

BEFORE THE  
FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION  
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IN THE MATTER OF )  
 )  
AMENDMENT OF THE COMMISSION'S )  
RULES AND POLICIES TO INCREASE )  
SUBSCRIBERSHIP AND USAGE OF THE )  
PUBLIC SWITCHED NETWORK )

CC Docket No. 95-115

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INITIAL COMMENTS OF THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION  
ON THE NOTICE OF PROPOSED RULEMAKING

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**I. Introduction and Summary of Comments**

The Pennsylvania Public Utility Commission ("PaPUC" or "Pennsylvania Commission") submits the following initial comments on the Federal Communications Commission's ("FCC" or "Commission") Notice of Proposed Rulemaking ("NPRM"). The NPRM presents initiatives aimed at increasing connection and reconnection to, and reducing disconnection from, the public switched telecommunications network. The Commission's NPRM is timely as part of its overall comprehensive evaluation of federal universal service initiatives. We strongly support FCC policies which will serve to compliment State universal service programs. We recognize that Federal programs play a crucial role in achieving universal service goals in Pennsylvania and elsewhere.

The PaPUC appreciates this opportunity to share its experience with the Commission on its various State initiatives designed to obtain maximum subscribership levels in the

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Commonwealth. It has always been a longstanding policy of the PaPUC to afford access to the local network the highest degree of protection. Accordingly, the PaPUC's policies have in the first instance been designed to protect access to the local network where at all possible. Technological advances, multiple balance billing, a very dedicated staff in our Bureau of Consumer Services, and a strong commitment to universal service by our local exchange carriers, have been significant factors in furthering our ability to keep Pennsylvania subscribers connected to the network. At the same time, we have attempted to balance this important policy goal with the legitimate concerns of Pennsylvania carriers regarding uncollectibles and prompt payment for services rendered. We appreciate the Commission's recognition of the effectiveness of our various policies in this regard, in particular, our prohibition against basic service disconnection for nonpayment of toll and nonbasic service charges. Recently, in addition to approving a Lifeline Plan for Bell Atlantic-Pennsylvania ("Bell Atlantic"), our Commission is undertaking a comprehensive review of our universal service policies to increase their overall effectiveness and to establish the optimal mix of policies to achieve universal service in Pennsylvania.

Because of the importance of universal service programs at both the Federal and State levels and the fact that we share mutual and common goals in this area, the PaPUC supports a cooperative Federal-State approach to universal service policies in the future. We also believe that carriers themselves have to be committed to maintaining customer connectivity to the public switched network, and that as a whole, carriers in Pennsylvania share our commitment in this regard. As discussed in more detail below, the approach we advocate would consist of a continuation of the various FCC support mechanisms, recommendations by the FCC rather than

mandates to States and carriers on the policies discussed in this NPRM, with the opportunity for more direct FCC input into individual State plans which may be required as part of the FCC's proposal in Docket 80-282 to permit State administration of Federal USF funds.

We believe that the current policy of the FCC to, in general, defer to State requirements governing disconnection, toll restriction and deposits has worked well and should continue, as evidenced by recent subscribership data in Pennsylvania. The ability to ensure maximum connectivity to the network and to emergency services coincides with the States' police power responsibilities, and therefore, is best left to determination by the State. Furthermore, given States' proximity to local markets, and the demographical and geographical differences between States, we believe that we are in the best position to structure the optimal mix of policies that will be most effective in reaching the various classes of nonsubscribers within our respective jurisdictions. Additionally, it is not clear that FCC policies could be instituted without significant preemption of some State policies, a measure we oppose.

This is not to say that we would not welcome the FCC's insight, assistance and conclusions regarding the information generated as a result of this proceeding to further our various State programs designed to attain "universal service". If, as a result of this proceeding, the FCC determines that certain of the initiatives contained therein would be effective in increasing penetration levels, the FCC should encourage or recommend that all States adopt those policies. Faced with empirical evidence as to the benefits of the various initiatives, PaPUC believes that most States will choose to adopt the proposals and increase subscribership levels within their respective jurisdictions. Most States have participated in Federal Lifeline and Link-Up programs despite the fact that participation is voluntary.

Further, as already indicated, the FCC may have an opportunity to provide very direct and critical input into a State's overall universal service policies in the future through State plans to administer Federal USF funds. It would be more appropriate for the FCC to address its proposals to individual States through this procedure, rather than through the use of nationwide mandates, which may be effective in some jurisdictions, but not others.

As a result of our success with selective disconnection, we believe that the FCC should encourage other States to adopt a similar policy. Since selective disconnection policies are not possible without multiple balance billing, the FCC should also encourage carriers to use multiple balance billing and/or recommend to States that they require multiple balance billing. The need for multiple balance billing is discussed in detail in Section II(A)(2) of these Comments.

We also support federal initiatives which are designed to more accurately measure overall subscribership levels. (para. 42-45). We believe that Census data, while important, could be augmented with information collected at the State level, by commissions and/or carriers. We agree that any measurements in the future should consider the subscribership levels of local service substitutes such as wireless services and subscribership to the Internet. We will submit more detailed comments on this issue in our reply comments.

Finally, the NPRM recognizes that absent effective education of targeted persons, even the most meritorious of programs will fail. Inadequate notice of the various federal and State programs can, in our opinion, itself act as one of the most impenetrable barriers to network connectivity. At the same time it is perhaps one of the most easily rectified or penetrable barriers. Our policies in Pennsylvania have attempted to promote effective education of consumers on telecommunications issues whenever possible. In the final Section of our

Comments, we discuss the Pennsylvania Telecommunications Education Fund, which we believe has been of considerable benefit in reaching and educating Pennsylvanians on various telecommunications issues, as a possible prototype for other States and the FCC. We also discuss our plain language guidelines which provide guidance to utilities when communicating with their customers.

## **II. NERM Proposals To Increase Subscribership**

### **A. Disconnection Related To Failure To Pay Interstate Long-Distance Charges**

#### **1. The FCC Should Continue to Defer to State Disconnection Policies.**

The FCC seeks comment on adopting on a nationwide basis a rule similar to Pennsylvania's which would prohibit any common carrier from interrupting or disconnecting a telephone subscriber's primary local exchange service for failure to pay interstate long-distance charges. (para. 30). In support of a federally mandated prohibition on local service disconnection, the Commission points out at para. 27 that "[s]tudies show that disconnection from the public switched network is the primary reason households do not subscribe to telephone service; and the most common reason for disconnection is inability or failure to pay for long-distance usage."

As indicated by the Commission, the PaPUC has prohibited disconnection of local service for nonpayment of long-distance charges since 1985. (para. 11). Due to advances in switching technology, technical barriers no longer exist which prevent selective blocking of long distance calls, or the provision of local, but not interstate long-distance services.

Our experience to-date and empirical evidence collected from carriers appears to support the Commission's conclusion that one explanation for households lacking telephone service is

that some households formerly subscribed to telephone service, have since become disconnected because of unpaid toll bills. In its most recent residential account report for the period 1/1/94 through 12/31/94, Bell Atlantic reported performing, on average, 48,812 toll denials per month. However, of these 48,812 toll denials, only 12,825 subscribers experienced basic service suspensions. These figures demonstrate that the PaPUC's policy prohibiting basic service disconnection allows a significant number of residential customers to retain basic service even though they lose their toll service. Clearly, absent this prohibition many more households in Pennsylvania would be facing loss of basic service for nonpayment of toll charges.

Nonetheless, the PaPUC does not support a federally mandated selective disconnection policy for several reasons. First, we believe that a State's ability to determine network accessibility and access to emergency services is intricately tied up with the State's police power responsibilities and should not be subject to national, uniform mandates. Second, we oppose FCC preemption in this area because of the significant State interests. In this regard, it is unclear what technological changes would be required to permit a selective disconnection policy to be applied with respect to interstate toll services only and whether differing Federal and State policies could be accommodated or would be reasonable. Third, one of the reasons this policy has been so successful in Pennsylvania is due to the very strong commitment to this principle by the Commission's Bureau of Consumer Services and our local exchange carriers. The Commission's Bureau of Consumer Services spends considerable time assisting customers with payment arrangements and enforcing the PaPUC's policies. Without the availability and commitment of a very dedicated Staff, nationwide mandates will be ineffective. Pennsylvania local exchange carriers have also demonstrated a commitment to work with our Commission in

furthering our subscriber objectives which is very important. Fourth, a State's proximity to local markets, and the demographical and geographical differences between States, put States in the best position to structure the optimal mix of policies to achieve universal service. The reasons for nonsubscriber vary between States, making a nationwide mandate unsuitable. Finally, we believe that the best approach may be for the Commission to address its concerns with specific State universal service policies in the State plans submitted as part of the FCC's proposal to permit State administration of USF funds in the future, Option 3 of the Commission's High Cost Fund NPRM.

In summary, we oppose implementation of nationwide disconnection policies, an area which we believe is best left to State determination. However, because of our success with selective disconnection in Pennsylvania, we believe that the FCC should strongly encourage all States to adopt a similar policy.

**2. The FCC Could Facilitate State Selective Disconnection Policies By Encouraging Carriers to Provide and States to Require Multiple Balance Billing.**

Technological advances, including multiple balance billing, have been a significant factor in furthering our ability to keep Pennsylvania subscribers connected to the network. Without multiple balance billing, it would be impossible to segregate basic service charges from toll and nonbasic charges, which underlies Pennsylvania's selective disconnection policy.

Consequently, if one of the FCC's objectives is to encourage implementation of a nationwide selective disconnection policy, it can facilitate this objective by encouraging carriers to adopt and States to mandate multiple balance billing, a computerized method of separating a customer's total amount due into separate baskets. These baskets might include local service,

intraLATA toll service, interLATA toll service, and optional services. Alternatively, the baskets could distinguish between regulated and non-regulated services.

The implementation of multiple balance billing is basically a software change in a utility computer program to track usage and services. Multiple balance billing is usually accompanied by a requirement that a utility track customer payments according to these same baskets and prescribe how a partial payment is allocated to these baskets. The ability to track these different customer baskets is vital to the utility's ability to prevent disconnection for nonpayment of one or more baskets of services. Without multiple balance billing a utility cannot separate out any particular non-regulated or non-basic service from the amount overdue that appears on a customer's notice of disconnection for nonpayment of basic service. If a utility has multiple balance billing, it has the ability to alter its credit and collection approach and policies for the different market baskets. This functionality allows a commission to structure different standards and customer protections for services that range from core to competitive.

Under the PaPUC's multiple balance billing policy, local exchange carriers must apply all payments received from customers in a manner intended to decrease basic service arrearages in order to prevent basic service suspensions or terminations. Pursuant to this policy, local exchange carriers must apply payments to arrearages in the following service categories according to the following priority: a) basic service arrearages, (b) toll arrearages, and (c) nonbasic arrearages. By requiring that any payment received first be applied to basic service arrearages, the PaPUC is able to ensure that situations where basic service is threatened as a result of toll usage are kept to a minimum.

Regional or nationwide operating companies should be encouraged to implement multiple

balance billing in all States in which they do business since administrative and implementation costs are higher when major billing systems vary by State.

In summary, support for multiple balance billing at the national level would promote the FCC's goal of selective disconnection and may at the same time reduce overall LEC expenses in implementing such a policy at the State level.

#### **B. Call Control Services**

##### **1. The FCC Should "Encourage" Carriers To Offer Voluntary Long-Distance Blocking Services Where There is a Need.**

The FCC finds Pennsylvania's high subscriber rates to be persuasive evidence "that voluntary toll restriction may be essential to maintaining and promoting subscribership to the telephone network." (para. 17).

Under Chapter 64 of the Pennsylvania Public Utility Code, companies must give customers the option of discontinuing toll or nonbasic service. Consequently, carriers in Pennsylvania must make some form of voluntary toll restriction available to their customers.

We agree with the FCC that customers may desire services that establish a pre-set monthly dollar limit on long-distance service, per-minute use limitations or voluntary time-of-day restrictions. (para. 20). We further agree that customers may also be interested in using debit cards or personal access codes to limit use to certain individuals with access to specific telephones. (para. 20). We will be interested in reviewing the comments of carriers on the cost and feasibility of these various alternatives.

We also agree with the Commission that in order for voluntary toll restriction services to be "effectively available", they must be priced in a fashion which makes it affordable for the average residential customer. (para. 16). As the Commission notes, Bell Atlantic offers the

service free of charge in Pennsylvania, if a customer selects this service when initiating telephone service or if, after toll service is suspended for nonpayment, a customer pays all outstanding charges and requests the service. (para. 16).

While we believe that the Commission's underlying premise that these services may increase subscribership levels may be correct, the PaPUC has no statistics at the present time to support this conclusion. Nonetheless, while we believe this policy may contribute to keeping some customers connected to the network in Pennsylvania, we do not believe that the offering or availability of voluntary toll restriction devices should be subject to Commission or nationwide mandate. As in Pennsylvania, these policies are more appropriately decided at the State level pursuant to State law and regulations. If statistics from jurisdictions such as Pennsylvania, gathered by the Commission as a result of this proceeding, support this conclusion, the Commission should "encourage" States to require and carriers to offer voluntary toll restriction services to subscribers within their respective jurisdictions.

There is, however an immediate step that the FCC could take which would encourage customers to take advantage of existing carrier voluntary toll restriction offerings. The FCC should examine whether continued application of the federal subscriber line charge ("SLC") is appropriate for customers who have voluntarily elected to have their access to the toll network restricted. Since this charge is assessed to essentially recover the non-traffic sensitive costs associated with access to the toll network, customers which no longer have access to the toll network should no longer have to pay this charge. We believe that a policy to waive the federal SLC in this instance would work to increase connectivity to the network by encouraging more inability to pay customers to take advantage of voluntary toll restriction.

Finally, our experience indicates that voluntary toll restriction services are frequently misunderstood by consumers. Last year, the PaPUC received numerous complaints from Bell Atlantic customers who were confused about voluntary toll restriction. Specifically, customers were unaware that they could still incur toll charges while they were toll restricted. Voluntary toll restriction only blocks direct dial 1+ interLATA and intraLATA calls. Customers were not aware that third party calls, calling card calls and collect calls could be placed on their restricted line. In response to the PaPUC's concerns, Bell Atlantic's business office staff now gives customers the following information about voluntary toll restriction and its limitations.

1. With voluntary toll restriction, calling cards can be canceled or retained. If the customer decides to keep the calling card, any toll calls billed to the calling card from the restricted line will be billed at the operator handled rate. The operator assistance rate is higher than the normal calling card charge. The operator assistance charge is applicable because the customer cannot use the calling card without operator assistance when calling from a toll restricted line.

2. Collect and third number calls billed to the restricted line can be allowed or prevented at the customer's request. Third number billing and collect call can be blocked through the majority of long distance carriers.

3. The company does not block 800 numbers, even though some carriers are using 800 numbers to initiate pay-per-call billing. Since the company does not block the 800 calls, toll calls billed through an 800 service may appear on the bill. In addition, carriers may provide local access numbers that are not blocked.

In summary, we do not believe that the FCC should mandate the offering of voluntary

toll restriction services on a nationwide basis. We believe that a nationwide mandate is unnecessary and that where there is a demonstrated need, carriers will offer these services. We also believe that State policies should control in this area. The FCC could increase the effectiveness of State policies by waiving the federal SLC where the customer has elected to have his or her access to the toll network restricted. Finally, based upon our experience in Pennsylvania we recommend that consumer education initiatives accompany the introduction of voluntary toll restriction services.

**2. Connection Charges and Deposits Should Be Subject to State Determination.**

The Commission proposes to require carriers to adjust deposit requirements for low-income subscribers that agree to accept voluntary toll restriction service. (para. 11). The Commission further proposes that the amount of deposit could be graduated to correlate with the monthly dollar amount of long-distance service authorized by the terms and conditions of the account. (para. 11). Once again, we strongly believe that the FCC should continue to defer to individual State policies governing connection charges and deposits.

In Pennsylvania, deposits are governed by Chapter 64 of the Pennsylvania Public Utility Code. The conditions for deposits are set forth in Section 64.36 of the Pennsylvania Public Utility Code which provides in relevant part:

(i) Applicants. The amount of cash deposit required from an applicant may not exceed the estimated average 2-month bill for local exchange service plus the average 2-month interexchange charges for existing residential customers in the applicant's exchange during the immediately preceding 12-month period. Deposits may be adjusted to maintain a level equal to the estimated average 2 month bill. No more than one half of the deposit amount may be required prior to the providing of service by the utility with the balance of the deposit due no less than 30 days from the initial deposit payment.

(1) Existing customers. The amount of a cash deposit required from an existing customer may not exceed the customer's average 2-month bill, including toll charges, during the preceding 12-month period. Deposits may be adjusted to maintain a level equal to the average 2-month bill. The deposit shall be paid within 20 days of the request for deposit.

Pursuant to our own requirements on deposits, carriers would already be prohibited from including toll charges if a customer elected to voluntarily restrict his or her access to the toll network. We believe that other States already have in place similar policies. We would oppose preemption in this critical area which has for good reason traditionally been subject to State determination and oversight. In summary, the FCC should continue to defer to the States on deposit policies, and should encourage rather than mandate specific changes if they are thought to be in the public interest.

In this same Section, the Commission also discusses potential modifications to the Link-Up program. The PaPUC supports changes which would increase the percentage of connection costs covered by the Link-Up program. We do not, however, support linking the greater assistance levels to agreements by subscribers to take long-distance blocking options. We do not believe that this would act to increase the overall effectiveness of the program, but may on the other hand, act as a disincentive to nonsubscribers to take advantage of the program.

### **3. Lifeline Assistance**

On August 3, 1995, the PaPUC approved a settlement agreement to establish Bell Atlantic's Lifeline Service Program and its Universal Telephone Assistance Program ("UTAP"). Previously, there was no Lifeline assistance program in any part of Pennsylvania to help low income individuals and families maintain access to telephone service. However, Bell Atlantic is in the process of implementing a Lifeline assistance program in Pennsylvania, which is

significant because Bell Atlantic serves approximately 80% of total subscribers in Pennsylvania. Bell Atlantic's program will give its eligible Link-Up customers a discount on basic local exchange service so they may remain on the network.

Applicants who are below the poverty level may be eligible for Lifeline service and/or financial assistance from the UTAP. Under the Lifeline program, participants will qualify for a \$2.50 monthly discount in dialtone access, an associated \$2.50 offset on the common carrier line charge, and a Link-Up America contribution of 50% of connection fees.

As to toll service, Lifeline subscribers are eligible to receive toll service. However, to avoid toll suspensions, Lifeline customers must not carry a toll arrearage that exceeds \$20. Under Bell's present Lifeline toll plan, if customers have a toll balance higher than \$20 and if customers do not pay within five days of the due date, their toll service may be suspended, however, in no case may basic service be interrupted for exceeding the toll arrearage cap or for nonpayment of toll. Lifeline customers may have toll service restored after they pay outstanding arrearages and a toll service restoral charge. Eligible applicants who have basic service arrearages may apply for assistance from the UTAP to pay off their basic bills so they would be eligible for Lifeline service.

#### **B. Services Targeted for Low-Income Populations That Are Highly Mobile**

The Commission also seeks comment on low cost services targeted to meet the needs of those with low incomes or non-permanent living arrangements, such as prepaid long-distance cards, voice mailboxes, personal identification numbers, or high-volume, low-cost central calling facilities. PaPUC is aware that some State commissions are already considering initiatives similar to these in addressing the needs of the low income or highly mobile segments of the

population. We will be interested in reviewing the comments of parties on this issue, and would seriously consider, any FCC recommendations to States to make low-cost services available to persons with low incomes or non-permanent living arrangements.

### **III. Subscriberhip Barriers and Measurements**

Pennsylvania's above average subscribership rates cannot be attributed solely to the policies discussed in the Commission's NPRM. Rather, they must be attributed to a mix of policies, both State and Federal. We have found, as evidenced by our high subscribership rates, that the most effective mix has been a combination of federal support programs with separate State policies individualized to target the various pockets of nonsubscribers within our jurisdiction. For instance, another barrier to subscribership which we have attempted to address in Pennsylvania is the inability of some very low income customers or the elderly on fixed incomes to afford a recurring monthly local service rate which includes unlimited usage. To address this potential barrier to subscribership, some carriers in Pennsylvania offer restricted local residential telephone service. With restricted local residential telephone service, the customer is charged a minimum amount and an additional amount only if he or she exceeds an established level of usage for the month. Bell Atlantic offers four different types of residential telephone service in the Harrisburg area designed to meet the very different needs of both low-volume and high-volume customers. These services and their monthly rates are as follows:

Local Calling--Charge per Call ..... \$4.35 or \$4.75 per month  
 Local Calling with Allowance ..... \$6.95 or \$7.35 per month  
 Unlimited Calling to Local Area ..... \$11.35 or \$11.75 per month  
 Hometown-Plus Usage Option ..... \$10.25 (Mechanicsburg + Carlisle)

**\$12.40 (Mechanicsburg + Any One Local  
Calling Exchange + Carlisle**

We believe that plans such as these which provide reduced charges for low-volume users on fixed incomes are especially important in reducing potential barriers to local service subscribership based upon inability to pay.

The PaPUC agrees with the Commission that it should seek better and more accurate measures to determine overall connectivity to the public switched network. Broader and perhaps more accurate data could be obtained by the State commissions and carriers themselves, including co-carriers in the local loop and wireless providers.

**IV. Consumer Awareness and Education Issues**

PaPUC strongly supports Commission examination of measures to increase consumer awareness of various subscribership options aimed at increasing overall public switched network penetration levels. We agree that education is key and that lack of knowledge or misconceptions may contribute to non-subscription even where the availability of services is not an issue.

We also support the notion that coordinated efforts between carriers might in turn lead to an increase in subscribership as consumers benefit from lower overall local and long distance rates. We believe it is key that companies advertise as part of "normal marketing activities" because of the cost effective nature of "piggybacking" subscribership information with different marketing strategies. Carriers should be encouraged to tie advertising of other services to subscribership whenever feasible. For instance, carriers should be encouraged to include information on the Commission's Lifeline and Link-Up programs along with other advertising or promotional materials.

In some cases, LECs could make information available for co-authorship or distribution through local networks. Plus, LECs often buy regular advertising and are better able to make use of free public service announcements to promote other issues.

However, since large companies like Bell Atlantic have drastically cut back on their outreach and education staff in favor of staff multi-tasking on a volunteer basis, it is shortsighted to rely solely on LEC resources to promote subscribership and other telecommunications education issues. Also with the advent of co-carriers into the local loop, education should be broad based and inclusive. All carriers should be encouraged to court those without phone service along with other customers.

We have also found that at times, while not warranted, there may be a credibility problem with company information by consumers. The PaPUC's education staff includes a writer, an outreach specialist and a coordinator. Newsletters, action alerts, a world wide web page on the internet to convey consumer education information, an 800 number with a tip line, consumer brochures and handbooks and other publications are all sources for program information and can be used to encourage subscribership. The PaPUC recently established a PUC Electronic Bulletin Board which can be used to access utility financial data, orders, motions, statements, press releases, consumer information and other files which might also be used to educate subscribers on various federal and State subscribership programs. Link-Up America and Lifeline should be standard inclusions for any outreach efforts in the telecommunications area.

Further, the PaPUC often encourages company compliance with advertising requirements through its orders outlining what companies should do to educate consumers on a particular

issue. Appropriate advertising can be tied to a companies' application approval. Additionally, PaPUC orders oftentimes include language for company compliance with plain language review by the consumer education division before a company application or request is granted. In addition, companies may be required to work with the PaPUC's education staff to develop outreach plans on a given issue in addition to approving advertisements.

As the Commission noted in its NPRM, the PaPUC has a separate nonprofit Telecommunications Education Fund specifically established to educate Pennsylvania consumer about telecommunications issues. The Board of Directors of the Fund consist of representatives from the PaPUC, Office of Consumer Advocate, Bell Atlantic and two consumer representatives. The Fund is in its fifth year of giving grants to educate consumers on telecommunications issues. The Fund selects nonprofit organizations through a request for proposal process. The Board of Directors sets the parameters for the types of education and organizations they are most interested in funding.

Finally, it is important that any advertising follow three basic principles in order to be effective. First, all information should be presented in "plain language". The PaPUC passed plain language guidelines to provide guidance to the utilities when communicating with their customers. In Pennsylvania, functional illiteracy is thought to be at least 24% of the adult population over age 18. An earlier survey of Pennsylvania adults puts the number at 29.8%. Second, advertising should address the obstacles to phone service more than the benefits of phone service. Consumers need to know it is not overly burdensome to apply for help. Consumers should be told of their rights and how they can protect their local service if faced with termination of service. Third, it is important that any advertising be straightforward. Our

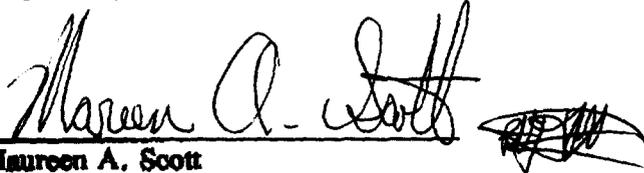
experience indicates that consumers are oftentimes skeptical of free offers and deep discounts. Thus, it may be necessary to be straightforward with the motive, such as offering discounts increases sales like any business.

In summary, we believe increased educational efforts may be very effective in raising overall subscribership levels. Educational efforts should be a joint effort among carriers with guidance from and participation by Commissions.

#### V. Conclusion

The Pennsylvania Public Utility Commission commends the Commission for initiating this NPRM to examine means to increase subscribership to the public switched telephone network. Rather than mandate State implementation of the various initiatives discussed in the NPRM the PaPUC recommends that the Commission continue to defer to State policies as it has done in the past. However, the FCC should strongly encourage both States and carriers to implement those policies found by the Commission to be meritorious after reviewing the evidence in the record.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Maureen A. Scott", is written over a horizontal line. To the right of the signature is a scribbled-out mark.

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