

DT 01-008

VERIZON NEW HAMPSHIRE

**Tariff Filing to Introduce Charges for Busy Line Verification
and Busy Line Interrupt Services**

**Order Approving Tariff with Modifications to Rates
and Imposition of Customer Notification Requirements**

O R D E R N O. 23,638

February 20, 2001

On January 19, 2001, Verizon New Hampshire (Verizon) submitted a tariff filing to introduce charges for Busy Line Verification and Busy Line Interrupt services. These services have, until now, been offered by Verizon in New Hampshire at no charge to customers who wish to check the status of a called busy number or to interrupt the call.

According to Verizon, this tariff filing has a positive minimal effect on revenues to Operator Services and seeks to recover costs from those who cause the cost of the operator's work time. Verizon further asserts in its filing that the rate level for this offering reflects market-based pricing.

Busy Line Verification (BLV) and Busy Line Interrupt Service (BLI) is designed to allow customers to request line status verification or interruption of a specific exchange access line within the state for a flat fee. BLV is proposed at a rate of \$2.50 per request; the proposed rate for BLI is

listed at \$5.00 per request. If the customer requests to interrupt the call after the verification, the \$5.00 rate applies. The customer will have the option of billing to a third number or to a calling card. Both requests require a Verizon Operator.

Verizon further indicates in its rationale that the proposed rate structure will generate additional revenue to offset current Operator Assistance costs for Verizon and states that precedent for charging for the service has been set in other states, such as Vermont, Massachusetts, and Rhode Island. Maine recently approved an equivalent tariff filing with rates set at the same levels as proposed in this docket. The rates in the other states, however, are significantly lower.

Verizon, in its filing, developed estimates, based on the call volumes present in several other states where charges are now imposed for this service, of the revenue impact of the proposed tariff changes and provided unbundled network element (UNE) Cost Study-based development of the appropriate price floors for the service elements. The estimated price floors for the service elements were well below the proposed rates.

COMMISSION ANALYSIS

Verizon bases its claim for the need to charge for this previously free service on the fact that a competitor, Sprint, charges for these same services and the company notes in its filing that it is proposing to charge for the service at rates that are less than those charged by Sprint. Sprint charges a corresponding rate of \$6.50 for either of its equivalent services and charges \$13.00 if the customer chooses both verification and interrupt in tandem.

However, Staff research indicates that the "market based" rate comparison provided by Verizon in support of its filing failed to indicate the full range of prices charged by various carriers for these services, as demonstrated in the table presented below (based on carrier tariffs on file here at the Commission):

Company	BLV / request (\$)	BLI / request (\$)
Sprint	6.50	6.50
Lightship Telecom, L.L.C.	3.55	4.55
Verizon (proposed)	2.50	5.00
CCNH, Inc. d/b/a/ Total Connect!	2.20	5.50
Lightship Telecom, L.L.C.	3.55	4.55
Conversent Communications of NH, LLC	2.00	3.00
Choice One of New Hampshire Inc.	1.05	2.10

MediaOne Telecommunications of NH, Inc.	1.05	1.05
FairPoint Communications Solutions Corp.	1.00	2.00

Staff research further indicated that the rates in other states are set well below the rates proposed in the instant filing. In Massachusetts, for instance, the corresponding rate for BLV/BLI is \$1.05/\$2.10; in Rhode Island, it is \$2.10/\$3.15; and, in Vermont, rates are set at \$2.15/3.25.

The intention of setting a rate for this previously free service is based on two essential points. The first justification is that establishing a cost to use the service will discourage potential abuse of the service by customers who treat the service as cost-free when, in fact, there may be legitimate costs associated with the service. The second reason is that the charge will place the burden of recovering the actual cost of handling the service on the cost-causer. At the same time, however, setting a rate that over-recovers the actual cost of the service may discourage the legitimate use of the service, and, in any case, lacks the proper cost justification.

While we find, based on principles of cost-causation, that it is appropriate to assign a cost to the

customer for the service, we also find that the proposed rates appear to exceed the cost of providing the service and are not just and reasonable. This finding is based on the rates charged by Verizon in other New England states, where the proposed rates stand in relation to the UNE price floor, and where the proposed rates are in relation to other carriers. We therefore conclude that the rate should be set at or near the UNE price floor as established in the proprietary cost study materials accompanying this filing. Establishing a rate at this level serves to ensure that legitimate use of the service is not discouraged but, at the same time, allows the company to recover its costs directly from those who benefit from the service.

Further, we find that, because this service was previously offered at no additional charge to the customer, adequate customer notification of imposition of the new charges is essential. We therefore establish in this order two separate mechanisms to assure that outcome. The first mechanism requires the Verizon operator to inform the customer of the charges to be imposed, since the customer will be dealing directly with a live operator for this service. The customer may then choose whether or not they wish to incur the associated costs in order to receive one or both of these

services from Verizon. The second mechanism requires Verizon to include in its billing package for the next two billing cycles an informational insert notifying customers of the changes affecting these services.

Based upon the foregoing, it is hereby

ORDERED, that Verizon modify this tariff to provide for Busy Line Verification service at a rate of \$1.85 and Busy Line Interrupt service at a rate of \$2.40; and it is

FURTHER ORDERED, that Verizon operators provide customers with notification, before the charges are imposed, of the rates that will be charged for the service, and that the customer be given the opportunity to then choose whether or not they wish to obtain the service; and it is

FURTHER ORDERED, that Verizon provide a billing insert for the two billing cycles following the adoption of this order, which details Verizon's changes in the provisioning of these services, including notice of the applicable rates.

By order of the Public Utilities Commission of New
Hampshire this twentieth day of February, 2001.

Douglas L. Patch
Chairman

Susan S. Geiger
Commissioner

Nancy Brockway
Commissioner

Attested by:

Thomas B. Getz
Executive Director and Secretary