COMMONWEALTH OF MASSACHUSETTS

DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

Investigation by the Department of Telecommunications and Energy on its own motion, pursuant to G.L. c. 159, § 105 and G.L. c. 164, § 76, to investigate increasing the penetration rate for discounted electric, gas and telephone service.	)	**D.T.E. 01-106**

REPLY COMMENTS OF VERIZON MASSACHUSETTS

In its Reply Comments, Verizon Massachusetts ("Verizon MA") responds to the proposed establishment of an automatic enrollment program for consumers who are existing subscribers of telephone, electric or gas services and are current recipients of qualifying low-income assistance programs.[1] An automatic enrollment program was raised by the Massachusetts Community Action Program Directors Association ("MCAPDA") and the Massachusetts Energy Directors Association ("MEDA") and by the Massachusetts Division of Energy Resources ("DOER") in their respective comments

[1] "Automatic enrollment" is distinct from "reciprocal enrollment," which Verizon MA addressed in its Initial Comments filed January 24, 2002. Reciprocal enrollment is where a qualifying Massachusetts customer would be enrolled in *all* telephone, gas and electric assistance programs once they are enrolled in at least *one* such program. *Order*, at 5-6. As Verizon MA explains in its Initial Comments, establishing a reciprocal system would be costly and administratively burdensome because of the differences in the eligibility criteria and verification processes for the various low-income discount programs offered by the telephone, gas and electric companies doing business in Massachusetts. Verizon MA Comments, at 9-12. Those programs may vary based on the applicable regulatory and public policy goals for these respective industries, as well as the different market structure and level of jurisdictional support for such programs. In addition, reciprocal enrollment raises privacy issues relating to the sharing of customer-specific information among industries. Verizon MA Comments, at 13-16.

filed on January 24, 2002, in this proceeding. *See* MCAPDA-MEDA Comments, at 24; DOER Comments, at 12.

Verizon MA is clearly committed to support its LifeLine and Link-Up assistance programs, which enable eligible, low-income customers to receive more affordable telephone service and thereby further the public policy goal of universal service. Indeed, both the overall telephone subscribership level (*i.e.*, 95.7 percent) and the low-income customer penetration rate (*i.e.*, 89.8 percent) in Massachusetts exceed the national average, and are among the highest in the nation.[2] Thus, Verizon MA's LifeLine and Link-Up assistance programs currently achieve the Department's objectives.

Based on Verizon's experience in other jurisdictions, automatic enrollment does not necessarily increase overall telephone subscribership levels, may not promote competition, and can be very expensive and difficult to implement and administer. Automatic enrollment of existing telephone, gas and electric subscribers in the various customer assistance programs may also raise numerous privacy concerns, as suggested in initial comments filed by the Attorney General and various social service agencies, *inter alia*, in this proceeding.[3] Accordingly, Verizon MA believes that a far more effective way to promote its LifeLine and Link-Up assistance programs is through its customer outreach efforts and through participating social service agencies, which provide

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[2] *See* FCC Industry Analysis Division Report, Table 2, released February 2002. It should also be noted that Verizon MA's LifeLine program is among the most generous in the country – with a $14.50 monthly benefit. In Massachusetts, the current monthly rate is $14.91 for residence measured service ("1MR") [*i.e.*, $9.91 for 1MR and $5 for the End User Common Line charge ("EUCL")], and $21.85 for residence flat-rated (unlimited) service ("1FR") [*i.e.*, $16.85 for 1FR and $5 for the EUCL].

[3] *See e.g.*, Office of the Attorney General Comments, at 7; Massachusetts Department of Transitional Assistance ("DTA") Comments, at 1; Massachusetts Department of Public Health's Women, Infants and Children Nutrition Program ("WIC") Comments, at 2.

information on such programs (*e.g.*, Verizon brochures and applications) directly to qualified consumers. *See* Verizon MA's Comments, at 5-6. That approach ensures that the consumer's decision to participate in such assistance programs is based on an *affirmative* customer choice - and not a *presumption* of a customer's willingness to participate.

ARGUMENT

Verizon MA does not advocate an automatic enrollment program in Massachusetts for the following reasons. First, it requires the distribution of client lists from social services agencies identifying specific information regarding current benefit recipients. Some customers may object to the social service agencies informing the telephone, gas, or electric companies that they receive such benefits from that agency. Release of client information to such companies without prior customer consent raises privacy concerns under state law. *See* Verizon MA's Comments, at 13-16.

In its comments, the DOER notes the New York Department of Social Services ("NYDSS") releases client information to Verizon New York ("Verizon NY") pursuant to a confidentiality agreement. *See* DOER Comments, at 12. A similar agreement exists between Verizon NY and the third-party vendor (*i.e.*, mail-house) responsible for sending enrollment letters to customers.[4] However, it is uncertain whether a confidentiality agreement between Massachusetts social service agencies and telephone, gas and electric companies would be sufficient to prevent a violation under state law absent express

[4] In New York, these customer letters are sent under the aegis of the Public Utilities Law Project ("PULP"), a state consumer advocacy group.

permission from the client to release such information. *See* Verizon MA's Comments, at 13-16; *see also* NSTAR Electric and Gas Comments, at 13-16.

Second, automatic enrollment constitutes, in a sense, a "negative check-off" by placing *existing* customers into a low-income telephone, gas or electric assistance program without their prior consent. Under the automatic enrollment program in New York, an existing Verizon NY customer who qualifies for the LifeLine program based on the NYDSS database list would receive a notification letter.[5] If an existing customer does *nothing* upon receipt of that letter, the customer is *automatically* added to the Verizon NY's list of LifeLine recipients.

To *presumptively* enroll an existing customer in a low-income assistance program may be problematic. Some eligible consumers may object to receiving *any* telephone, gas or electric assistance, or may object to the service restrictions imposed by such programs. Moreover, if an existing customer does not want to participate in the program, the customer must then act by signing and returning the letter to be removed from the automatic enrollment list.

Third, an automatic enrollment program can be extremely costly and difficult to implement and administer. It requires a continuous commitment of resources by participating social service agencies to ensure the provision of accurate lists to telephone, gas and electric companies. Likewise, the companies must undertake considerable programming work to enable their systems to process those agency database lists for

[5] It should be noted that under the New York automatic enrollment program, a stipulated *percentage* of eligible Verizon customers are automatically subscribed to the LifeLine program semi-annually via a computer matching program with the NYDSS. These customers are also re-validated on an annual basis.

matching purposes and administer the automatic enrollment program on an ongoing basis.[6]

In Massachusetts, Verizon MA is required to interface with multiple agencies – *i.e.*, the Department of Transitional Assistance ("DTA"), the Massachusetts Office of Fuel Assistance ("MOFA"), and the Division of Medical Assistance ("DMA") – in connection with its LifeLine and Link-Up programs. *See* Verizon MA's Comments, at 7-9. To participate in an automatic enrollment program, each of those individual agencies would need to provide accurate recipient lists to Verizon MA on an electronically compatible basis.[7]

The sharing of client lists under an automatic enrollment program also raises potential competitive issues. Some agencies may be unable – or unwilling – to sort their client lists on a company-specific basis to avoid disclosing competitively sensitive information about competitive providers' customers. This is particularly true in the telecommunications industry, where competitive local exchange carriers may provide telephone services in the same areas as Verizon MA. In addition, sorting those client lists by company may be time-consuming and costly for agencies, thereby adding further delay to enrolling eligible customers in the telephone, gas and electric assistance programs.

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[6] It should be noted that costs incurred by Verizon to administer the LifeLine program in New York are recoverable under the state's Targeted Access Fund.

[7] In New York, the NYDSS is the only social service agency to participate in an automatic enrollment program for LifeLine benefits. Other social service agencies directly inform clients of their eligibility for LifeLine benefits, and how to apply to receive those benefits from Verizon NY.

CONCLUSION

For the foregoing reasons, Verizon MA believes that the preferred approach is not to adopt an automatic enrollment program, but rather to continue to promote LifeLine and other assistance programs through customer outreach efforts by the companies and the social service agencies involved.[8] This will allow new and existing customers to decide whether to take advantage of specific assistance programs with full knowledge of the benefits available to them, while protecting their privacy interests, as required by law.

Respectfully submitted,

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[8] For example, during 2002, Verizon plans to introduce in New York an electronic method for those agencies to access and download LifeLine applications and provide them to eligible customers. Once deployed, Verizon would consider expanding this means of electronic access to include Massachusetts social agencies, where feasible. In addition, in New York, outreach efforts may target not only benefit recipients, but also their caretakers.