BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Formal Complaint of Susan Hilliard against Frontier Communications Docket No. 15-041-01

RESPONSE IN OPPOSITION TO MOTION TO DISMISS, OR IN THE ALTERNATIVE, MOTION FOR LEAVE TO AMEND COMPLAINT

Complainant, Susan Hilliard ("Ms. Hilliard"), by and through her undersigned counsel, Holland & Hart LLP, hereby respectfully submits her Response in Opposition to Motion to Dismiss, or in the Alternative, Motion for Leave to Amend Complaint, stating as follows:

I. INTRODUCTION

Citizens Telecommunications Company of Utah, dba Frontier Communications of Utah's ("Frontier") Motion to Dismiss ("Frontier's Motion") should be denied. In its Answer and Frontier's Motion, among other things Frontier relies on the Filed Rate Doctrine to assert that its tariff compels it to refuse restoring service to Ms. Hilliard. Yet, Frontier's Motion ignores the standard governing motions to dismiss, misunderstands the purpose of the Filed Rate Doctrine, misinterprets and misapplies its tariff, and defies its statutory obligations and the rules of the Utah Public Service Commission ("Commission"). For all of these reasons and as discussed below, Frontier's Motion should be denied. In the alternative, should the Commission desire additional factual detail of Ms. Hilliard's experience in trying to secure restored telecommunications service to her property, and Frontier's refusal to do so, Ms. Hilliard respectfully requests leave to amend or supplement the Complaint.

II. STANDARD OF REVIEW

A. Dismissal Pursuant to Rule 12(b)(6) Is a Severe Measure.

In seeking dismissal of the Complaint, Frontier asks this Commission to exact "a severe measure," which "should be granted by the trial court only if it is clear that a party is not entitled to relief under any state of facts which could be proved in support of its claim." Frontier cannot overcome this burden.

"Rule 12(b)(6) reflects Utah's adoption of notice pleading and, therefore, relies on rule 8 of the Utah Rules of Civil Procedure." Rule 8 requires a pleading to set forth "a short and plain ... statement of the claim showing that the party is entitled to relief." "The claim need not be specific, rather, 'under Utah's liberal notice pleading requirements, all that is required is that the pleadings be sufficient to give fair notice of the nature and basis of the claim asserted and a general indication of the type of litigation involved."

A motion to dismiss under Rule 12(b)(6)⁵ requires the Court, or in this case the Commission, to "accept the factual allegations in the complaint as true and consider them and all reasonable inferences to be drawn from them in a light most favorable to the plaintiff." In Frontier's Motion, Frontier misapplies this standard and instead urges the Commission to accept its factual allegations as true and draw all reasonable inferences in Frontier's favor. To the extent "there is any doubt about whether a claim should be dismissed for lack of factual basis,

¹ Am. W. Bank Members, L.C. v. State, 342 P.3d 224, 230 (Utah 2014) (quoting Colman v. Utah State Land Bd., 795 P.2d 622, 624 (Utah 1990)). See also Whipple v. Am. Fork Irr. Co., 910 P.2d 1218, 1220 (Utah 1996) ("[D]ismissal is justified only when the allegations of the complaint clearly demonstrate that the plaintiff does not have a claim.").

² Mack v. Utah State Dep't of Commerce, Div. of Sec., 221 P.3d 194, 199 (Utah 2009).

³ Utah R. Civ. P. 8(a).

⁴ Busche v. Salt Lake Cnty., 26 P.3d 862, 864 (Utah Ct. App. 2001) (quoting Fishbaugh v. Utah Power & Light, 969 P.2d 403, 406 (Utah 1998)).

⁵ Utah Admin. Code R746-100-1(C) incorporates the Utah Rules of Civil Procedure by reference.

⁶ Saint Benedict's Dev. Co. v. Saint Benedict's Hosp., 811 P.2d 194, 196 (Utah 1991).

the issue should be resolved in favor of giving the party an opportunity to present its proof."⁷ While Ms. Hilliard has provided Frontier with ample notice of the nature and basis of her asserted claim, to the extent the Commission desires additional facts to support the claim asserted, Ms. Hilliard respectfully requests the opportunity to amend or supplement the Complaint previously filed.

Matters Outside the Pleadings Cannot Be Considered in Deciding a Rule В. 12(b)(6) Motion to Dismiss.

In issuing a ruling on Frontier's Motion under Rule 12(b)(6), the Commission may not consider material outside the pleadings unless it converts the motion into one for summary judgment. From the four corners of the pleadings provided, a material factual dispute exists between the parties, such that would militate against the Commission's conversion of the motion to dismiss into one for summary judgment. That said, in the event the Commission is inclined to consider material outside the pleadings in ruling on Frontier's Motion, then it must give "the parties reasonable notice and opportunity to submit all pertinent summary judgment materials for the [Commission]'s consideration."9

"A matter outside the pleadings 'include[s] any written or oral evidence ... which ... substantiat[es] ... and does not merely reiterate what is said in the pleadings."10 Notably, "if [the Commission] does not exclude material outside the pleadings and fails to convert a rule

⁸ Tuttle v. Olds, 155 P.3d 893, 896 (Utah Ct. App. 2007) (citing Utah R. Civ. P. 12(b)).

⁷ Ho v. Jim's Enters., Inc., 29 P.3d 633, 636 (Utah 2001) (quoting Colman, 795 P.2d at 624).

⁹ Id., ("The notice and opportunity to submit requirements are especially important with respect to the party against whom judgment is entered." Id. (citing Strand v. Associated Students of Univ. of Utah, 561 P.2d 191, 193 (Utah 1977)). Indeed, "[t]his rule gives the opposing party an opportunity to gather evidence to rebut the movant's evidence. Without such a rule, one party could have the benefit of significant, supporting evidence while the other party would be left to rely solely on the unsubstantiated pleadings." *Colman*, 795 P.2d at 625. ¹⁰ *Id.* (quoting *Oakwood Vill. LLC v. Albertsons, Inc.*, 104 P.3d 1226, 1231 (Utah 2004)).

12(b)(6) motion to one for summary judgment, it is reversible error unless the dismissal can be justified without considering the outside documents."

III. ARGUMENT

A. Accepting the Factual Allegations in the Complaint in the Light Most Favorable to Ms. Hilliard, Ms. Hilliard is Entitled to Relief.

As provided in the Complaint, for years now the interruption to Frontier's provision of telecommunications service via landline to Ms. Hilliard's property has not been restored, despite Ms. Hilliard's repeated efforts and Frontier's obligation to do so. This matter falls within the Commission's jurisdiction over Frontier, as a public utility, to ensure that Frontier meets its statutory obligation to "furnish, provide and maintain such service, instrumentalities, equipment and facilities as will promote the safety, health, comfort and convenience of its patrons, employees and the public, and as will be in all respects adequate, efficient, just and reasonable." As Ms. Hilliard asserts in her Complaint, Frontier has failed to provide adequate justification for its refusal to restore service to her property. For this reason alone, Frontier's Motion should be denied.

B. Frontier's Motion Inappropriately Relies on External and Disputed Evidence.

As the respondent to the Complaint, Frontier does not enjoy the same standard as Ms. Hilliard enjoys as the Complainant, where the factual assertions in the Complaint are interpreted in the light most favorable to Ms. Hilliard. Yet Frontier's Motion injects various unverified and unsupported assertions outside the pleadings¹³ in an attempt to somehow justify its refusal to restore service to Ms. Hilliard. Included among these assertions are Frontier's nod to the hazardous terrain of an area it has previously served, and its claimed estimate of \$80,000.00 to

¹¹ Oakwood, 104 P.3d at 1231.

¹² Utah Code Ann. §54-3-1.

¹³ See Frontier Motion, Exhibit 1.

extend (not restore) service to Ms. Hilliard. Of course, Ms. Hilliard disputes these assertions, particularly since Frontier has not substantiated them. In addition, Frontier erroneously asserts that Ms. Hilliard, who has received service from Frontier in the past, is a new customer. Again, this claim lacks support and is certainly disputed. The external and disputed factual material interlaced throughout Frontier's Motion should be excluded from the Commission's consideration of a motion to dismiss.

C. The Filed Rate Doctrine Does Not Support Frontier's Refusal to Restore Service.

Frontier's reliance on the Filed Rate Doctrine is inapt. The Filed Rate Doctrine does not absolve Frontier of its obligation to serve its customers within its certificated service territory. Nor does the Filed Rate Doctrine permit Frontier to impose a fee of \$80,000.00 in exchange for restoring service, without compelling justification or documented support. Instead, the Filed Rate Doctrine was established to prevent common carriers, and later public utilities, "from charging rates other than those in file." The purpose of the doctrine is not only "to prevent price discrimination," but also to "preserve agencies' exclusive role in ratemaking." The Utah Code provision codifying this doctrine accordingly provides that:

no public utility shall charge, demand, collect or receive a greater or less or different compensation for any product or commodity furnished or to be furnished, or for any service rendered or to be rendered, than the rates, tolls, rentals and charges applicable to such products or commodity or service as specified in its schedules on file and in effect at the time . . . provided, that the commission may, by rule or order, establish such exceptions from the operation of this prohibition as it may consider just and reasonable as to any public utility. ¹⁶

¹⁴ Coop. Commc'ns, Inc. v. AT & T Corp., 867 F. Supp. 1511, 1518 (D. Utah 1994) (citations omitted).

¹⁵ TON Servs., Inc. v. Qwest Corp., 493 F.3d 1225, 1236 (10th Cir. 2007).

¹⁶ Utah Code Ann. § 54-3-7; see also TON Servs., 493 F.3d at 1238 ("Based on the determination that TON's claims are not, at their core, a challenge to the reasonableness of Qwest's rates, and in light of the analysis above, the filed rate doctrine does not bar TON's ability to proceed in federal court at this stage of the litigation.").

The Filed Rate Doctrine is an inadequate and ill-fitting basis to justify Frontier's unsupported decision to refuse restoring service to Ms. Hilliard. To the extent that the restoration of service to Ms. Hilliard requires some investment on Frontier's part, and Ms. Hilliard bears any responsibility for that, the charges must still be just and reasonable. Frontier's asserted estimate of \$80,000.00 is neither just nor reasonable, particularly as it lacks any support whatsoever. The Filed Rate Doctrine does not provide the protection Frontier desires, and the Commission should deny Frontier's Motion.

D. Frontier Misapplies Its Tariff.

Frontier cites to certain of its tariff provisions in an attempt to justify its refusal to restore service to Ms. Hilliard. None of these are compelling, as Frontier's interpretation of the circumstances is flawed and without basis.

1. Ms. Hilliard Is an Existing Customer, Not a New Customer.

Frontier seeks to redefine the nature of the relationship and the basis for the underlying Complaint by arguing that Ms. Hilliard is a new customer seeking an extension of Frontier's service facilities. These characterizations are factually inaccurate. Ms. Hilliard is not a new customer; rather, she suspended phone service while she was temporarily away. A flood tore out the phone lines, and Frontier refused to conduct the repairs to restore service upon her return. Frontier's tariff contradicts its position by expressly stating that when a disconnected customer "reapplies for service from the same premises, the customer will not be required to pay any additional line extension charges in addition to his total original application."

In addition, Frontier argues that Ms. Hilliard should bear the cost for the facility extension. However, Ms. Hilliard did not request a facility extension; she requested restoration

¹⁷ See Frontier Motion, Exhibit 1 (2010-05-02: "working wm/susan inq about pricing to disconnect phone and have turned back on when she returns [sic]").

¹⁸ Schedule No. A-2, A1, B10, C2 Sheet 11 (emphasis added).

of her previous service. Frontier previously provided telecommunications service to Ms. Hilliard's home. That service was discontinued when a pole was damaged, by no fault of Ms. Hilliard. Ms. Hilliard requested that Frontier take appropriate steps to maintain the facilities and restore adequate service. Frontier's tariff provides that "all ordinary expense of maintenance and repair in connection with facilities and services provided by the utility is borne by the utility unless otherwise specified in this tariff." The tariffs further support Frontier's obligation stating:

Except as otherwise provided in these rules, the utility will, at its own expense, furnish, install and maintain all facilities necessary to service applicants or customers in accordance with its lawful rates, rules and current construction standards. Pole line and buried wire extensions necessary to furnish telephone service will be made by the utility in accordance with the tariff schedules, provided dedicated streets are available, or acceptable easements can be obtained without additional charge or condemnation. ²⁰

Frontier is responsible to maintain the line, replace downed poles, and provide reliable service to its customers. In effect, Frontier is now seeking to have its customer shoulder the costs for its maintenance and repair obligations, which would result in an unjust and unreasonable outcome.

Frontier also cites to its tariff arguing that an application for service is merely a request and does not bind the utility to furnish the service. However, that specific tariff sheet refers to the establishment of <u>initial</u> service.²¹ Ms. Hilliard requested the Company repair its facilities in order to restore service that had been interrupted. For these reasons, Frontier's Motion should be denied.

¹⁹ Schedule No. AC, Rule No. 6, A1, B1, C6, Sheet 41.

²⁰ Schedule No. AC, Rule No. 9, A1, B1, C1 & C2, Sheet 44.

²¹ Schedule No. AC, Rule No. 3, A1, B1, Sheet 22.

Frontier's Employees are Not Placed at Risk by Working in Castle 2. Valley, Utah.

Frontier tries to avoid its obligations under Utah law by arguing that Castle Valley, Utah is sufficiently dangerous such that it should not have to offer telecommunications services there. Frontier argues that it should not have to provide service where a "condition exists which . . . is unsafe or hazardous to the applicant, the general population, or the utility's personnel or facilities."²² Frontier asserts that the "rugged nature of the terrain on which the facilities would have to be constructed means that there are dangers to Frontier's technicians . . . and there are hazards of severe weather which have already been and are a future danger to Frontier's facilities."23

While Ms. Hilliard respects the importance of safety, she also disputes that Castle Valley presents categorically unsafe conditions. First, Frontier has previously provided service to Ms. Hilliard's property and, upon information and belief, currently provides service to customers within the vicinity of Ms. Hilliard's home. Second, Frontier offers telecommunications throughout Grand County, Utah and in other locations in Utah, which have conditions that are at least as "rugged" as Castle Valley, with comparably "severe" weather. Frontier's assertion, if accepted, would effectively allow Frontier to deny service to large portions of the State of Utah, and raises serious questions about Frontier's ability to offer, and then provide, telecommunications services in Utah. Moreover, Frontier's position is inconsistent with its current offer to restore service subject to Ms. Hilliard's payment of \$80,000.00.

Lastly, and in the vein of safety, by refusing to restore telecommunications service to Ms. Hilliard, Frontier is creating a safety issue for Ms. Hilliard, as she lacks telecommunications services to use in the event of an emergency on her property.

²² Schedule No. AC, Rule No. 3, A6, B1, sheet 27. ²³ See Answer and Motion to Dismiss, page 4.

3. Ms. Hilliard Did Not Fail to Provide Sufficient Funds.

Frontier also asserts, under its tariff, that Ms. Hilliard has failed to provide "funds, service, equipment, and/or rights-of-way necessary to serve the customer and which have been specified by the utility as a condition for providing service." In this instance, Frontier estimates that the required funds total \$80,000.00. This condition fails to justify Frontier's requested dismissal of the Complaint for a number of reasons.

First, Frontier has not supported its asserted costs. Frontier repeatedly and hollowly asserts that it will cost \$80,000.00 to restore service to Ms. Hilliard. Despite repeated requests from Ms. Hilliard for support for this estimated cost prior to the filing of this Formal Complaint, Frontier has failed to offer any explanation or support for this estimate. Frontier previously served Ms. Hilliard over presumably the same type of facilities that it would install to restore service, and has not shown why its cost of service is anywhere near \$80,000.00. The Commission should enable Ms. Hilliard the opportunity to conduct discovery to evaluate the reasonableness of Frontier's unsubstantiated and seemingly exorbitant estimate.

Second, even if Frontier could justify its \$80,000.00 estimate to restore service to Ms. Hilliard, Frontier repeatedly refused to restore service prior to requesting that Ms. Hilliard pay any fee. Instead, Frontier simply asserted that it would cost too much, including in its response to Ms. Hilliard's May 18, 2015 Informal Complaint.²⁶ The first time Frontier suggested that Ms. Hilliard would have to pay for the service was on July 10, 2015.²⁷

²⁴ Schedule No. AC, Rule No. 3, A6, B1, Sheet 33.

²⁵ See, e.g., Hilliard Formal Complaint, Exhibit 4.

²⁶ See, e.g., Hilliard Formal Complaint, Exhibit 3.

²⁷ See id., Exhibit 5.

Third, Frontier apparently requires Ms. Hilliard to bear the entire \$80,000.00 cost alleged to restore service, ignoring its obligation for certain costs under the tariff.²⁸

If Frontier's interpretation and application of its tariff is permitted, Frontier would be emboldened to unilaterally demand a deposit, of whatever magnitude, and without support, thereby rendering residents unable to afford and receive vital telecommunications service. This directly contradicts the language and intent of Utah telecommunications law, which is designed "to assure the adequate provision of residential and business telecommunications service," and requires that "[a]ll charges made, demanded or received by any public utility. . . for any product or commodity furnished or to be furnished, or for any service rendered or to be rendered, shall be just and reasonable." Simply, Frontier's approved tariff should not be construed to authorize this practice, and Frontier's Motion should be dismissed.

E. Frontier's Position Is Contrary to Statute and Commission Rules.

Lastly, Frontier's Motion offends Utah statute as well as the Commission's Rules, and should therefore be denied. Frontier is a public utility as defined by Utah code.³¹ As a public utility subject to the jurisdiction and regulation of the Commission, Frontier is statutorily required to "furnish, provide and maintain such service, instrumentalities, equipment and facilities as will promote the safety, health, comfort and convenience of its patrons, employees and the public, and as will be in all respects adequate, efficient, just and reasonable." Likewise, the Commission's rules also require Frontier to "adopt and pursue a maintenance program aimed at achieving efficient operation of its system to permit the rendering of safe, adequate and

²⁸ See, e.g., Schedule No. A-2, A1, B3, sheet 7.

²⁹ Utah Admin. Code R746-240-1.

³⁰ Utah Code Ann. § 54-3-1.

³¹ Utah Code Ann. § 54-2-1(19)(a) and (b).

³² Utah Code Ann. § 54-3-1.

continuous service at all times."³³ The rules describe maintenance as "keeping all plant and equipment in a good state of repair consistent with safety and adequate service performance of the plant affected."³⁴

Safe, adequate, and continuous service is the standard in large measure because telecommunications service is a vital to ensuring that the public has access to emergency services. Indeed, "[t]he Legislature declares it is the policy of the state to facilitate access to high quality, affordable public telecommunications services to all residences and business in the state."

This policy, in turn, is the Commission's charge, as it "shall endeavor to make available high-quality, universal telecommunications services at just and reasonable rates for all classes of customers throughout this state."

The Commission is specifically entrusted with the authority to assure the adequate provision of residential and business telecommunications service and to restrict unreasonable termination of or refusal to provide service.

That said, as a public utility, Frontier also enjoys certain benefits. Frontier argues that furnishing service may require private easements and permits. However, a public utility easement provides a public utility with the right to install, maintain, operate, repair, remove, replace, or relocate public utility facilities.³⁸ Additionally, "a person may not acquire, whether by adverse possession, prescription, acquiescence, or otherwise, any right, title, or interest in a public utility easement or protected utility easement that is adverse to or interferes with a public utility's full use of the easement for the purposes of which the easement was created."³⁹ It is important to once again note that Ms. Hilliard is not seeking an extension into a previously

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³³ R746-340-5(1).

³⁴ R746-340-5(2).

³⁵ Utah Code Ann. § 54-8b-1.1(2).

³⁶ Utah Code Ann. § 54-8b-11.

³⁷ R746-240-1(D).

³⁸ Utah Code Ann. § 54-3-27(2)(a).

³⁹ Utah Code Ann. § 54-3-27(6).

unserved territory. Ms. Hilliard had telephone service, a flood knocked down a telephone pole, and Frontier did not replace it or restore service. Frontier either already has the right to install the replacement pole in order to restore service, or alternatively needs to provide support for its claim that it refuses to do so.

In addition, due process and public policy require that Frontier's Motion must be denied:

Whenever the commission shall find, **after a hearing**, that the rules, regulations, practices, equipment, appliances, facilities, or service of any public utility ... are unjust, unreasonable, unsafe, improper, inadequate or insufficient, the commission shall determine the just, reasonable, safe, proper adequate or sufficient rules, regulations, practices, equipment, appliances, facilities, service or methods to be observed, furnished, constructed, enforced or employed, and shall fix the same by its order, rule or regulation. ⁴⁰

The Commission is vested with the authority to determine whether additions and repairs to facilities are necessary "to promote the security or convenience of its employees or the public or in any way to secure adequate service or facilities." "The commission shall have power . . . to require every public utility to construct, maintain and operate its line, plant, system, equipment . . . in such manner as to promote and safeguard the health and safety of employees, passengers, customers and the public."

Frontier provided telecommunications service to Ms. Hilliard. Frontier failed to maintain its equipment, failed to restore service when notified, and as a result, has left Ms. Hilliard with inadequate and insufficient telecommunications service. This not only offends Utah law and the established Rules of this Commission, but also inappropriately deprives Ms. Hilliard of essential services, and creates a safety concern for Ms. Hilliard. Accordingly, Frontier's Motion must be denied.

⁴⁰ Utah Code Ann. § 54-4-7 (emphasis added).

⁴¹ Utah Code Ann. § 54-4-8.

⁴² Utah Code Ann. § 54-4-14.

IV. CONCLUSION

A motion to dismiss can only be granted if it is clear that a party is not entitled to relief under any set of facts. Frontier has not met this burden and inappropriately relies on matters outside the pleadings. Frontier also attempts to distort transform the Filed Rate Doctrine from a shield designed to prevent utilities from abusing customers into a sword allowing a utility to avoid restoring service to a customer. Frontier further attempts to avoid its obligation to restore service by arguing about the weather and rugged terrain, and asserting that Ms. Hilliard must pay \$80,000.00 but without providing any basis for the claimed amount. Were the Commission to entertain and accept Frontier's position, it could lead to unintended consequences where Frontier could deny restoring service to much of Utah simply by arbitrarily declaring the conditions were unseasonable or rugged or unilaterally asserting an excessive estimate to do the work. For the reasons set forth above, Ms. Hilliard respectfully requests that the Commission deny Frontier's Motion to Dismiss.

V. ALTERNATIVE MOTION FOR LEAVE TO AMEND COMPLAINT

As previously articulated, the Complaint is sufficient to give fair notice of the nature and basis of the claims asserted under Utah's notice pleading requirements. However, in the event the Commission requires or believes additional detail would be helpful, Ms. Hilliard respectfully requests leave to supplement or file an Amended Complaint.

Respectfully submitted this 2nd day of November, 2015.

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CERTIFICATE OF SERVICE

I hereby certify that on the 2nd day of November, 2015, an original, five (5) true and correct copies, and an electronic copy of the foregoing RESPONSE IN OPPOSITION TO MOTION TO DISMISS, OR IN THE ALTERNATIVE, MOTION FOR LEAVE TO AMEND COMPLAINT

were hand-delivered to:

Mr. Gary Widerburg Commission Secretary Public Service Commission of Utah Heber M. Wells Building, Fourth Floor 160 East 300 South Salt Lake City, Utah 84114 psc@utah.gov

and a true and correct copy sent via first class mail, or emailed in PDF format, to the following:

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