

DT 01-186

VERIZON NEW HAMPSHIRE

**Tariff Filing to Remove Calling Card Discount from the
CallAround 603 Optional Toll Calling Plan**

Order on Motion for Reconsideration and/or Rehearing

O R D E R N O. 23,911

February 1, 2002

I. INTRODUCTION

On November 16, 2001, the New Hampshire Public Utilities Commission (Commission) issued Order No. 23,846 regarding the Verizon New Hampshire (VZ-NH or the Company) tariff filing to remove a calling card discount from the CallAround 603 Optional Toll Calling Plan. The Order permitted the elimination of the discount for the tariffed offering but retained the calling card discount for existing customers of the CallAround 603 optional toll calling plan. On December 14, 2001, VZ-NH filed a Motion for Reconsideration and/or Rehearing alleging the Commission's decision lacked factual or legal support. Additionally, the Company alleged the Commission failed to provide it with an opportunity to comment on the proposed changes to the tariff.

II. VERIZON NEW HAMPSHIRE'S POSITION

VZ-NH provides what it describes as two "good reasons" as to why the Commission should grant rehearing under RSA 541:3. First, the Company argues that the decision was not supported by any legal or factual authority. The Company indicates (without conceding the propriety of the implied finding) that if the Commission impliedly found that an elimination of a discount resulted in unjust or unreasonable rates for existing customers, the Commission would be required to follow the process set out in 378:7. VZ-NH, however, argues that the Commission has no supportable basis to find that the rates were unjust or unreasonable for existing customers. It claims that if the rate is just and reasonable for new customers, then attempting to distinguish new from existing customers would be arbitrary. The Company avers that there is no explanation or justification for regulating rates for existing customers while leaving new customers subject to the protections of competition.

Next, VZ-NH argues that the Commission inappropriately modified the tariff without providing the Company the opportunity to respond to issues the Commission may have had. In a footnote, the Company argues that it is critical to give it the opportunity to have some chance to

respond to the Commission's concerns about the appropriateness of a tariff, particularly where the Commission may have questions on the justness and reasonableness of the proposed rates or if the Commission intends to rely on information beyond that in the filing.

Substantively, the Company argues that the Commission's action would be burdensome on it. For example, to implement the decision, VZ-NH claims it would need to make changes to its billing system and other customer contact methods. It suggests that continuation of the discount for existing customers only_would also likely lead to errors in administration and to_customer confusion.

VZ-NH also asserts that the difficulties of grandfathering existing customers far outweigh any benefits as the number of customers potentially affected by the decision is minimal. The Company argues that the Commission failed to give it an opportunity to address these issues, in particular, the effort and cost associated with having to divide customers into two billing groups based on the date they obtained service.

III. COMMISSION ANALYSIS

Pursuant to RSA 541:3, the Commission may grant a motion for rehearing if in its opinion "good reason" is stated

in the motion. We are not persuaded, in this case, that good reason exists to grant the Company's request for rehearing/reconsideration.

VZ-NH claims that the benefits of grandfathering the small number of existing customers is outweighed by the difficulties of administering the separation of customers. We have previously found that grandfathering certain classes of customers in an existing rate structure is an acceptable ratemaking mechanism. *Re New England Telephone and Telegraph Company*, 70 NH PUC 926,928 (1985). We have even found that in some instances it is necessary to grandfather certain customers in an existing type of service indefinitely into the future where normal attrition will ultimately cause the superseded structure to retire itself. *Id.* See also *Re New England Telephone and Telegraph Company*, 76 NH PUC 150, 1699 (1991) (grandfathering multiparty customers). Such attrition appears plausible in this case as VZ-NH admits at page 3 of the motion, "in September 2001, only 3.47% of the Call Around 603 customers took advantage of the discount."

VZ-NH argues that it must make changes to its billing system and customer contact methods but fails to substantiate its argument. VZ-NH provides no data indicating an increase in costs associated with the administrative

burdens it alleges. A motion for rehearing or reconsideration on factual grounds must point to specific facts that would, if found by the Commission, compel the relief sought. A mere representation of a conclusion (i.e., the costs outweigh the benefits) is not sufficient to justify reconsideration or rehearing. The petitioner must offer sufficient proof to demonstrate that it can quantify the relative benefits and costs.

In Order No. 23,846, we noted that Staff recommended against allowing the Company to eliminate the CallAround 603 discount for any group of customers. We declined to adopt Staff's recommendation, except with respect to existing customers. In this way, we balanced the Company's interest in responding to competition for calling card business by new customers against the interest of existing CallAround 603 customers to maintain the benefit they were assured of receiving when they chose CallAround 603, as opposed to other options then available to them. The Company has failed to show in its Motion for Rehearing/Reconsideration that further proceedings are likely to yield a determination by us that would disturb this balancing of the equities.

Based upon the foregoing, it is hereby

ORDERED, that the Verizon New Hampshire Motion for

Rehearing/Reconsideration is DENIED.

By order of the Public Utilities Commission of New
Hampshire this first day of February, 2002.

Thomas B. Getz
Chairman

Susan S. Geiger
Commissioner

Nancy Brockway
Commissioner

Attested by:

Claire D. DiCicco
Assistant Secretary