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January 16, 2015

Via Electronic Filing

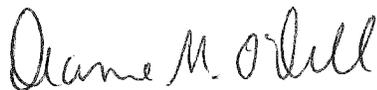
Rosemary Chiavetta, Secretary
PA Public Utility Commission
PO Box 3265
Harrisburg, PA 17105-3265

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 Nos. P-2014-2446303 and P-2014-2446304

Dear Rosemary Chiavetta:

Enclosed for electronic filing please find Full Service Network's Reply Brief with regard to the above-referenced matter. Copies to be served in accordance with the attached Certificate of Service.

Sincerely,



Deanne M. O'Dell

DMO/lww
Enclosure

cc: Hon. Joel H. Cheskis w/enc.
Cheryl Walker Davis w/enc.
Certificate of Service w/enc.
RA-OSA@pa.gov

CERTIFICATE OF SERVICE

I hereby certify that this day I served a copy of Full Service Network's Reply Brief upon the persons listed below in the manner indicated in accordance with the requirements of 52 Pa. Code Section 1.54.

Via Email and/or First Class Mail

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Deanne M. O'Dell, Esq.

Date: January 16, 2015

**BEFORE THE
PENNSYLVANIA PUBLIC COMMISSION**

Verizon North LLC and Verizon : Docket No. P-2014-2446303
Pennsylvania LLC Petition for : Docket No. P-2014-2446304
Reclassification :

**REPLY BRIEF OF
FULL SERVICE NETWORK, LP**

To ensure the continued ability of wholesale customers, like Full Service Network, L.P. (“FSN”), to offer competitive landline service on a resale basis to retail customers, FSN recommends that if the Commissions approve any or all of the petition of Verizon Pennsylvania, LLC and Verizon North, LLC (collectively, “Verizon”) to reclassify basic standalone local calling for residential and business customers from protected to competitive, that it do so conditioned on the following terms:

1. Any waivers granted to Verizon also be applicable to FSN;
2. Verizon must provide wholesale customers 30 days advance notice of any changes to its retail products reclassified as competitive;
3. If Verizon chooses to detariff the newly classified services, then it must continue to file notice of any subsequent changes to the Price List and Product Guide with the Commission; and,
4. The Commission should reaffirm Verizon’s obligation to make all reclassified retail services available at the currently applicable Pennsylvania wholesale discount rate.

Significantly, in its Main Brief, Verizon agrees to FSN’s proposed term number three stating that: “If Verizon chooses to detariff the services that are the subject of this petition, Verizon will abide by the process required by the Commission’s previous detariffing order.”¹ This is an important concession given Verizon’s appellate challenge to that prior order and FSN urges the Commission to ensure that it is included in an ordering paragraph of any approval order to ensure that there is no question about Verizon’s obligation in this regard.

¹ Verizon Main Brief (“MB”) at 35 (referencing *Pennsylvania Public Utility Commission v. Verizon Pennsylvania, Inc.*, Docket No. R-2011-2244373, Final Order entered November 14, 2011, 2011 Pa. PUC LEXIS 440, appeal denied at *Verizon Pennsylvania Inc. and Verizon North LLC v. Pennsylvania Public Utility Commission*, 1353 CD 2011, unpublished opinion entered August 18, 2012.)

However, as explained more fully in FSN's Main Brief (which is incorporated herein by reference), that one condition alone is insufficient to address the concerns FSN raised about its long-term ability to offer services for resale to retail customers. Importantly, Verizon is seeking to reclassify a significant number of currently protected services in a significant number of wire centers. Thus, while the Commission may have deemed the current process regarding the use of a price list for competitive services sufficient in 2011, any approval of Verizon's petition here will greatly expand the scope of Verizon's ability to assess FSN (and other resellers) greater costs and/or push them out of the resale market through cost increases unaccompanied by any real advance notice.² Moreover, the record is clear that Verizon provides 30 days' advance notice directly to its retail customers (but not its wholesale customers) regardless of whether a price increase is related to a protected or competitive service.³ In addition, there is no dispute that Verizon provides FSN direct notices regarding a number of other wholesale issues and sends FSN electronic bills for the cost of purchased wholesale services but does not provide FSN any advance direct notice of price changes to either protected or competitive services.⁴

Given Verizon's proposed expansion of services deemed competitive, the fact that Verizon always directly provides its retail customers 30 days' advance notice of changes and that Verizon provides wholesale customers other types of direct notice, ordering Verizon to directly provide wholesale customers 30 days' advance notice is reasonable, fair and feasible. Most importantly, though, doing so is necessary to ensure that wholesale customers, like FSN, are able to continue to provide resold products to retail customers. As the undisputed record makes clear, there is a reasonable number of residential customers who desire a competitive landline alternative to Verizon's landline service and, oftentimes, FSN can offer these resold products to retail customers for less cost or

² FSN MB at 8-11.

³ *Id.* at 6.

⁴ FSN St. No. 1 at 8.

with additional products and services beyond the Verizon equivalent offering.⁵ Thus, the public interest is served by taking reasonable steps in this proceeding to foster the long-term availability of resold services.

Finally, while Verizon agrees that any waiver of regulations should also apply to FSN, Verizon does not believe that granting such equal relief should be a precondition to granting Verizon's petition.⁶ If, however, any approved waivers are not extended to the rest of the telecommunications industry at the same time, then additional costs would be imposed on those competitors to seek their own waivers in subsequent proceedings. This would be a waste of resources and would provide Verizon with a competitive advantage during the time it received the benefit of the waivers while its competitors are forced to expend time and resources to achieve equal regulatory status. Such an outcome is not in the public interest and must be rejected.⁷ Therefore, the only fair way to proceed if the Commission grants any of Verizon's waiver requests would be to ensure that any regulatory relief granted to Verizon is equally extended to the rest of the telecommunications industry at the same time.

For all these reasons as well as those set forth more fully in its Main Brief, FSN recommends that if the Commission approves any or all of Verizon's petition that it do so conditioned on the reasonable terms offered by FSN in this proceeding.



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Date: January 16, 2015

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⁵ *Id.* at 6-7.
⁶ Verizon MB at 35.
⁷ FSN MB at 13-14.