STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 2002-729

February 20, 2003

VERIZON - MAINE, Request for Waiver of Rules Pertaining to Payment Arrangements for Unpaid Basic Service Account Balances

ORDER

WELCH, Chairman; NUGENT and DIAMOND, Commissioners

I. SUMMARY

In this Order, we grant Verizon's request for a waiver with the condition that it offer customers who do not honor a combined payment arrangement[1] and who do not pay enough to cover past due basic service charges a *basic-service only* payment arrangement.

II. BACKGROUND

On November 25, 2002, Verizon - Maine (Verizon) filed a request for a waiver of § 13(D) of Chapter 290 of the Commission's rules. Section 13(D) requires Eligible Telecommunications Carriers (ETCs)[2] to separate payment arrangements for basic service from payment arrangements for non-basic service. Verizon claims its billing system is incapable of complying with § 13(D), and without the waiver, it will be unable to offer payment arrangements on non-basic service charges. Verizon also claims that with the payment allocation process of its billing system and the protections offered customers by its billing process, customers access to and ability to retain basic service will not be adversely impacted with the waiver.

III. STANDARD FOR GRANTING A WAIVER

The Commission may grant a utility's request for a waiver of any requirement of Chapter 290 for good cause shown, provided that the requirement for which the exemption is sought is not required by statute. Further, the waiver may not be inconsistent with the purposes of Chapter 290 or Title 35-A.

IV. VERIZON'S REQUEST

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[1] A "combined payment arrangement" is a payment arrangement that includes both basic and non-basic charges.

[2] "Eligible Telecommunications Carrier" is a basic service provider designated by the Commission as an eligible telecommunications carrier for purposes of section 254 of the Telecommunications Act of 1996, 47 U.S.C., § 151 *et.seq.*

Chapter 290, §13(D) states that "any agreement permitting installment payments on an account balance for non-basic service must be separate from a payment arrangement for basic service." According to Verizon, its billing system cannot administer two separate payment arrangements simultaneously for the same customer. This limitation, combined with the system's allocation of any partial payments to basic service charges first,[3] renders the system incapable of administering two payment arrangements simultaneously for the same customer and necessitates a waiver of §13(D). Verizon further claims that without a waiver of §13(D), it must eliminate customers' present option of including overdue non-basic charges in payment arrangements.

According to Verizon, its billing system employs a database it refers to as "CASH" that records all charges generated by Verizon billing systems, recognizes when such billed charges are due, reflects payments made, compares billed charges to payments, and determines any resulting balance in the customer's account that may warrant collection. To comply with §12(I) of Chapter 290, the CASH system applies customer payments to account balances in the following priority: past due basic charges, current basic charges, past due non-basic charges, and finally current non-basic charges. Verizon claims that this allocation process "[g]ives effect to the requirement in the Commission's rules that customers who make only partial payment should not be disconnected from basic telephone service provided that they remain current with basic charges." This same allocation process, however, prevents the CASH system from simultaneously administering more than one payment arrangement for the same customer.

Verizon also claims that this allocation process, combined with its collection procedures, embodies fully the intent of section 13 to separate the provision of, payment for, and disconnection of basic service from non-basic services, and ensures that customers are not disconnected from basic services provided they have made arrangement to address their overdue account balance. This is so because:

1) Customers will be advised in writing on the bill, and a second time in the initial disconnection notice, that they need only to pay the past due basic charges to prevent disconnection of their basic telephone service.

2) Customers who contact the Verizon Collections Center (or are affirmatively contacted by the center) are advised again that their basic service will not be interrupted as long as they arrange for payment of past due basic charges.

3) CASH posts all payments received first to past due basic charges, until all basic charges are satisfied. No payments are posted to non-basic service until both past due and current basic charges have been satisfied in full.

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[3] Chapter 290, §12(I) requires partial payments to first be allocated to basic service, with any remaining amounts being allocated to non-basic services.

4) Verizon will not proceed with basic service disconnection if any installment payments, in whole or in part, have resulted in satisfaction of the past due basic account balance. A customer with a payment arrangement who breaks his payment agreement after only partial completion of installment payments may have covered his/her (sic) past due basic account balance with the very first installment payment, because CASH applies all payments to the past due basic account balances. Moreover, even if any installment payments made prior to default are insufficient to pay off the past due basic account balance in full, every penny the customer has paid on installment is credited to the past due basic account and the customer will still get, as a result of a 3-day Disconnect Notice required by Commission Rule, another opportunity to avoid disconnection of basic service by paying the past due basic account balance (as reduced by all installment payments made to date).

5) Any customer whose basic service is disconnected, despite all the collections safeguards described above, still retains the ability afforded by Section 16(B) of the Rule to reconnect basic service on payment of past due basic charges only (as reduced by any and all installment payment made on the total account balance prior to disconnection).[4]

Finally, Verizon claims a waiver of §13(D) is appropriate because its billing process and payment allocation system fully address and protect customers interests in retaining their basic service.

V. DISCUSSION

We grant the waiver requested by Verizon with the following condition: Verizon must offer customers who do not honor a combined payment arrangement and who do not pay enough to cover past due basic service charges a basic-service only payment arrangement.

We attach this condition because we are concerned that some customers who elect to establish a combined payment arrangement could lose their basic service after paying an amount that did not satisfy the terms of a combined payment arrangement or equal the full amount owed for basic service, but that would have satisfied the terms of a “basic services only” payment arrangement had such an arrangement originally been negotiated. The condition we impose on our waiver will ensure that customers who cannot afford a combined payment arrangement (but who are in a position to complete the payments

[4] While it is true that customers may be reconnected to basic service with the payment of past due basic charges, it is the intent of Chapter 290 to prevent the disconnection of customers’ basic service in the first place by separating basic service from the typically higher cost non-basic services. Disconnection followed by reconnection also makes basic service ultimately less affordable because a customer who has been disconnected for non-payment will most likely be forced to pay a deposit to have basic service reconnected.

needed to pay overdue basic service charges) do not lose their basic service and instead are offered an affordable, basic service only payment arrangement. Verizon must ensure that these customers are made aware of this right, both verbally in any discussions it may have with these customers and in writing in its disconnection notices. Verizon must make it clear to customers that they are not required to pay a past due amount that includes non-basic charges to retain their basic service and that they have the option of accepting a basic service only payment arrangement. Verizon must provide the Commission with a copy of disconnection notices developed pursuant to this Order for our review and approval.[5]

VI. ORDER

For the reasons described above, we find that there is "good cause" for the waiver of Chapter 290, §13(D) requested by Verizon with the condition set forth in the preceding discussion.

Accordingly, it is

O R D E R E D

Dated at Augusta, Maine, this 20th day of February, 2003.

BY ORDER OF THE COMMISSION

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Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR: Welch
Nugent
Diamond

[5] We are also concerned about the possibility that, notwithstanding Verizon's efforts to avoid this, some customers may be under the misimpression, either at the time they select a payment arrangement or while attempting to comply with a combined payment arrangement, that they must pay all the charges outstanding to avoid losing basic service.