

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Review of tariff filing (T-080639) by Verizon Florida LLC to establish bill credit trial. | DOCKET NO. 080652-TL
ORDER NO. PSC-08-0795-PAA-TL
ISSUED: December 3, 2008

The following Commissioners participated in the disposition of this matter:

MATTHEW M. CARTER II, Chairman
LISA POLAK EDGAR
KATRINA J. McMURRIAN
NANCY ARGENZIANO
NATHAN A. SKOP

NOTICE OF PROPOSED AGENCY ACTION
ORDER APPROVING TARIFF T-080639

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

I. Case Background

On September 12, 2008, Verizon Florida LLC (Verizon or the Company) filed a tariff (T-080639) to offer a six-month trial wherein a portion of the residential customers who experience three or more "no dial tone" (NDT) conditions, or two or more repair issues within 30 days of a new, change, or move order would receive a bill credit of \$20.00. The trial period is September 15, 2008 through March 12, 2009.

This bill credit trial is similar to the one approved in Docket No. 080230-TL, Order No. PSC-08-0342-PAA-TL, issued May 28, 2008. This trial differs from the earlier one in that:

- the new bill credit is \$20.00, whereas the previous bill credit was \$25.00;
- customers now may qualify based on three or more NDT conditions, as well as the previous two or more repair issues criterion;
- the percentage of qualifying customers receiving the bill credit is now 30% as compared to 50% under the previous trial; and
- the new trial is available only to non-FiOS subscribers.

DOCUMENT NUMBER-DATE

11132 DEC-3 8

FPSC-COMMISSION CLERK

Both trials were designed to test the same retention marketing strategy, albeit the particulars differ somewhat. Pursuant to Section 364.057(1), Florida Statutes, we are authorized to approve rates on an experimental or transitional basis to test marketing strategies.

These bill credit trials share some similarities with Verizon's Service Performance Guarantee (SPG), which is described in a different section of the same tariff, although the trials are incremental to this existing program and differ in some important respects. Under Verizon's SPG, if a residential customer's requested installation or repair of Company-owned facilities is not completed as agreed, the customer may request a \$25.00 credit. A comparison of Verizon's existing SPG to the trials reveals the latter relates to recent order activity and provides a company-initiated bill credit, rather than a credit upon customer request. Verizon's existing SPG program was not established by petition to this Commission under Rule 25-4.085 – Service Guarantee Program, Florida Administrative Code. In this instance, as with its existing SPG program, the Company is not seeking relief from our service standards.

II. Analysis

As discussed in the Case Background, Verizon's tariff filing offers a six-month trial providing bill credits to a portion of the residential customers meeting the tariff criteria. Marketing experiments often utilize a test group and a control group to gauge the effectiveness of an initiative being considered for general application.

Section 364.057(1), Florida Statutes, authorizes us to approve rates on an experimental or transitional basis to test marketing strategies:

The commission is authorized to approve rates it determines to be in the public interest on an experimental or transitional basis for any telecommunications company to test marketing strategies. The application of such rates may be for limited geographic areas and shall be for a limited period of time specified at the time of approval of such rates.

This statute provides a basis for approving Verizon's tariff to test a retention marketing strategy. Since a bill credit reduces the effective rate paid by the residential customer, we believe the statute can be applied in this instance. Further, the company plans to run the trial for six months, which meets the criterion in Section 364.057(1), Florida Statutes, that the experiment be for a "limited period of time."

If the trial is successful, this or a similar program likely will be extended to all customers with the same service issues in the future. This potential outcome leads us to conclude the trial is in the public interest.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Verizon's Tariff Filing (T-080639) to establish a bill credit trial is approved pursuant to Section 364.057(1), Florida Statutes, for the period September 15, 2008 to March 12, 2009. It is further

ORDERED that the provisions of this order, issued as proposed agency action, shall become final and effective upon issuance of a Consummating Order, unless a person whose substantial interests are affected by the Commission's decision files a protest that identifies with specificity the issues in dispute, in the form provided by Rule 28-106.201, Florida Administrative Code, within 21 days of the issuance of this Proposed Agency Action Order. It is further

ORDERED that in the event of a timely protest, the tariff shall remain in effect pending the outcome of further proceedings. It is further

ORDERED that this docket shall be closed upon issuance of the Consummating Order.

By ORDER of the Florida Public Service Commission this 3rd day of December, 2008.



ANN COLE
Commission Clerk

(S E A L)

JLM

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing that is available under Section 120.57, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing will be granted or result in the relief sought.

ORDER NO. PSC-08-0795-PAA-TL

DOCKET NO. 080652-TL

PAGE 4

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on December 24, 2008.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this/these docket(s) before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.