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Suite 1200
106 East College Avenue
Tallahassee, FL 32301
www.akerman.com
850 224 9634 *tel* 850 222 0103 *fax*

May 2, 2008

Electronic Filing

Ms. Ann Cole
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: DOCKET NO. 070691-TP - Complaint and request for emergency relief against Verizon Florida LLC for anticompetitive behavior in violation of Sections 364.01(4), 364.3381, and 364.10, F.S., and for failure to facilitate transfer of customers' numbers to Bright House Networks Information Services (Florida) LLC, and its affiliate, Bright House Networks, LLC

DOCKET NO. 080036-TP - Complaint and request for emergency relief against Verizon Florida, L.L.C. for anticompetitive behavior in violation of Sections 364.01(4), 364.3381, and 364.10, F.S., and for failure to facilitate transfer of customers' numbers to Comcast Phone of Florida, L.L.C. d/b/a Comcast Digital Phone.

Dear Ms. Cole:

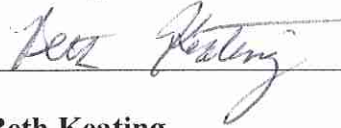
Attached for electronic filing in the above-referenced consolidated Dockets, please find Bright House Networks, LLC's Opposition to Verizon's Motion to Add Issues Concerning Retention Marketing Practices.

Thank you for your assistance with this filing. If you have any questions whatsoever,

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please do not hesitate to contact me.

Sincerely,



Beth Keating
AKERMAN SENTERFITT
106 East College Avenue, Suite 1200
Tallahassee, FL 32302-1877
Phone: (850) 224-9634
Fax: (850) 222-0103

Enclosures

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Complaint and request for emergency relief against Verizon Florida LLC for anticompetitive behavior in violation of Sections 364.01(4), 364.3381, and 364.10, F.S., and for failure to facilitate transfer of customers' numbers to Bright House Networks Information Services (Florida) LLC, and its affiliate, Bright House Networks, LLC

Docket No. 070691-TP

In re: Complaint and request for emergency relief against Verizon Florida, L.L.C. for anticompetitive behavior in violation of Sections 364.01(4), 364.3381, and 364.10, F.S., and for failure to facilitate transfer of customers' numbers to Comcast Phone of Florida, L.L.C. d/b/a Comcast Digital Phone.

Docket No. 080036-TP
Filed: May 2, 2008

**BRIGHT HOUSE'S OPPOSITION
TO THE MOTION OF VERIZON FLORIDA, LLC
TO ADD ISSUES CONCERNING RETENTION MARKETING PRACTICES**

Bright House Networks Information Services (Florida), LLC, and its affiliate, Bright House Networks, LLC (together, "Bright House"), through their attorneys, respectfully file this response to Verizon Florida LLC's Motion to Add Issues Concerning Retention Marketing Practices ("Verizon Motion") filed on April 25, 2008. Verizon's Motion should be denied. The issues Verizon seeks to add relate to video and broadband services. Video and broadband services, however, are entirely distinct from Verizon's regulated telephone services, both legally and – perhaps equally important here – technically as well. The legal and technical differences between these services mean that retention marketing practices regarding video and broadband services have literally nothing to do with retention marketing regarding voice services, and, as a result, Verizon's proposed additional issues should be rejected.

ARGUMENT

I. Bright House's Complaint Is Focused On Conduct That Is Entirely Limited To The Voice Services Market.

We address Verizon's specific proposed issues and arguments below. However, to understand what is wrong with Verizon's motion, it is helpful to focus on the precise Verizon conduct to which Bright House is objecting. The first step in achieving that focus is to be very clear about what we are *not* objecting to.

Bright House is not objecting, in this case, to any general Verizon marketing or advertising efforts, whether directed towards keeping existing customers from leaving, getting former customers to come back, or getting previously unserved consumers (such as people moving into an area) to take service from Verizon rather than Bright House. Verizon is free to undertake any general advertising or marketing efforts it wants. It can offer its customers price decreases. It can offer extra features for a reduced price, or for free. It can give customers free TVs or computers or trips to Disney World. It can try to convince consumers that its services are faster, or better, or more versatile than ours. It can offer promotional discounts to seniors or students or members of the military. Again, it can market to its existing customers as a group to try to keep them. And – subject to restrictions on non-discriminatory conduct – it can target marketing efforts to individual existing or potential customers.

Also, Bright House has not raised any issues regarding video or broadband Internet services, because this case simply has nothing to do with those service. Video and Internet services are technically quite different from voice services, and from each other. Moreover, these services are either unregulated (broadband) or subject to a totally different regulatory regime (cable). It makes no difference whatsoever to this case how Verizon (or Bright House) markets its video

services, and it makes no difference to this case how Verizon (or Bright House) markets its Internet services.

What *is* at issue in this case, as discussed below, is a very specific type of Verizon retention marketing, undertaken only with respect to its voice services. In this regard, in a manner highly relevant to this case, voice services are unique in the entire communications industry – and, if not unique, nearly so, in the entire economy. Specifically, when a consumer wants to switch voice service providers, *the new provider MUST tell the old provider, in advance, that the customer is leaving* – at least if the customer wants to keep his or her same phone number.¹ This is decidedly not true of goods or services in the economy generally. If someone wants to take their car to a new service station for a tune-up, the new service station does not have to coordinate with the old one before changing the oil and checking the brake pads. If someone wants to start shopping at a new grocery store, the new grocery store does not have to coordinate with the old one before the customer can buy paper towels and canned peas. If someone wants to buy lunch at a new restaurant, the new restaurant does not have to coordinate with the old one while the customer waits at the counter for a soda and fries. For virtually all goods and services in the economy generally, an old provider has no role in “allowing” a customer to choose another provider. The customer can simply go.

This, of course, is an extremely pro-competitive state of affairs. Because customers can switch providers at any time, with no advance notice, the existing provider must be “on his toes,” providing good service *all* the time to *all* of its customers, offering price breaks and incentives to *all* customers, and looking for new features and services to offer to *all* customers. When you don’t

¹ Obviously, neither competition nor consumer interests are served by creating a regime in which competing voice providers have an incentive to discourage customers from keeping their existing phone numbers.

know who might leave if you treat them badly – or just not as well as your competitor offers to treat them – you are very highly motivated to treat everyone well. Suppliers, of course, find it frustrating that their customers can leave at any time, but it is that simple fact that forces all suppliers to be vigilant in their efforts to keep all of their customers happy. At bottom, this is a key reason why competition works to the benefit of consumers.

This situation – customers free to leave at any time, with no advance notice to, or coordination required from, the old provider – is what exists with respect to video and Internet services (and, indeed, all communications services of which Bright House is aware, other than voice services). If a customer who now has “wired” video service (from Bright House or Verizon or an over-builder) wants to get video using satellite technology, the satellite provider does not have to coordinate with the wired video provider before the customer can start getting satellite service. The same is true for customers shifting from satellite to a wired technology, or among the different wired service providers: none of them has to give advance notice to the existing supplier before winning a customer and beginning to provide service. The same is also true for broadband Internet access. If a customer wants to shift from the telephone company to a cable operator, or from a cable operator to a wireless broadband provider, or from a wireless broadband provider to a telephone company (or any other combination), the new Internet provider does not need to coordinate with the old provider before the customer can obtain service.

Voice service, however, is different, and it is precisely that difference that formed the express basis of Bright House’s Complaint. Bright House is not objecting to “retention marketing” in the general sense of Verizon taking steps to encourage customers to stay with Verizon. And, Bright House is not objecting to “retention marketing” in the specific case in which an end user, entirely on his or her own, contacts Verizon to talk about staying with Verizon. Instead, Bright

House is objecting to a narrowly focused and very specific type of retention marketing – marketing focused on a particular customer and undertaken between the time Bright House provides advance notice to Verizon that the customer is leaving, and the time the customer has actually started getting service from Bright House. Verizon’s Motion (and, indeed, much of its advocacy in this case), however, proceeds from an almost willful misunderstanding that narrow focus.

The narrow focus of Bright House’s claims is clear from the face of Bright House’s

Complaint::

11. Under industry standard practices, Bright House cannot unilaterally port an existing Verizon number to Bright House in order to serve a customer. Instead, Bright House must advise Verizon in advance that a customer is leaving Verizon for Bright House. Typically, Verizon requires three or more days advance notice of the fact that a customer is changing from Verizon to Bright House in order to ensure a seamless transition from Verizon to Bright House. To make such a seamless transition occur, Verizon's disconnection of the customer from its own network needs to occur at essentially exactly the same time that the customer's service on Bright House's network is activated and the number is actually "ported" to Bright House.

12. This coordination is, in part, a matter of convenience for the customer. If the customer is disconnected from Verizon's network before the number port is active, then the customer will not be able to receive calls until the port is completed. On the other hand, if the port is put into place before the Verizon service is disconnected, the customer will be double-billed for both carriers' services until the Verizon disconnection is accomplished.

13. The industry-standard number porting interval is three days. This means that Verizon will necessarily have three days (or more) advance notice of a customer seeking to move from Verizon to Bright House. If there were some way consistent with industry processes and standards for Bright House to simply take customers away from Verizon without giving Verizon advance notice, Bright House would do so. Unfortunately, as of today there is not. Instead, as noted, Verizon and Bright House have to coordinate the activation of number portability with the disconnection of Verizon’s service to the customer. This means, again, that Verizon will necessarily have advance notice of a pending disconnection in order that these “behind the scenes” activities – that are and should be invisible to customers – can occur.

14. This coordination is also an integral part of making number portability work. Once the relevant industry-wide number portability databases are updated with the customer's new information, calls from most parts of the public switched network

will indeed be connected. However, the customer's closest neighbors – that is, Verizon subscribers served by the same Verizon switch that used to serve the new Bright House customer – will not go through until Verizon has disconnected the customer's service. This is because, with the customer's service still "active," the Verizon switch will not "know" to look up the customer's new routing instructions in the number portability database. Instead, calls from the customer's old switch will simply not complete.

15. Verizon is exploiting the industry-standard advance notice that Bright House provides in order to coordinate the customer's carrier change, to engage in efforts to retain the customer. Specifically, once Bright House sends Verizon the disconnect and number portability notices, Verizon essentially immediately notifies its retail side that the customer will be disconnecting. In and of itself, the bare notice to Verizon's retail side is not objectionable, since the retail side needs to know of the pending disconnect in order to cease billing the customer. However, Verizon takes this information and engages in retention marketing based on it.

Complaint, Docket No. 070691-TP, ¶¶ 11-15.² So, there is no question that the claims against Verizon are focused very narrowly on retention marketing of *voice* services undertaken by Verizon in response to *advance notice to Verizon of a customer's pending departure*. As discussed below, this narrow focus shows that Verizon's proposed new issues should be rejected.

II. Verizon's Proposed New Issues Have No Place In This Case.

Verizon proposes to include three new issues in this case. Specifically, Verizon proposes the following:

1. What are the retention marketing practices of Verizon Florida LLC ("Verizon") for voice customers, broadband customers and cable customers?
2. What are the retention marketing practices of Bright House Networks Information Services (Florida), LLC and Bright House Networks, LLC

² Interestingly, in its Motion, Verizon admits all of the essential elements of Bright House's Complaint. On page 4 of its Motion, describing its own retention marketing efforts, Verizon states that those efforts are "triggered after an order to disconnect a customer's retail service is received by Verizon's retail operations, which often occurs several days in advance. Verizon attempts to reach out to those customers who have not already spoken with a Verizon retail representative, sending an overnight letter alerting customers to Verizon's competitive offers and asking them to call if they want to learn more." This simple admission by Verizon, we submit, eliminates virtually any need for basic "factual" discovery in this case.

(collectively, “Bright House”) for voice customers, broadband customers and cable customers?

3. What are the retention marketing practices of Comcast Phone of Florida, LLC and Comcast Corporation (collectively, “Comcast”) for voice customers, broadband customers and cable customers?

Verizon Motion at 6. As the discussion above makes clear, there is no reason to include any issues in this case regarding any broadband or cable (video) services.³

First, from a purely legal perspective, the question before this Commission is whether Verizon, a carrier under the Commission’s jurisdiction, is acting in an anticompetitive or discriminatory manner with respect to the provision of a service under this Commission’s jurisdiction, *viz.*, Verizon’s regulated voice services.⁴ This Commission has no jurisdiction over any provider’s marketing practices in connection with video or broadband services. It would therefore be legally anomalous, to put it mildly, for the Commission to include issues that purport to specifically investigate those matters.

Moreover, for the reasons discussed above, including such issues would make no sense: the anticompetitive and discriminatory nature of Verizon’s voice-related retention marketing efforts arises from the distinctive fact that Bright House must give Verizon advance notice of pending customer defections. As a result, from a technical and economic policy perspective, video and broadband services are not the same as voice services. As we have emphasized over and over again, voice services are unique in that the new provider has to coordinate with the old provider before the new provider can start providing service, and the new provider is required to give the old provider substantial advance notice of the fact that particular customers are about to shift from one to the

³ To the extent that Verizon’s proposed Issue #1 relates to Verizon’s retention marketing with respect to its own voice services, there is obviously no need for a new issue, since that is the heart of the entire case and already fully addressed in the Staff’s issue list.

⁴ In this regard, as indicated in our Complaint, Verizon has a specific obligation to “facilitate” the porting of numbers upon request, pursuant to Rule 25-4.082, Florida Administrative Code.

other. That unique feature makes voice services distinctive from video and broadband services, and that unique feature, as noted above, is the key focus of Bright House's complaint. Verizon has never asserted – because it cannot – that a video or broadband provider is required to give three or more days advance notice (or any advance notice) to a competitor that it is about to take a customer from that competitor. But without that assertion, there is simply no reason to think that there is anything relevant about video or broadband marketing in general, or “retention marketing” of those services in particular, to the matters raised in this case.

III. Verizon's Arguments In Favor Of Including Its New Issues Are Without Merit.

Verizon's first argument amounts to arm-waving. It asserts that in order to assess the claims in this case, the Commission must “consider the competitive environment in which Verizon's program takes place, which includes marketing practices that are common in the industry.” Verizon Motion at 2. As just noted, however, from a technical, economic, or regulatory perspective, voice services are quite different from video and broadband services, and the Verizon conduct that is the focus of the complaints arises entirely from the very aspect of voice services that *makes* them distinct – the required coordination between an old and new provider, and the requirement, in order for that coordination to occur, that the new provider give the old provider advance notice that a customer is switching.

Verizon also claims that “cable companies engage in retention marketing themselves.” Verizon Motion at 2-3, 7-8. Indeed, the essence of its argument is that, since both Verizon and “cable companies” engage in something called “retention marketing,” any determination as to whether Verizon's “retention marketing” is anticompetitive will necessarily include a consideration of cable company “retention marketing” as well. Verizon Motion, *passim*. But this is verbal sleight-of-hand that is so erroneous that it borders on being affirmatively misleading.

“Retention marketing” in general involves any efforts that a provider undertakes to keep its existing customers from taking service from a competitor. In this general sense, both Verizon and cable operators (and most other firms, selling most other goods and services) routinely make efforts to keep their customers. But this general type of “retention marketing” is not at issue in this case.

“Retention marketing” can also be understood to refer to communications that a provider makes to a customer that has told the provider it is considering leaving for a competitor, in an effort to encourage the customer to stay. In this sense, if a customer that is thinking of leaving Verizon on his or her own calls up Verizon to discuss a pending disconnect, Bright House believes that it is appropriate for Verizon to urge its customer to stay.⁵ When customers make this kind of contact, we assume that Verizon markets to them, whether the service at issue is voice or video or broadband or anything else. *This* type of “retention marketing” is not generally anticompetitive and is not at issue in this case either.

The *only* type of retention marketing that is at issue in this case arises when *Bright House* (not the customer on his or her own) tells Verizon, in advance, that the customer is leaving, and Verizon then undertakes efforts to persuade *that specific customer* to stay – based on the information it got from Bright House to begin with. *That* type of retention marketing does not and cannot occur in video or broadband markets because in *those* markets, a new provider has no obligation to, and does not, tell the old provider that a customer is about to leave. In this regard, number porting arrangements – the required function that makes it necessary for Bright House to give advance notice to Verizon in the first place – cannot be ordered or arranged by the customer directly calling Verizon. Porting a customer’s number from one carrier to another can *only* be

⁵ The particular types of offers made to such customers may, however, raise issues of discrimination, even if urging the customer to stay, in a general sense, is not anticompetitive.

accomplished by the new carrier setting the process in motion, both by contacting the old carrier (Verizon) and by taking certain steps involving the Number Portability Administration Center. So this is not a situation in which the contact from Bright House to Verizon really just involves Bright House standing in the shoes of, or acting as an “agent” of, the customer. To the contrary, this is a situation in which the contact is inherently carrier-to-carrier (Bright House would say, wholesale) in nature.

Verizon’s argument that the overall “competitive environment” for voice, video and data services has to be considered in evaluating whether its customer-specific voice retention marketing activities are legal is, therefore, simply an effort to confuse and avoid the real issue – which is entirely specific to, and focused on, the technical details of customers changing voice service providers, not communications services generally. It would be as if someone with a pigsty in a residential neighborhood, accused of maintaining a public nuisance, tried to justify the noise and stench and danger associated with his pigs by pointing out that the “animal environment” in the neighborhood includes dogs, cats, hamsters and goldfish. While that “animal environment” probably exists in most neighborhoods, the different considerations associated with those other animals renders their treatment irrelevant to what makes pigsties offensive. So too, the fact that there are other communications-related services in the immediate “environment” of Verizon’s voice offerings does not make those other services relevant to the anticompetitive and discriminatory nature of Verizon’s voice-specific retention marketing efforts – premised, as they are, on advance notice from competitors that simply does not occur with any of the other services that Verizon refers to.

For these reasons, Bright House’s argument is not, as Verizon would have it, that “retention marketing” is “*anticompetitive*” when Verizon engages in it, yet *competitive* when the cable

companies engage in it themselves.” Verizon Motion at 2-3 (emphasis in original). As the excerpts from our Complaint, and the discussion above, make clear, what is anticompetitive is the *specific type* of “retention marketing” that Verizon engages in with respect to voice services – a type of retention marketing that cable operators *do not* engage in with respect to their own voice services, and that will not occur with respect to other services, because for other services there is no advance notice from competitors of pending customer losses.⁶ Verizon’s strained effort to equate all forms of “retention marketing” fails precisely because retention marketing to departing customers based on advance notice, from a competitor, of their departure – the only Verizon conduct being complained about here –occurs *only* in the voice context. Keeping four pigs in the back yard is not the same as keeping four goldfish in a bowl in the living room.

Verizon also suggests that there is something unfair about limiting Verizon’s retention marketing with respect to voice services because Verizon and cable operators are offering consumers bundles of services. *See* Verizon Motion at 8-10. This argument is a *non sequitur*. Verizon sells voice, video and data services (and, for that matter, wireless services). Sometimes it sells those services in bundles, sometimes it sells them separately. Cable operators like Bright House sell voice, video, and data services (and sometimes resold wireless services), both separately and in bundles. Whether a service is sold separately or as part of a bundle, the rules and regulations applicable to the service continue to apply. Moreover, the treatment of Verizon versus the cable

⁶ We do not understand Verizon to be seriously suggesting that Bright House, Comcast, or any other cable-affiliated voice provider is engaging in the same kind of retention marketing, with respect to their voice services, that Verizon is engaging in and that is at issue in this case. As noted above, we are not doing so, and, if we were, we would be subject to the same kind of legal sanctions that we are seeking to impose on Verizon. Verizon, of course, is free to file a complaint against Bright House or any other competitor if it thinks we are breaking the law. Fanciful and nonspecific claims that Bright House’s (and Comcast’s) generic “retention marketing” practices with respect to voice services are somehow relevant to this case, however, should be rejected. *See* Verizon proposed issues #2 and #3.

operators is completely parallel. If a Verizon voice customer is changing voice service to another provider, Verizon will learn about that change in advance (as described above) but may not engage in retention marketing based on that knowledge, whether the customer buys other services in a “bundle” or not. If a Bright House voice customer is changing voice service to another provider, Bright House will learn about that change in advance, just like Verizon does, but may not engage in retention marketing based on that knowledge, whether or not the customer also buys other Bright House services. While in some sense the existence of bundled services is, of course, an interesting feature of the overall competitive landscape, it has nothing to do with the need to prevent an existing voice provider from taking advantage of the advance notice of a customer’s departure that arises uniquely in the voice context.

In sum, Verizon’s claims that complainants’ marketing practices regarding video and data services are relevant to this case – indeed, its claim that its own marketing practices regarding video and data services are relevant – are based on (a) a refusal to acknowledge the highly focused nature of complaints, combined with (b) a blurred and ambiguous use of the term “retention marketing” that fails to distinguish between targeting a voice customer based on competitor-supplied information that the customer is leaving, and marketing based on purely customer-initiated contacts or general, market-wide retention marketing efforts. The Commission should not be misled by Verizon’s attempt to distract attention from the focused and limited conduct that is the subject of the complaints, and should, instead, reject Verizon’s motion.

Respectfully submitted,

/s/ Christopher W. Savage

Christopher W. Savage
Davis Wright Tremaine, LLP
1919 Pennsylvania Avenue, NW, Suite 200
Washington, D.C. 20006
Tel: 202-973-4200

Beth Keating
Akerman Senterfitt
106 East College Ave., Suite 1200
Tallahassee, FL 32301
Tel: 850-521-8002

Fax: 202-973-4499
chrissavage@dwt.com

Fax: 850-222-0103
beth.keating@akerman.com

Attorneys for:
Bright House Networks Information Services, LLC
Bright House Networks, LLC
May 2, 2008

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been served via Electronic Mail, U.S. Mail First Class, or Hand Delivery this 2nd day of May, 2008, to the persons listed below:

Dulaney L. O'Roark, III, VP/General Counsel Verizon Florida, LLC P.O. Box 110, MC FLTC 0007 Tampa, FL 33601 de.oroark@verizon.com	David Christian Verizon Florida, Inc. 106 East College Ave. Tallahassee, FL 32301-7748 David.christian@verizon.com
Rick Mann, Staff Counsel Florida Public Service Commission, Office of the General Counsel 2540 Shumard Oak Blvd. Tallahassee, FL 32399-0850 rmann@psc.state.fl.us	Beth Salak, Director/Competitive Markets and Enforcement 2540 Shumard Oak Blvd. Tallahassee, FL 32399-0850 bsalak@psc.state.fl.us
Charlene Poblete, Staff Counsel Florida Public Service Commission Office of the General Counsel 2540 Shumard Oak Boulevard Tallahassee, FL 32399-0850 cpoblete@psc.state.fl.us	Floyd R. Self, Esquire Messer, Caparello & Self, P.A. 2618 Centennial Place Tallahassee, FL32308


Beth Keating
Akerman Senterfitt
106 East College Ave., Suite 1200
Tallahassee, Fl 32301
Tel: 850-521-8002
Fax: 850-222-0103
beth.keating@akerman.com