Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of
2010 Biennial Review of
Telecommunications Regulation

CC Docket No. 10-266
IB Docket No. 10-268
PS Docket No. 10-270
WT Docket No. 10-271
WC Docket No. 10-272

REPLY COMMENTS OF
THE NATIONAL ASSOCIATION OF STATE UTILITY CONSUMER ADVOCATES
AND
THE NEW JERSEY DIVISION OF RATE COUNSEL

David C. Bergmann
Assistant Consumers’ Counsel
Chair, NASUCA Telecommunications Committee
Office of the Ohio Consumers’ Counsel
10 West Broad Street, Suite 1800
Columbus, OH 43215-3485
Phone (614) 466-8574
Fax (614) 466-9475
bergmann@occ.state.oh.us

NASUCA
8380 Colesville Road, Suite 101
Silver Spring, MD 20910
Phone (301) 589-6313
Fax (301) 589-6380

Stefanie A. Brand
Director
Division of Rate Counsel
Christopher J. White
Deputy Public Advocate
P.O. Box 46005
Newark, NJ 07101
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SUMMARY

The National Association of State Utility Consumer Advocates (“NASUCA”) and the New Jersey Division of Rate Counsel (“Rate Counsel”) support the comprehensive efforts of the Federal Communications Commission (“FCC” or “Commission”) to improve, and where appropriate, to streamline its data collection process. Rate Counsel and other NASUCA members rely extensively on the data that the FCC collects from and reports about the telecommunications industry, and, therefore, urge the FCC to view skeptically industry pleas to eliminate data collection. Informed policy-making is far preferable to decision making that occurs in an information vacuum. Also, this proceeding presents an opportunity for the FCC to re-impose requirements for the Automated Reporting Management Information System (“ARMIS”) reports, which an earlier FCC prematurely permitted industry to forbear from providing. The FCC is now embarking on a comprehensive reform of intercarrier compensation and universal service funding. The data that ARMIS encompasses is an essential tool for the FCC to ensure that consumers are not improperly burdened by the cost of that reform.
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THE NEW JERSEY DIVISION OF RATE COUNSEL

I. INTRODUCTION

The National Association of State Utility Consumer Advocates (“NASUCA”) as an organization¹ and the New Jersey Division of Rate Counsel (“Rate Counsel”) as an agency

¹/ NASUCA is a voluntary association of advocate offices in more than 40 states and the District of Columbia, incorporated in Florida as a non-profit corporation. NASUCA’s members are designated by laws of their respective jurisdictions to represent the interests of utility consumers before state and federal regulators and in the courts. See, e.g., Ohio Rev. Code Chapter 4911; 71 Pa. Cons. Stat. Ann. § 309-4(a); Md. Pub. Util. Code Ann. § 2-205(b); Minn. Stat. § 8.33; D.C. Code Ann. § 34-804(d). Members operate independently from state utility commissions as advocates primarily for residential ratepayers. Some NASUCA member offices are separately established advocate organizations while others are divisions of larger state agencies (e.g., the state Attorney General’s office). NASUCA’s affiliate and affiliate members also serve utility consumers but are not created by state law or do not have statewide authority.
representing New Jersey consumers and as a member of NASUCA,\(^2\) hereby respond to comments submitted regarding the 2010 biennial review of telecommunications regulations being conducted by the Federal Communications Commission (“FCC” or “Commission”).\(^3\) Relatively few comments were submitted.\(^4\)

The outcome of this proceeding has immediate and long-term consequences for consumers in New Jersey and throughout the country because the quality and comprehensiveness of information and data that the industry submits directly influences the FCC’s ability to shape and to enforce sound telecommunications policy.

II. OVERVIEW

As the FCC explains in its public notice, the “Commission is directed to repeal or modify any regulations that it finds are no longer in the public interest.”\(^5\) NASUCA and Rate Counsel support the FCC’s efforts to undertake “a zero baseline review of its data collections to improve

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\(^2\)/ Rate Counsel is an independent New Jersey State agency that represents and protects the interests of all utility consumers, including residential, business, commercial, and industrial entities. The Rate Counsel, formerly known as the New Jersey Ratepayer Advocate, is a Division within the Department of the Public Advocate. N.J.S.A. §§ 52:27EE-1 et seq.

\(^3\)/ Public Notice FCC 10-204, “Commission Seeks Public Comment in 2010 Biennial Review of Telecommunications Regulations; Announces Particular Focus on Data Collection Requirements,” released December 30, 2010 (“Public Notice”). As directed by the FCC, NASUCA and Rate Counsel have filed separate pleadings with each bureau or office that has jurisdiction over the applicable rule addressed in these reply comments. Public Notice, at 1.

\(^4\)/ Verizon and Verizon Wireless (“Verizon”) submitted an identical set of comments in multiple dockets; the Administrative Council for Terminal Attachments (“ACTA”) submitted comments in CG Docket No. 10-266; AT&T, Inc. (“AT&T”) submitted different comments separately in IB Docket No. 10-268, PS Docket No. 10-270, WT Docket No. 10-271, and WC Docket No. 10-272; the Alliance for Telecommunications Industry Solutions (“ATIS”), on behalf of its Network Reliability Steering Committee, submitted comments in PS Docket No. 270; PCIA – the Wireless Infrastructure Association submitted comments in WT Docket No. 10-271. NASUCA and Rate Counsel address some but not all issues raised in initial comments. Failure to respond to a particular comment should not be taken as agreement.

\(^5\)/ Public Notice, at 1.
data quality and processes, identify areas where additional data collection is needed, and eliminate unnecessary collection."6 NASUCA and Rate Counsel also fully support the FCC’s related efforts in separate proceedings to improve its overall data collection process.7 Throughout this ambitious undertaking, NASUCA and Rate Counsel urge the Commission to consider carefully industry pleas to eliminate data reporting requirements. We concur with Commissioner Copps that “[g]athering good data . . . is critical to the FCC’s ability to do its job” and that, furthermore, “ridding ourselves of unneeded data requirements is actually less important than guaranteeing we have the data we need.”8

The primary focus of these reply comments is the Automated Reporting Management Information System (“ARMIS”) reports. However, NASUCA and Rate Counsel also respond to several other issues raised in initial comments.

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6 / Id., at 2.


8 / Form 477 NPRM, Concurring Statement of Commissioner Michael J. Copps.
III. RULE PARTS CONTAINING REGULATIONS ADMINISTERED BY THE
CONSUMER & GOVERNMENTAL AFFAIRS BUREAU (CG DOCKET NO. 10-266)

NASUCA and Rate Counsel fully support ACTA’s recommendation that the FCC enhance its enforcement of Part 68 non-compliance and that the FCC clarify that voice over Internet protocol (“VoIP”) telephones must meet the hearing aid compatibility and Volume Control rules in Part 68 as well as be listed in the ACTA database of approved terminal equipment.9 As the nation increasingly relies on new technologies such as VoIP, it is essential that such technological progress not erode basic consumer protections. NASUCA and Rate Counsel are troubled, however, to learn about the lack of enforcement for Part 68 compliance, which, in turn, harms consumers who rely on hearing aid compatibility in order to stay connected to the public switched telephone network.10 The infiltration of the United States market by non-compliant equipment is harmful to consumers.11 Furthermore, the FCC should clarify that “all devices including VoIP, that connect or potentially can connect to the PSTN and private line services” should comply with Part 68 rules, comport with ACTA-adopted technical criteria, and be registered in the ACTA’s Part 68 database.12

9 / ACTA (CG Docket No. 10-266), at 1. (All subsequent cites to ACTA are to ACTA’s filing in CG Docket No. 10-266). In 2000, the FCC privatized many portions of its rules that govern customer premises equipment (“CPE”), and the ACTA was established to assume roles that the FCC had previously fulfilled such as adopting technical criteria for CPE and establishing a registration database of compliant equipment. ACTA, at 1-2.

10 / Id., at 3.

11 / Id., at 4.

12 / Id., at 5 (emphases in original).
IV. RULE PARTS CONTAINING REGULATIONS ADMINISTERED BY THE PUBLIC SAFETY AND HOMELAND SECURITY BUREAU (PS DOCKET NO. 10-270)

NASUCA and Rate Counsel urge the Commission to consider skeptically AT&T’s and Verizon’s proposed changes to the network outage reports that carriers must now submit. As a threshold matter, NASUCA and Rate Counsel disagree entirely with AT&T’s assertion that “there is no evidence of a market failure jeopardizing the quality and reliability of the nation’s telecommunications infrastructure.” Furthermore, in the course of state regulatory proceedings, consumer advocates and state regulators obtain copies of network outage reports to assist them in assessing carriers’ service quality and the possible causes of service quality problems. It is premature to discontinue Communications Outage Reports. NASUCA and Rate Counsel, however, do not oppose ATIS’s recommendation that the FCC modify its rules concerning the requirement that carriers provide a notification within 120 minutes of an outage.

13 / AT&T (PS Docket No. 10-270), at 1-7; Verizon, at 14-16.

14 / AT&T (PS Docket No. 10-270), at 4. Numerous state public utility commissions have been and are continuing to grapple with market failures in local markets that lead to inadequate and unreliable telephone service. See, e.g., In the Matters of Request of Verizon Maryland Inc. to Reclassify Certain Retail Bundled Services to the Competitive Service Basket as Provided by the Commission’s Price Cap Plan; Commission’s Investigation of Verizon Maryland Inc.’s Service Performance and Service Quality Standards; Commission’s Investigation Into Verizon Maryland Inc.’s Affiliate Relationships; Commission’s Investigations into Local Calling Area Boundaries and Related Issues; Appropriate Forms of Regulating Telephone Companies, Maryland Public Service Commission Case Nos. 9072; 9114; 9120; 9121; and 9133, Order No. 83137, February 2, 2010, at 6; Investigation by the Department of Telecommunications and Cable on its own motion, pursuant to General Law Chapter 159, Section 16, of the telephone service quality of Verizon New England Inc., d/b/a Verizon Massachusetts, in Berkshire, Hampden, Hampshire, and Franklin Counties, Commonwealth of Massachusetts, Department of Telecommunications and Cable, D.T.C. 09-1, Order on Joint Motion for Approval of Settlement, February 10, 2011; In the Matter of Investigating the Service Quality of Verizon Virginia Inc. and Verizon South Inc., Commonwealth of Virginia State Corporation Commission Case No. PUC-2010-00064, Notification Order, January 25, 2011. The Maryland PSC found that Verizon MD’s service quality provided to basic service had suffered because of a business decision to focus on business customers, deploying FiOS and increasing profits by reducing employment. The Massachusetts Department of Telecommunications and Cable approved a settlement agreement, which, among other things, requires Verizon to submit additional service quality reports and undertake a survey of its outside plant in certain wire centers in Western Massachusetts and complete repair work based on the findings of the survey. The Virginia State Corporation Commission, after a written response by Verizon to a “show cause” order and hearings, issued an order to “notify Verizon of its obligation and need to satisfy provisions” of the service quality rules related to out-of-service and repair.

15 / ATIS “recognizes that the Commission has a valid need to collect information about communications outages.” ATIS, at 3.
so that the 120-minute requirement applies only to outages that are related to vandalism or terrorism, those affecting special facilities (such as airports or 911/E911 facilities) or SS7 isolations, and that the FCC consider other timeframes for other outages.  

Moreover, NASUCA and Rate Counsel recommend that the FCC establish non-proprietary network outage reporting requirements for all broadband providers. Reliable access to broadband service has become increasingly important to everyday life, and to the health of the nation’s economy, and, therefore, broadband outages can have dire consequences for consumers. Network outage reporting requirements should encompass broadband outages, especially with the FCC’s increased emphasis on the broadband network replacing the legacy network.

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16 / Id., at 4-5.
18 / See, e.g., “Comcast Internet Outage Hits the East Coast,” William Fenton, November 29, 2010 http://www.pcmag.com/article2/0,2817,2373536,00.asp
19 / See, e.g., Form 477 NPRM, at paras. 23, 77, and 89.
V. RULE PARTS CONTAINING REGULATIONS ADMINISTERED BY THE WIRELINE COMPETITION BUREAU (WC DOCKET NO. 10-272)

The FCC should re-impose ARMIS reporting requirements.

The Public Notice does not specifically raise questions about ARMIS, but various FCC rules implicate ARMIS, including, for example, the uniform system of accounts (Part 32), separations process (Part 36), universal service (Part 54), interstate rate of return (Part 65), and access charges (Part 69). Among other things, NASUCA and Rate Counsel disagree with AT&T that the information recorded in the accounts, pursuant to Part 32 “no longer serve any regulatory purpose.”20 Although separations factors have been frozen,21 corrections to separations factors are long overdue, and should be implemented in a timely manner. Contrary to AT&T’s assertion,22 cost allocation requirements continue to be relevant, particularly as the FCC embarks on its ambitious and comprehensive reform of universal service and intercarrier compensation, to ensure that costs are not shifted inappropriately to consumers if and when carriers seek to be “made whole.” Also, AT&T’s statement that “carriers could continue to maintain the detail underlying these accounts to the extent it is still needed to comply with any state reporting requirements,”23 conveniently ignores the fact that many state regulators rely on the FCC-reported data.

Similarly, the FCC should reject AT&T’s recommendation that the Commission eliminate Section 32.7300(h)(1) reporting requirements for price cap carriers.24 Instead, the FCC should be fully informed about the magnitude of carriers’ lobbying expenses, without needing to

20 / AT&T (WC Docket No. 10-272), at 6.
21 / Id.
22 / Id.
23 / Id.
24 / Id., at 6-7.
turn to other more cumbersome sources of information about carriers’ lobbying. Although streamlining reports is a reasonable objective, the consequence of such changes should not be that regulators then become burdened by the need to “chase after” information from other sources.

NASUCA and Rate Counsel continue to be gravely concerned that regulators’ ability to obtain relevant data has been hampered severely by the Commission’s granting of forbearance (petitions which NASUCA and Rate Counsel opposed and have appealed the FCC’s orders on), and therefore, NASUCA and Rate Counsel urge the Commission to re-consider the value of the data that was traditionally available through the FCC’s ARMIS. Information asymmetry – where regulated entities uniquely possess relevant cost and revenue data – hampers regulators’ ability to ensure that consumers’ rates are just and reasonable and to ensure that competition is evolving in an economically efficient manner. Furthermore, state regulators and consumer advocates rely on ARMIS reports to monitor carriers’ service quality, and to compare service quality over time as well as among jurisdictions. Inaccurate separations factors relate to service quality because carriers profess that purportedly negative earnings constrain their ability to allocate resources to basic local exchange service. The FCC should re-impose ARMIS reporting of financial and service quality information by carriers.

The FCC, on its own motion, extended the cost assignment forbearance that it had granted to AT&T in April, 2008, finding that “the reasoning of the AT&T Cost Assignment

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25 The FCC web site states: “ARMIS filing requirements were reduced significantly for 2008 data by Commission forbearance orders. More information on the impact of the forbearance orders is available on the Significant Changes to ARMIS Reporting Instructions page.” http://fjallfoss.fcc.gov/eafs7/MainMenu.cfm"
Forbearance Order applies equally to Verizon and Qwest.”26 The last-minute inclusion of cost allocation forbearance relief for Verizon and Qwest was ill-advised. Commissioner Copps’ statement on this issue bears quoting:

Finally, but just as importantly, I strongly dissent to the last minute inclusion of cost allocation forbearance relief for Verizon and Qwest. With the statutory deadline looming, this monumental change was first proposed only yesterday afternoon. No Order in connection with the cost allocation forbearance requests was previously circulated for consideration. There is no opportunity to review the relevant records, hear from stakeholders, or consider the merits of these forbearance requests. I therefore must dissent on this basis alone. The inclusion of such a far-reaching decision at this late hour badly distorts a forbearance process that has already gone awry. Furthermore, I am deeply concerned at this time that the grant of forbearance likely raises similar concerns to those I raised with Commissioner Adelstein in our dissent to cost allocation forbearance relief granted AT&T back in April.27

This Commission should reverse its earlier, ill-advised decision to forbear from cost accounting information.

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27 / Id., Statement of Commissioner Michael J. Copps, Approving in Part, Concurring in Part, Dissenting in Part. See, also, Commissioner Adelstein’s statement that: “This cavalier approach to the forbearance process is disappointing given the many concerns that have already been raised by Congress.”
The FCC should continue to collect Form 477 data.

NASUCA and Rate Counsel, which have participated in numerous proceedings regarding the collection of data concerning broadband deployment, prices, and other information (e.g., through WC Docket No. 07-38), recognize that the FCC is conducting a comprehensive review of Form 477 reporting requirements in a separate, pending proceeding, and therefore respond only briefly to Verizon’s comment in this proceeding. Verizon, referring to the data that states are collecting from broadband providers through grants from the National Telecommunications and Information Administration (‘‘NTIA’’) pursuant to the Broadband Data Improvement Act, requests that the Commission consider to what extent the census ‘‘data on the Form 477 is still necessary.’’ NASUCA and Rate Counsel urge the FCC to continue to require carriers to submit Form 477 data to the FCC as well as to require carriers to submit Form 477 data to state public utility commissions. NTIA state grantees are not necessarily the public utility commissions. The FCC and state PUCs require access to Form 477s in order to carry out the federal-state authority and responsibility to achieve national broadband goals.

Verizon also requests that the FCC redesign the Form 477 interface so that each filer can fill information for all applicable states and upload the information as one data file. NASUCA and Rate Counsel do not oppose such a change, provided that states have timely and complete access to such data.

\(^{28}\) Form 477 NPRM.

\(^{29}\) Rate Counsel and other NASUCA members also rely on Form 477 local competition data in state regulatory proceedings.

\(^{30}\) Verizon, at 12.

\(^{31}\) Id., at 12-13.
Continuing Property Records

Verizon and AT&T assert that price cap regulation makes the basic and continuing property record ("CPR") requirements for price cap carriers outmoded.\(^{32}\) Verizon asserts that generating "unnecessary, detailed information for all plant accounts such as descriptions of property, location information, date of placement into service, and original cost data" is anachronistic.\(^{33}\) AT&T asserts that if the FCC eliminates the CPR requirements, price cap local exchange carriers will maintain property records in accordance with GAAP.\(^{34}\)

NASUCA and Rate Counsel are not persuaded by Verizon’s and AT&T’s attempt to justify the elimination of CPRs for price cap carriers. Regardless of whether a carrier is subject to alternative or traditional rate of return regulation, regulators require meaningful cost accounting data in order to ensure that regulated rates are just and reasonable. Establishing just and reasonable going-in rates, and assessing the impact of exogenous events on price cap and alternative regulation plans, require an assessment of a carrier’s revenue requirement. The justness and reasonableness of rates are at stake in various pending proceedings, including, for example, CC Docket No. 05-25 (interstate special access rates), and the FCC’s reform of universal service and intercarrier compensation. Moreover, GAAP requirements are not a reasonable substitute for FCC reporting requirements – the burden to locate information should not shift to regulators. For these reasons, the FCC should reject carriers’ attempt to eliminate CPR requirements for price cap carriers.

\(^{32}\) AT&T (WC Docket No. 10-272), at 3-4; Verizon, at 5.

\(^{33}\) Verizon, at 5.

\(^{34}\) AT&T, at 3.
VI. CABLE

According to Verizon, certain cable reports have “outlived their usefulness” including reports that include information about channel line-ups, prices, service offerings, and technical details that are provided “in response to annual cable price surveys (assigned Form 333) and Form 325.” According to Verizon “[t]hese forms were designed for traditional monopoly cable systems” and they “do not fit competitive video providers such as Verizon and the way these companies market their services.” NASUCA and Rate Counsel disagree with the substance of Verizon’s position but do not address this matter in these reply comments because Verizon’s comments on this topic suffer a fundamental flaw – they address cable rules under Part 76 that were not included in the Commission’s Public Notice. Nevertheless, it should be pointed out that the cable price survey is required by statute.

VII. CONCLUSION

NASUCA and Rate Counsel commend the FCC’s comprehensive efforts in this docket and in related dockets to improve data collection and reporting. The FCC’s ability to shape sound, fact-driven decisions and policy depends critically on its access to timely, accurate, and meaningful information about the industry that it regulates. The FCC is about to embark on much-anticipated reform of universal service funding and intercarrier compensation, in part, so that it can achieve the visionary and important goals set forth in its National Broadband Plan. It
is essential that the FCC possess the requisite information and data so that consumers do not bear an unfair portion of the cost of these complex reforms and of achieving ubiquitous affordable broadband deployment, either through unreasonable rates or inadequate service quality.

Respectfully submitted,

/s/ David C. Bergmann
David C. Bergmann
Assistant Consumers’ Counsel
Chair, NASUCA Telecommunications Committee
Office of the Ohio Consumers’ Counsel
10 West Broad Street, Suite 1800
Columbus, OH 43215-3485
Phone (614) 466-8574
Fax (614) 466-9475
bergmann@occ.state.oh.us

NASUCA
8380 Colesville Road, Suite 101
Silver Spring, MD 20910
Phone (301) 589-6313
Fax (301) 589-6380

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Deputy Public Advocate
P.O. Box 46005
Newark, NJ 07101
Phone (973) 648-2690
Fax (973) 624-1047
www.rpa.state.nj.us
njratepayer@rpa.state.nj.us

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