

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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October 20, 2014

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120

RE: Joint Petition of Verizon Pennsylvania LLC and Verizon  
North LLC for Competitive Classification of all Retail  
Services in Certain Geographic Areas, and for a Waiver of  
Regulations for Competitive Services  
Docket No. P-2014-2446303; P-2014-2446304

Dear Secretary Chiavetta:

Enclosed please find the Office of Consumer Advocate's Prehearing Memorandum in the  
above-referenced proceeding.

Copies have been served as indicated on the enclosed Certificate of Service.

Respectfully submitted,

A handwritten signature in cursive script that reads "Barrett C. Sheridan".

Barrett C. Sheridan  
Assistant Consumer Advocate  
PA Attorney I.D. # 61138

Enclosures

cc: Honorable Joel H. Cheskis  
Certificate of Service

193756

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Joint Petition of Verizon Pennsylvania LLC and	:	
Verizon North LLC for Competitive Classification	:	Docket Nos. P-2014-2446303,
of all Retail Services in Certain Geographic Areas,	:	P-2014-2446304
and for Waiver of Regulations for Competitive	:	
Services	:	

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PREHEARING MEMORANDUM  
OF THE  
OFFICE OF CONSUMER ADVOCATE

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Pursuant to Section 333 of the Public Utility Code, 66 Pa. C.S. § 333 and the Prehearing Conference Order issued by Administrative Law Judge Joel H. Cheskis on October 9, 2014, the Office of Consumer Advocate (OCA) provides the following:

I. BACKGROUND

On October 6, 2014, Verizon Pennsylvania LLC and Verizon North LLC (collectively Verizon or “the Companies”) filed with the Pennsylvania Public Utility Commission (Commission) a Joint Petition pursuant to Section 3016(a) of the Public Utility Code requesting a determination by the Commission that all protected or noncompetitive retail services offered by Verizon within their Philadelphia, Erie, Scranton-Wilkes Barre, Harrisburg, Pittsburgh, Allentown and York service regions may be reclassified as competitive. The Joint Petition also requests waivers of Commission regulations for such competitive services in the specific geographic areas. Verizon also filed a proposed Protective Order on October 6, 2014.

The Commission published notice of the Verizon Joint Petition in the Pennsylvania Bulletin, 44 Pa.B. 6643, on October 11, 2014. The Commission established a ten day period for the filing of formal Protests. On October 6, 2014, the Commission assigned the Verizon filing to the Office of Administrative Law Judge for an expedited process resulting in a certification of the record to the full Commission after the submission of Main and Reply Briefs. Pursuant to the Prehearing Order, the briefing schedule must conclude with the submission of Reply Briefs on or before January 16, 2015.

The OCA filed and served its formal Protest on October 17, 2014.

The OCA now files this Prehearing Memorandum to set forth the issues and procedure that are relevant to this proceeding.

## II. ISSUES

Based upon a preliminary analysis of the Joint Petition, the OCA has compiled a list of issues that it anticipates will be included in its investigation of Verizon's request for reclassification of its retail, protected and non-competitive residential and small business local calling services as competitive, as well as Verizon's request for waiver of regulations. It is anticipated that other issues will arise and may be pursued as discovery proceeds.

The OCA has identified several issues that require further review as follows:

Competitive Test: The OCA will examine the appropriate competitive test to apply to determine whether the requirements of Section 3016(a) have been met, including the determination of the availability of like or substitute services or other business activities by alternative providers and the impact on universal telecommunications service.

Level of Competition: Based on the competitive test, the OCA will examine the level of competition and the availability of like or substitute services or other business activities by alternative providers within each exchange that Verizon seeks to have classified as competitive. The OCA will also examine issues related to market share, market power, the proper definition of the market, and competitive price level when determining whether the exchanges can be classified as competitive.

Lifeline: The OCA will examine the impact of Verizon's request on universal service and on Verizon PA's and Verizon North's obligations as eligible telecommunications carriers. The OCA will also examine the impact on the affordability of service for Lifeline customers and other low income customers.

Chapter 63 Waiver Request: The OCA will examine Verizon's request for waiver of Chapter 63 regulations, whether it is appropriate for consideration in this proceeding and whether such request is justified. The OCA will also examine how quality of service standards will be maintained.

Chapter 64 Waiver Request: The OCA will thoroughly examine Verizon's request for a waiver of Chapter 64, whether it is appropriate for consideration in this proceeding, and whether such request is necessary and justified. The OCA will also examine how quality of service and quality of billing practices will be maintained.

Compliance with Verizon PA's and Verizon North's Chapter 30 Plans: The OCA will examine whether any changes are necessary to the Chapter 30 Plans or the presentation of Price Change Opportunity filings if the Commission should grant some or all of the Joint Petition.

Tariff Changes: The OCA will examine whether tariff changes are necessary if the Commission should grant some or all of the Joint Petition.

Consumer notice and education: The OCA will examine whether additional consumer education and notice are necessary given this significant change in the regulation of the telecommunications service if some or all of the Joint Petition is granted. If granted, a full consumer education plan will need to be developed and deployed.

The OCA reserves the right to raise or pursue other issues as the case proceeds.

### III. WITNESSES

The OCA intends to present the Direct, Rebuttal and Surrebuttal testimony, as may be necessary, of Dr. Robert Loube regarding the issues identified above. Dr. Loube will present testimony in written form and will also attach various exhibits, documents, and explanatory information, which will assist in the presentation of the OCA's case. His contact information is as follows:

Dr. Robert Loube  
RolkaLoube  
10601 Cavalier Drive  
Silver Spring, MD 20901

(301) 681-0338 (office)  
(301) 681-0339 (fax)  
bobloube@earthlink.net

The OCA specifically reserves the right to call additional witnesses and to expand the issues addressed in testimony, as necessary. If the OCA determines that an additional witness is necessary for any portion of its case, it will notify all parties of record immediately.

#### IV. DISCOVERY

Pursuant to Section 3016(a), Verizon's request for competitive classification of certain local calling services is to be reviewed and resolved by the Commission, after notice and hearing, upon an expedited schedule within 150 days of Verizon's October 6, 2014 filing. Because the time period for discovery and preparation of testimony is limited, the OCA supports a shortened discovery response time in this proceeding. The OCA, therefore, requests the following modifications to the discovery regulations:

- A. Answers to written interrogatories be served in-hand within ten (10) calendar days of service of the interrogatories.
- B. Objections to interrogatories be communicated orally within three (3) days of service; unresolved objections be served to the ALJ in writing within five (5) days of service of interrogatories.
- C. Motions to dismiss objections and/or direct the answering of interrogatories be filed within three (3) days of service of written objections.
- D. Answers to motions to dismiss objections and/or direct the answering of interrogatories be filed within three (3) days of service of such motions.
- E. Responses to requests for document production, entry for inspection, or other purposes be served in-hand within ten (10) calendar days.
- F. Requests for admission be deemed admitted unless answered within ten (10) days or objected to within five (5) days of service.

To date, the OCA has served Verizon with one set of interrogatories. The OCA is evaluating the information provided by Verizon thus far in reply.

#### V. SERVICE ON THE OCA

The OCA will be represented in this proceeding by Senior Assistant Consumer Advocate Aron Beatty and Assistant Consumer Advocates Barrett Sheridan and Hobart Webster. Two copies of all documents should be served on the OCA as follows:

Barrett Sheridan  
Assistant Consumer Advocate  
Office of Consumer Advocate  
5<sup>th</sup> Floor, Forum Place  
555 Walnut Street  
Harrisburg, Pa. 17101-1923  
Telephone: 717-783-5048  
Fax: 717-783-7152  
E-mail: [bsheridan@paoca.org](mailto:bsheridan@paoca.org)

As a courtesy, the OCA requests that all electronic correspondence be additionally copied to Aron Beatty ([ABeatty@paoca.org](mailto:ABeatty@paoca.org)), Hobart Webster ([HWebster@paoca.org](mailto:HWebster@paoca.org)), and Cammie A. Shoen ([CShoen@paoca.org](mailto:CShoen@paoca.org)).

#### VI. PROPOSED SCHEDULE

The OCA will work with the Parties to develop a mutually agreeable schedule. The OCA's Proposed Schedule is as attached as Appendix A.

Given the accelerated nature of this proceeding, pursuant to Section 3016(a), the OCA requests that the Presiding Officer authorize that hearing transcripts be produced on an expedited, one day turnaround.

#### VII. PUBLIC INPUT HEARINGS

At present, the OCA has not received a request for a public input hearing. The OCA will promptly notify ALJ Cheskis and request a public input hearing should circumstances warrant.

VIII. SETTLEMENT

The OCA will participate in settlement negotiations, should there be interest and grounds for discussion.

Respectfully Submitted,



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DATE: October 20, 2014  
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BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Joint Petition of Verizon Pennsylvania LLC and :  
 Verizon North LLC for Competitive Classification : Docket Nos. P-2014-2446303,  
 of all Retail Services in Certain Geographic Areas, : P-2014-2446304  
 and for Waiver of Regulations for Competitive :  
 Services :

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OFFICE OF CONSUMER ADVOCATE  
PROPOSED LITIGATION SCHEDULE

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October 6, 2014	Verizon Direct Testimony
November 14, 2014	Other Parties' Direct
December 5, 2014	Verizon Rebuttal
December 16, 2015	Other Parties' Surrebuttal
December 17, 2015	Written Rejoinder Outline (served by e-mail before 4:00 p.m.)
December 18-19, 2015	Hearings in Harrisburg
January 6, 2015	Main Briefs
January 16, 2015	Reply Briefs

CERTIFICATE OF SERVICE

Joint Petition of Verizon Pennsylvania LLC :  
And Verizon North LLC for Competitive : Docket Nos. P-2014-2446303  
Classification of all Retail Services in Certain : P-2014-2446304  
Geographic Areas, and for a Waiver of :  
Regulations for Competitive Services :

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

Dated this 20th day of October 2014.

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Community Legal Services of Philadelphia  
1424 Chestnut Street  
Philadelphia, PA 19102

Shared Communications Services  
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Full Service Network  
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