue as well as any collection costs incurred becomes an additional cost of doing business which Verizon ultimately will pass onto other consumers.

Verizon Proposed Language:

3408. INSUFFICIENT GROUNDS FOR TERMINATION OF LOCAL EXCHANGE SERVICE (RULE 3408).

01. Termination Prohibited. No customer shall be given notice of termination of local exchange services nor shall the customer's local exchange service be terminated if the unpaid bill for local exchange service cited as grounds for termination is: (1-1-95)()

~~01a. Less Than Fifty Dollars.~~ ~~The customer's unpaid bill cited as grounds for termination is~~ Less than fifty thirty (\$530) dollars: (7-1-99)()

Commission Proposed Language:

3409. RESTRICTIONS ON TERMINATION OF LOCAL EXCHANGE SERVICE -- OPPORTUNITY TO AVOID TERMINATION OF LOCAL EXCHANGE SERVICE (RULE 3409).

01. When Termination Not Allowed of Service is Prohibited. ~~Unless the customer affected has consented in writing, local exchange service shall not be terminated on any Friday after twelve noon or on any Saturday, Sunday, legal holidays recognized by the state of Idaho, or after twelve noon on any day immediately before any legal holiday, or at any time when the telephone company's business offices are not open for business, e~~Except as authorized by Rules 303.01 and 303.02, or for non-residential customers, as authorized by any Subsection of Rule 303.2, or this rule, service provided to a customer shall not be terminated: Local exchange services may be terminated only between the hours of 8 a.m. and 4 p.m., except as authorized by Rules 303.01 and 303.02. (1-1-95)()

a. On any Friday, Saturday, Sunday, legal holidays recognized by the state of Idaho, or on any day immediately preceding any legal holiday; or ()

b. At any time when the telephone company is not open for business. ()

Qwest Position:

This proposed rule change actually *expands* the hours during which a telephone company is prohibited from terminating a customer's service in those cases in which all requirements of notice and grounds for termination are met. The new rule would prohibit terminations on Friday's before noon every week, and the whole of every day preceding a legal holiday (even a minor one). The current rule has permitted terminations on a more relaxed basis for nearly 15 years. There has been no need demonstrated to add to the regulatory burden limiting the hours during which terminations can occur. This Qwest objection also impacts proposed Rule 309.02 subparagraphs b. and d., which inexplicably incorporate these new limitations even where, as in subparagraph d, it appears the intent of the new language is to give the telephone company an exception to the general rule, in cases in which it is unable to gain access to its equipment during normal business hours.

Whether or not some companies may choose to expand the hours they do not terminate service, there is no basis for the Commission to enlarge the regulatory requirements, particularly where current practices have not been shown to be inadequate. These items should be left to the discretion of the telephone companies as business decisions that would naturally consider risk to the company's property and facilities.

Qwest Proposed Language:

Qwest proposes that the language of the current Rule 311 be restored and all additional limitations on the times during which terminations can be conducted be rejected.

Verizon Position and Proposed Language:

This rule generally prohibits termination of service on certain days of the week (Fridays, Saturdays and Sundays) or on legal holidays. Verizon opposes these limitations concerning when a provider may terminate service because they ignore the relevant consideration: whether the provider's customer service center is open to receive payments such that the customer can avoid termination. In other words, the intent of this rule seems to be to avoid putting the customer in a situation where he or she does not have the opportunity to make a payment to avoid termination. So the rule should be drafted to focus on whether that opportunity exists.

For example, Verizon customers can call Verizon customer service centers and make payments over the telephone by debit and credit cards thereby preventing the termination of

service on a real time basis. And when Verizon customers may make payments by telephone through its customer service centers, receipt of payments by telephone protects customers from being improperly terminated. Thus, to account for these opportunities (and to avoid unnecessarily increasing the carrier's costs), Verizon respectfully requests that the Commission allow a provider to terminate basic local exchange service whenever a provider's customer service center is open to receive payments. Accordingly, Verizon requests that the Commission delete subsection .01.a and move the current language in subsection .01.b be into subsection .01. Verizon also requests that the Commission delete subsections .02.b, c, and d and move the current language in subsection .02.a. be into subsection .02, as follows:

31109. RESTRICTIONS ON TERMINATION OF LOCAL EXCHANGE SERVICE -- OPPORTUNITY TO AVOID TERMINATION OF LOCAL EXCHANGE SERVICE (RULE 31109).

01. When Termination Not Allowed of Service is Prohibited. ~~Unless the customer affected has consented in writing, local exchange service shall not be terminated on any Friday after twelve noon or on any Saturday, Sunday, legal holidays recognized by the state of Idaho, or after twelve noon on any day immediately before any legal holiday, or at any time when the telephone company's business offices are not open for business, e~~Except as authorized by Rules 303.01 and 303.02, or for non residential customers, as authorized by any Subsection of Rule 303.2; or this rule, service provided to a customer shall not be terminated; at any time when the telephone company is not open for business. Local exchange services may be terminated only between the hours of 8 a.m. and 4 p.m., except as authorized by Rules 303.01 and 303.02.(1-1-95)()

~~a: On any Friday, Saturday, Sunday, legal holidays recognized by the state of Idaho, or on any day immediately preceding any legal holiday;~~ or ()

~~b: At any time when the telephone company is not open for business.~~ ()

02. Personnel to Authorize Reconnection. Each telephone company providing local exchange service shall have personnel available after the time of termination who are authorized to reconnect service if the conditions cited as grounds for termination are corrected to the telephone company's satisfaction. Customers may be asked to pay reconnection fees before restoration of service. **Times When Service May Be Terminated.** Service may be terminated: Service may be terminated at any time when there is a dangerous condition pursuant to Rule 302.01 or the telephone company is ordered to do so pursuant to Rule 302.02;

(1-1-95)()

~~a: At any time when there is a dangerous condition pursuant to Rule 302.01 or the telephone company is ordered to do so pursuant to Rule 302.02;~~ ()

~~**b.** Between the hours of 8 a.m. and 5 p.m., Monday through Thursday, for any reason authorized by Rules 301 and 302; ()~~

~~**c.** Between the hours of 8 a.m. and 5 p.m. on Friday for illegal use of service pursuant to Rule 302.03 or if the premises are unoccupied and service has been abandoned; or ()~~

~~**d.** Between the hours of 5 p.m. and 9 p.m., Monday through Thursday, if the telephone company is unable to gain access to its equipment during the normal business hours or for illegal use of service pursuant to Rule 302.03. ()~~

Frontier Communications of Idaho Position and Proposed Language:

Restrictions on termination of Service: would allow termination to occur any time if premises are unoccupied and service has been abandoned, or for illegal use of service. Frontier recommends moving from subparagraph c and d to subparagraph a as follows:

a. At any time when there is a dangerous condition pursuant to Rule 302.01, or if the premises is unoccupied and service has been abandoned, or for illegal use of service pursuant to Rule 302.03, or the telephone company is ordered to do so pursuant to Rule 302.02; ()

Commission Proposed Language:

5040. QUALITY OF SERVICE (RULE 5040).

01. Service Standards. Each telephone company providing local exchange service pursuant to Title 61 or Title 62, Idaho Code, as applicable, and each eligible telecommunications carrier (ETC) is required to employ prudent management and engineering practices to ensure that customers receive the best quality of service practicable. Each telephone company is required to adopt and pursue a maintenance program aimed at achieving efficient operation of its systems to render safe, adequate and uninterrupted service. These programs must include guidelines for keeping all plant and equipment in good repair, including the following: (7-1-93)()

5032. REPAIR SERVICE STANDARDS (RULE 5032).

01. Restoration of Service. When a telephone company providing local exchange service pursuant to Title 61, Idaho Code, is informed by a customer of a service outage as described in Subsection 5040.02, the telephone company must: (7-1-99)()

b. Restore service within twenty-four (24) hours after the report of the outage if no emergency exists, except that outages reported between noon on Saturday and 6 p.m. on the following Sunday must be restored within forty-eight (48) hours or by 6 p.m. on the following Monday, whichever is sooner. If the telephone company does not restore service within the times required by this subsection the telephone company must credit the customer's account for an amount equal to the monthly rate for one (1) month of local exchange service. (7-1-93)

Qwest Position:

The current version of the rule is appropriately limited to services offered by companies regulated under Title 61, Idaho Code, i.e., to those companies who are fully regulated by the Idaho Commission. Although competitive local exchange carriers have been legally permitted to operate in Idaho since the passage of the Federal Telecommunications Act of 1996, this rule, by its terms has not applied to them or to companies, such as Qwest, who elected to remove their basic local exchange services from Title 61 regulation. Now, without justification or any demonstration of inadequate service, the Commission proposes extending this rule to companies who have operated successfully without it for many years.

There is no basis for applying these two rules to Title 62 telephone companies. Few areas provide such ripe opportunities for competitive differentiation than service quality--particularly in customer-impacting areas like service restoration. Market demands, not government regulation, drive these aspects of service quality. These rules may have been appropriate for fully-regulated companies, but there is no reason to retain them for telephone companies when cable, wireless, VoIP, etc., do not have such regulations. Service quality is a significant means by which customers choose between competing providers. Accordingly, remedies for poor service should be a business decision of telephone companies in response to market demands.

Qwest Proposed Language:

Delete language applying these two rules to Title 62 companies.

Commission Proposed Language:

604. PUBLIC NOTICE (RULE 604).

Telephone companies must give “public notice” of all proposed changes in rates as required by Section 62-606, Idaho Code. Public notice must be reasonably designed to call affected customers’ attention to the proposed changes in rates. Legal advertisements alone will not be considered adequate public notice. Individual notice to all customers affected will always constitute public notice. Notices must be provided to individual customers at least thirty (30) days before change is effective. ()

Qwest Position:

This language tracts the provisions of § 62-606, Idaho Code, except for the obvious exception of the last sentence, which deviates from the language of the Legislature. The Rule

goes beyond the requirement of the statute and requires that telephone companies provide 20 additional days (making a total of 30 days) advance notice to customers of changes to “tariffs and price lists.”

The statute calls for advance notice of “not less than 10 days” to customers. This law has been in effect since 1988 and, to the best of the Company’s information, has created no problems for customers. While it is understandable that the Commission and Staff believe this change would be nice for customers, it potentially creates havoc for companies who wish to give actual notice to customers by placing the information in their bills. Although it is often the case that customers receive their bills a full 30 days in advance of the next billing cycle, vagaries of the postal system, holidays, or even natural disasters can mean that 30 days become 29 or 28 days after the bills are sent. Moreover billing changes that need to go into effect on a particular date, e.g., surcharges, can easily be noticed in the preceding bill if the customer is to be given at least ten days notice, but would require Qwest to give notice two full billing cycles in advance to achieve a full 30 days for every customer. Such added expense and administrative difficulty is not justified, particularly where the Legislature has already determined the 10-day interval for notice meets its intent for balancing the needs of customers and the companies that serve them.

Qwest Proposed Language:

Qwest proposes that “thirty (30) days” be changed to “ten (10) days.”

Frontier Communications of Idaho Proposed Language:

604. PUBLIC NOTICE (RULE 604).

Telephone companies must give “public notice” of all proposed changes in rates as required by Section 62-606, Idaho Code. Public notice must be reasonably designed to call affected customers’ attention to the proposed changes in rates. Legal advertisements alone will not be considered adequate public notice. Individual notice to all customers affected will always constitute public notice. Notices of rate increases must be provided to individual customers at least thirty (30) days before change is effective. ()

Commission Proposed Language:

605. TELEPHONE SOLICITATIONS (RULE 605).

Each telephone company providing local exchange service must summarize the provisions of Sections 48-1001 et seq., Idaho Code, in an annual insert in a billing statement mailed to customers or by conspicuous publication in the consumer pages of the local telephone directory. Local exchange companies may meet the requirements of this notice by publishing the following explanation or one (1) substantially similar: ()

**IMPORTANT NOTICE CONCERNING PURCHASE
OF GOODS AND SERVICES BY TELEPHONE**

You have important rights under the Idaho Telephone Solicitation Act. Under this Act it is illegal for persons attempting to sell you goods or services by telephone (telephone solicitors):

- * To intimidate or harass you in connection with the attempted sale.
- * To refuse to hang up and free your telephone line immediately once you request them to do so.
- * To misstate the price, quality, or availability of goods or services, or to fail to reveal all material terms relating to the sale of goods or services.
- * To advertise, represent or imply that they have the endorsement of any government office or agency when they do not.
- * To advertise, represent or imply that they have a valid registration number with the Attorney General when they do not.
- * To use any unfair method of competition or unfair or deceptive practice.

Any person not yet eighteen (18) years old who purchases goods or services pursuant to a telephone solicitation may cancel the purchase within a reasonable time after the purchase is made. No parent or legal guardian having custody of a person not yet eighteen (18) years old is liable for the purchase of goods or services by a person not yet eighteen (18) years old pursuant to telephone solicitation.

When you agree to purchase goods or services over the telephone, you may have a right to reconsider and cancel your agreement for three (3) business days after receiving a written confirmation of the sale.

A person whose rights are violated by telephone solicitors may have the right to declare a contract of purchase null and void or invoke other remedies under the Idaho Consumer Protection Act.

If you believe that a telephone solicitor has done any unlawful acts, you may contact the Attorney General's Office for assistance and information at: 1 (800) 432-3545 (toll-free) or 334-2424 (Boise area).

()

Qwest Position:

This Rule effectively burdens telephone corporations with the responsibility for educating customers on consumer issues that are of general interest but that do not directly apply to the goods and services provided by the telephone company. Telecommunications services are

simply the medium that some law-breakers choose to employ to prey on consumers. There are obviously a variety of other media that provide similar opportunities to those that wish to take advantage of the unsuspecting. There is no valid reason to impose these costs and obligations on telephone companies when cable, wireless, and Internet-based competitors do not have such burdens.

The cost of educating consumers on this topic should not be borne by Title 62 telephone companies. If the Commission believes such education is required, it could enhance its website by posting educational material of the type mandated here. Qwest (and likely other telephone companies) would be willing to offer links to the Commission's website for this and similar purposes. Alternatively, telephone companies could place this information directly on their public web sites, rather than providing annual bill inserts.

Qwest Proposed Language:

Delete this section or, alternatively, post the material on the Commission's website and invite telephone companies to offer links to it on their public websites.

Note: This notice requirement is currently in the Rules because *Idaho Code* § 48-1009 requires providers of basic local exchange service "to inform customers of the provisions of this chapter." Section 48-1009(2) also requires the Commission to "by rule prescribe the form of such notice."



Weldon B. Stutzman
Deputy Attorney General

bls/M:31-4101-0901_Decision Memo_ws2