

**-REDACTED VERSION-**

**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

**Telecommunications Division  
Carrier Branch**

**RESOLUTION T-16864  
January 13, 2005**

**R E S O L U T I O N**

Resolution T-16864. Verizon California (U-1002-C) Requests Authority To Grandfather Five Of Its Calling Plans; Easy Savings Plan for Residence, Easy Savings for Business, Easy Savings Flat Rate Plus Plan for Business, Between Friends, And Business Value Cents, In Tariff Schedules Cal. P.U.C. Nos. B-4, B-5, K-2 and K-5.

By Advice Letter No. 10902 - Filed July 8, 2004.

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**Summary**

This Resolution approves Verizon California's (Verizon) request to grandfather five (5) of its calling plans; Easy Savings Plan for Residence, Easy Savings for Business, Easy Savings Flat Rate Plus Plan for Business, Between Friends, and Business Value Cents. These services are in Verizon's tariff Schedules Cal. P.U.C. Nos. B-4, B-5, K-2 and K-5.

**Background**

By Advice Letter (AL) No. 10902, filed July 8, 2004, Verizon requests authority to grandfather five (5) of its calling plans: Easy Savings Plan for Residence, Easy Savings for Business, Easy Savings Flat Rate Plus Plan for Business, Between Friends, and Business Value Cents. All of these services are NRF (New Regulatory Framework) Category II services and are found in Verizon's tariff schedules Cal. P.U.C. Nos. B-4, B-5, K-2 and K-5.

- Verizon states that all its affected customers, who currently subscribe to any of these five calling plans, have been noticed via a bill insert. Verizon states that the bill insert content was approved by the Commission's Public Advisors office on June 24, 2004. The bill insert message describes the services to be grandfathered and directs consumers to contact Verizon to discuss questions, concerns, and alternative services. Verizon states that its

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customer service representatives have been trained to handle these inquiries and will be prepared to assist its customers. Verizon indicates that if the grandfathering of these services were approved, these customers would retain their calling plan until they either move or change their service. Verizon also states that existing customers will be able to add or subtract other services and features to their account and still retain their calling plan.

Verizon gave the following reason for its grandfathering request:

“Verizon is seeking to grandfather its outdated, unpopular, and non-competitive services to enable us to position ourselves to offer the more flexible, technologically advanced and competitive services our customers demand. The majority of services that were targeted for this effort had been introduced years ago and are no longer a fit for Verizon’s nationwide strategic product offering.”

“By reducing the number of low-demand products and services in our tariffs, Verizon is in a better position to react when our customers demand adjustments to current services.”

In response to a data request Verizon stated that as of July 2004, no resale customers had subscribed to any of these five calling plans.

The following describes Verizon’s services for which they request grandfathering:

**Easy Savings Plan for Residence** – Customers with this plan receive a 10% discount off monthly usage IntraLATA calls of between \$10 to \$24.99 per month or 25% discount off monthly usage IntraLATA calls of \$25 or more. Rates for this calling plan are found in Verizon’s Tariff Schedule Cal. PUC No. B-1(III)(A). Verizon indicates that as of July 2004; [REDACTED] customers had subscribed to the Easy Savings Plan for Residence calling plan. These customers will be notified by a bill message informing them of Verizon’s request to grandfather this service and that if the grandfathering of this service is approved, these customers could retain the service until they either move or change their service. Verizon states that their Sensible Minute calling plan is an alternative calling plan for their Easy Savings Plan for Residence. Sensible Minute offers residential customers a flat rate of \$.07 per minute for all IntraLATA direct dialed calls 24 hours a day, 7 days per week. Verizon says this plan has no monthly or non-recurring charges and that customers

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will receive more competitive rates during peak usage times than they presently can with the Easy Savings Plan for Residence.

**Easy Savings for Business** - Verizon's Easy Savings offers business subscribers a month-to-month 10% discount off IntraLATA calls of between \$5.00 to \$99.99 per month or a 15% discount off IntraLATA calls of \$100 or more. Rates for this calling plan are found in Verizon's Tariff Schedule Cal. PUC No. B-1(III)(A). Verizon indicates that as of July 2004; [REDACTED] customers had subscribed to their Easy Savings for Business calling plan. Verizon states that their Easy Savings Flat Rate Plan for Business calling plan is an alternative calling plan for their Easy Savings for Business calling plan. This plan is an easy to understand calling plan that offers business customers a flat rate of \$.018 for the initial 18 seconds and \$.006 for each additional six-seconds for all IntraLATA direct dialed calls 24-hours a day, 7 days per week. There are no monthly or non-recurring charges with this plan, and customers can receive more competitive rates during peak usage time periods than with Easy Savings for Business Calling Plan.

**Easy Savings Flat Rate Plus Plan for Business** - Verizon's Easy Savings Flat Rate Plus Plan for Business offers business subscribers flat rate pricing, available 24-hours a day, 7 days per week for IntraLATA regional long distance calls. This plan offers business customers rates of \$.027 for the initial 18 seconds and \$.009 for each additional 6 seconds and requires either a one or a three-year term agreement. Verizon indicates that as of July 2004; [REDACTED] customers had subscribed to their Easy Savings Flat Rate Plus Plan for Business calling plan. Verizon states that their Easy Savings Flat Rate Plan for Business calling plan is an alternative calling plan for their Easy Savings Flat Rate Plus Plan for Business.

**Business Value Cents** - Verizon's Business Value Cents offers business subscribers flat rate pricing, available 24-hours a day, 7 days per week for IntraLATA regional long distance calls. Callers are billed a monthly \$4.95 recurring rate and a flat \$.08 per minute use rate. Verizon indicates that as of July 2004; [REDACTED] customers had subscribed to their Business Value Cents calling plan. Verizon states that their Easy Savings Flat Rate Plan for Business calling plan is an alternative calling plan for their Business Value Cents calling plan.

**Between Friends-Residential** - This is an IntraLATA toll calling plan that offers residential customers flat rate usage rates based on an initial hour block of time. Any usage beyond the initial hour is charged on a per minute basis. Between Friends is offered at a rate of \$6.00 per month for the first hour plus \$.10 per additional minute. Verizon states that as of July 2004; [REDACTED] customers had subscribed to Between Friends-Residential calling plan. The Sensible Minute calling plan is also an alternative calling plan for their Between Friends calling plan.

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In Advice Letter No. 8266, GTE California Inc. (Verizon's predecessor) requested authority to grandfather several services (Special Call Waiting, Busy Number

Redial and Last Number Redial/Saved Number Redial) for business and residential customers, and several custom calling packaged offerings (SmartCall Pak 4400, SmartCall Pak 4900, SmarterCall Pak, SmartestCall Pak and Smart Ring with Feature Packages) for residential customers.

In Resolution T-15986, the Commission denied GTEC's request to grandfather SmartCall Pak 4400, SmartCall Pak 4900, SmarterCall Pak, SmartestCall Pak and Smart Ring with Feature Packages, for residential customers. Additionally, the Commission denied GTEC's request to grandfather Busy Number Redial and Last Number Redial/Saved Number Redial. The Commission denied GTEC's requests saying that if the current feature packages were grandfathered, new residential customers would pay more for those features in GTEC's new flexible custom calling packaging options (which GTEC was also requesting to add in this same Advice Letter). The Commission also stated that "grandfathering GTEC's custom calling packages while (at the same time) authorizing new flexible custom calling packaging options may result in a rate increase for new residential subscribers."

In this advice letter (10902), Verizon originally requested authority to grandfather these services effective on October 18, 2004. Verizon now requests that the effective date of its grandfathering request be the effective date of this resolution.

**Notice/Protests**

Verizon states that copies of this Advice Letter were mailed to twenty-five (25) interested utilities and/or parties. Notice of AL No. 10902 was published in the Commission Daily Calendar of July 16, 2004. No protests to this Advice Letter have been received. TD received several complaint letters of a general nature regarding the grandfathering of Verizon's calling plans and other services.

**Discussion**

Additional information related to Verizon's proposal to grandfather five of its calling plans is embedded in Verizon's General Exchange Tariff; Section 3; Rules & Regulations; Definitions, which states:

"Frozen/ Grandfathered Service/ Service Limited to Existing Customers -  
The term "frozen/grandfathered service" applies to an obsolete and/or outdated service the Utility no longer wishes to provide. The freezing/grandfathering of a service is the Utilities method of managing a

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tariff for this service prior to ultimately discontinuing the service, or change existing tariff regulations without discontinuing certain rights privileges or conditions of the service to existing customers.”

“Existing Customers – Customers or subscribers to a service at a specific point of time. Often used in reference to those customers of record at the time that a service is classified as frozen, grandfathered or limited to existing customers.”

In its advice letter filing and in subsequent responses, to data requests by the Telecommunications Division (TD), Verizon states the following:

- All of these services are NRF Category II services and are found in Verizon’s tariff schedules Cal. P.U.C. Nos. B-4, B-5, K-2 and K-5.
- All customers who currently subscribe to any of these grandfathered services will be notified by a bill message informing them of Verizon’s request to grandfather these services. These bill messages appeared on these customers’ bills beginning on September 1, 2004, and continue until approximately October 5, 2004. The bill messages will run for one (1) complete billing cycle allowing all customers to receive 30 days (or more) notice.
- If the grandfathering of these services is approved, these customers would retain the service until they either move or change their service.
- Existing customers will be able to add or subtract other services and features to their account and still retain their calling plan.
- These services to be grandfathered are outdated, unpopular, and non-competitive services and once grandfathered Verizon will be in a position to offer more flexible, technologically advanced and competitive services that their customers demand.
- The majority of services that are targeted for grandfathering had been introduced years ago and are no longer a fit for Verizon’s nationwide strategic product offering. Other services are no longer a good value for consumers.
- By reducing the number of low-demand products and services in its tariffs, Verizon is in a better position to react when its customers demand adjustments to current services.

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- As of July 2004, [REDACTED] customers had subscribed to the Easy Savings Plan for Residence calling plan; [REDACTED] customers had subscribed to the Easy Savings for Business calling plan; [REDACTED] customers had subscribed to the Easy

Savings Flat Rate Plus Plan for Business calling plan; [REDACTED] customers had subscribed to the Business Value Cents calling plan; and [REDACTED] customers had subscribed to the Between Friends-Residential

- As of July 2004, no resale customers had subscribed to any of these five calling plans.
- In its advice letter Verizon asked that his service be grandfathered effective on October 18, 2004, but later submitted a request to change the effective date to November 8, 2004.

On November 19, 2004, TD Staff had a telephone conference with Verizon. TD has had several prior discussions with Verizon and submitted several data requests regarding the calling plans that the utility requests to grandfather. TD was concerned that Verizon's Easy Savings Plan for Residence had [REDACTED] customers as of July 2004. During the conference call, Verizon explained to TD that when the Easy Savings Residence plan was first offered in the mid-1990s, [REDACTED] customers originally subscribed to the plan but now that number has dwindled to [REDACTED] customers as of July 2004. Verizon explained that this plan is very difficult for customers to understand and for customers to evaluate to see if it would save them money on local toll calling. Verizon indicated that the current plan is very complicated because the rates are affected by several factors such as: the time-of-day the call is made, the mileage from the caller's rate center to the called party's rate center, the total monthly local toll calling amounts (i.e. under \$10 - no discount; \$10 to \$24.99 - 10% discount and \$25 and over - 25% discount). Verizon indicated that there are only a few instances where a customer on the plan would save money on local toll calling, namely at the night rates (11:00:00 pm to 7:59:59 am) with Easy Savings Residence Plan. Verizon indicated that a better plan for customers would be Sensible Minutes which is as good or better for day or evening callers.

Verizon went on to explain the current Easy Savings Plan for Residence is also very hard for their customer service representatives to explain to customers because the plan rates are affected by all the factors listed above. Verizon indicated that in order to provide a thorough explanation, their representatives would have to review a potential customer's local toll calling history to see if this plan would be beneficial to the customer. Verizon said the current trend is for customers to go with calling plans with a flat fee such as Unlimited Local Toll Plan which offers

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unlimited toll calling for a flat fee of \$20.00 per month. Sensible Minutes would be a good plan for callers that did not make that many local toll calls, with this plan they would be charged 7 cents a minute with no monthly recurring charge.

TD recommends that Verizon be authorized to grandfather these five calling plans, Easy Savings Plan for Residence – Residential, Easy Savings for Business, Easy Savings for Business, Easy Savings Flat Rate Plan for Business, Between Friends – Residential, and Business Value Cents, effective January 13, 2005, for the following reasons:

- No protests were received in response to this Advice Letter filing by Verizon.
- All existing subscribers to the Easy Savings for Business, Easy Savings for Business Easy Savings Flat Rate Plan for Business, Between Friends – Residential, and Business Value Cents calling plans have been notified that the service may be grandfathered.
- All existing subscribers to these five plans will keep their plans until they either move or cancel their plans.
- Existing subscribers will also be able to add or subtract other services and features to their account and still retain their calling plan
- There currently is a relatively low demand for these three callings plans based on the number of customer that currently subscribe to these plans.
- Verizon offers similar alternate calling plans which serve the same function, offer a variety of vertical feature options, and have no monthly recurring costs and no non-recurring ordering costs.

Commission approval of TD's recommendations are based on the specifics of this Advice Letter and its associated tariff sheets, and does not establish a precedent for the contents of future filings or for Commission approval of similar requests.

This is an uncontested matter in which the resolution grants the relief requested. Accordingly, pursuant to PU code Section 311(g) (2), the otherwise applicable 30-day period for public review and comment is being waived.

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**Findings**

1. Verizon requests authority to grandfather five (5) of its calling plans: Easy Savings Plan for Residence, Easy Savings for Business, Easy Savings Flat Rate Plus Plan for Business, Between Friends, and Business Value Cents.
2. All of these services are NRF Category II services and are found in Verizon's tariff schedules Cal. P.U.C. Nos. B-4, B-5, K-2 and K-5.
3. Verizon requests to grandfather its Easy Savings Plan for Residence, Easy Savings Plan for Business, Easy Savings Flat Rate Plus Plan for Business, Between Friends, and Business Value Cents Calling plans, effective November 8, 2004.
4. Verizon states that as of July 2004, [REDACTED] customers have subscribed to the Easy Savings Plan for Residence calling plan, [REDACTED] customers have subscribed to the Easy Savings Plan for Business calling plan, [REDACTED] customers have subscribed to the Easy Savings Flat Rate Plus Plan for Business calling plan, [REDACTED] customers have subscribed to the Between Friends calling plan and [REDACTED] customers have subscribed to the Business Value Cents calling plan.
5. Verizon states that all customers who currently subscribe to any of these grandfathered services have been notified by a bill message informing them of Verizon's request to grandfather these services. These bill messages appeared on these customers' bills beginning on September 1, 2004, and continued until approximately October 5, 2004. The bill messages ran for one (1) complete billing cycle allowing all customers to receive 30 days (or more) notice.
6. Verizon states that copies of this Advice Letter were mailed to twenty-five (25) interested utilities and/or parties. Notice of AL No. 10902 was published in the Commission Daily Calendar of July 16, 2004. No protests to this Advice Letter have been received. TD received several complaint letters of a general nature regarding the grandfathering of Verizon's calling plans and other services.
7. Verizon states that if the grandfathering of these services were approved, the existing customers would retain the service until they either move or change their service. In addition, these customers will be able to add or subtract other services and features to their account and still retain their calling plan.
8. Verizon indicates that the services to be grandfathered are outdated, unpopular, and non-competitive services and once grandfathered Verizon will be in a position



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to offer more flexible, technologically advanced and competitive services that their customers demand.

9. Verizon states that the majority of services that are targeted for grandfathering had been introduced years ago and no longer fit as a Verizon nationwide strategic product offering.

10. Verizon states that by reducing the number of low-demand products and services in its tariffs, it is in a better position to react when its customers demand adjustments to current services.

11. Based on the reasons stated above by Verizon, TD recommends that Verizon be authorized to grandfather its five calling plans.

12. We approve of TD's foregoing recommendation.

**THEREFORE, IT IS ORDERED that:**

1. Verizon is authorized to make tariff revisions to grandfather its Easy Savings Plan for Residence, Easy Savings Plan for Business, Easy Savings Flat Rate Plus Plan for Business, Between Friends, and Business Value Cents calling plans.

2. Verizon shall mark all tariff sheets which accompany Advice Letter No. 10902 to show that they were authorized by California Public Utilities Commission Resolution No. T-16864, with an effective date of January 13, 2005.

3. Verizon's request to grandfather its Easy Savings Plan for Residence, Easy Savings for Business, Easy Savings Flat Rate Plus Plan for Business, Between Friends, and Business Value Cents calling plans, to be effective on January 13, 2005, is approved.

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This Resolution is effective today.

I hereby certify that the Public Utilities Commission adopted this Resolution at its regular meeting on January 13, 2005. The following Commissioners approved it.

/s/ STEVE LARSON

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STEVE LARSON  
Executive Director

MICHAEL R. PEEVEY  
President

GEOFFREY F. BROWN  
SUSAN P. KENNEDY  
Commissioners