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February 14, 2002

Ex Parte

William Caton
Acting Secretary
Federal Communications Commission
445 12th St., S.W. – Portals
Washington, DC 20554

*RE: Application by Verizon-New England Inc. for Authorization To Provide In-Region,
InterLATA Services in State of Rhode Island, Docket No. 01-324*

Dear Mr. Caton:

The purpose of this letter is to provide an update on a step that Verizon is voluntarily implementing to address the highly unique and unusual circumstances that have arisen during the pendency of Verizon's application to provide long distance service in Rhode Island.

Verizon previously demonstrated in its application in this proceeding that Verizon has satisfied the requirements of section 271 of the Act, and the Rhode Island Public Utility Commission (PUC) and the United States Department of Justice have agreed based on the results of their own extensive investigations. Likewise, the Rhode Island PUC previously has adopted a full suite of rates for unbundled elements that it has concluded are TELRIC compliant. Consequently, the voluntary measures that Verizon is implementing are not in any way necessary to demonstrate compliance with section 271, other sections of the Act or the Federal Communications Commission's (FCC) rules.


These voluntary steps do, however, directly address the unique situation created by changes in circumstances that occurred while the Rhode Island application was pending. Specifically, New York's previous rates for unbundled switching had provided a basis for comparison of the corresponding Rhode Island rates. On January 28, 2002, in the midst of this proceeding, the New York PSC announced that it was adopting new unbundled switching rates in New York. While the FCC repeatedly has held that a range of rates could be set by state commissions consistent with its TELRIC rules (and correspondingly that TELRIC does not require the adoption of any single rate in all cases), neither the PUC nor the FCC has had an opportunity to consider what, if any, impact the recent change in the rates that previously provided a basis of comparison should have in Rhode Island. Given this recent change in circumstances, Verizon is voluntarily modifying its unbundled switching rates in Rhode Island to eliminate any possible argument that these rates exceed the TELRIC range.

Specifically, Verizon filed proposed rate reductions with the Rhode Island PUC today. Verizon proposes to reduce the analog port rate by \$2.29 from its current level of \$4.15 to a proposed level of \$1.86. Verizon's filing also proposes a 53% reduction in the originating and terminating local switching rates from the current levels of \$0.002921 and \$0.002563 to \$0.001358 and \$0.001192, respectively. These rates are lower than those in effect in any other state in which the FCC has approved a long distance application, and, we believe, are well below the level that any reasonable measure of TELRIC costs would produce. Accordingly, these reductions remove any uncertainty about whether they comply with what a reasonable application of TELRIC would produce. These proposed rates will be in effect until the Rhode Island PUC completes its upcoming TELRIC proceeding.

Under the unique circumstances presented here, consideration of these reductions in the current proceeding are fully consistent with the FCC's "complete as filed rule." As the FCC has explained, it is both permissible and appropriate to rely on a mid-application rate reduction where, as here, it "will serve the public interest." *Kansas/Okalahoma Order* ¶ 22. Like the rate reductions on which the Commission has relied in the past, a reduction in the Rhode Island switching elements would be "quite limited in nature" and would not affect Verizon's "rate structure." Moreover, the reductions address a change in circumstances that was not within Verizon's control. Thus, this is an "instance in which an applicant has responded to criticism in the record by taking positive action that will clearly foster the development of competition." Finally, this application is "otherwise generally persuasive," and "demonstrates a commitment to opening local markets to competition as required by the 1996 Telecommunications Act." *Id.* ¶¶ 23-24. Indeed, for the first time in a section 271 proceeding, no party has disputed that Verizon is offering everything under the checklist in the manner that it is required to, or that Verizon's performance in providing access to the various checklist items is excellent across the board. And the record established beyond dispute the enormous public interest benefits that would follow from Verizon's entry. In New York, for example, Verizon's entry has benefited consumers to the tune of up to \$700 million per year in savings from increased long distance and local competition. There is no reason to deny Rhode Island consumers those same benefits.

Please let me know if you have any questions. The twenty-page limit does not apply as set forth in DA 01-2746.

Sincerely,



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February 14, 2002

Luly E. Massaro, Commission Clerk
Rhode Island Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

RE: Proposed Modifications to RI PUC Tariff No. 18

Dear Ms. Massaro:

On December 14, 2001, Verizon New England Inc., d/b/a Verizon Rhode Island ("Verizon RI"), submitted a tariff filing in compliance with the Commission's Order in Docket No. 2681, issued on December 3, 2001, and the Commission's Order in Docket No. 3363, issued on November 28, 2001. The PUC No. 18 Tariff pages were filed with an effective date of February 1, 2002, and were approved by the Commission at Open Meeting on January 29, 2002.

Verizon RI is hereby filing as of February 14, 2002, for effect February 20, 2002, tariff material consisting of the following:

PUC - RI - No. 18

<u>Part</u>	<u>Section</u>	<u>Revision of Page(s)</u>
M	2	9, 11, and 12

Verizon RI proposes in this filing to substantially reduce the Commission approved rates for analog line ports and local switching. The Company is proposing to reduce the analog port rate by \$2.29 from its current level of \$4.15 to a proposed level of \$1.86. In addition, Verizon RI is proposing a 53% reduction in the originating and terminating local switching rates from the current levels of \$0.002921 and \$0.002563 to

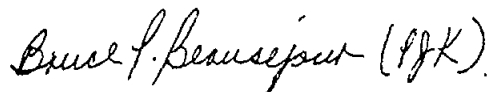
\$0.001358 and \$0.001192, respectively. Finally, Verizon is also proposing a reduction to Unbundled Telephone Company Reciprocal Compensation and Unbundled TC Reciprocal Compensation that is equivalent to the proposed decrease in the terminating local switching rate. Attachment A provides a comparison of the present and proposed rates.

Although the analog port and local switching rates approved by this Commission in Docket Nos. 2681 and 3363 were set in accordance with the FCC's TELRIC methodology, the Company is revising those rates in this filing by approximately 50% - well below any reasonable measure of TELRIC - to address the unique circumstances created by changes in New York's UNE rates while the Rhode Island application was pending before the Federal Communications Commission. New York's previous rates had provided a basis for comparison of the Rhode Island rates. While the FCC has repeatedly made clear that it is the role of individual state commissions to set rates for their states and that its TELRIC rules do not require the adoption of the same rates in every case, neither this Commission nor the FCC has had an opportunity to consider what impact, if any, the change in the rates that previously provided a basis for comparison should have in Rhode Island. Accordingly, Verizon is voluntarily modifying its rates to eliminate every possible argument that those rates exceed the TELRIC range. These rates will remain in effect until the Commission establishes new rates for unbundled network elements. Verizon RI, of course, reserves its right to submit new cost studies in the context of any future proceedings convened by the Commission for purposes of establishing such rates.

Enclosed are an original and nine (9) copies of the revised tariff pages. Since the filing provides only for rate reductions and prejudices no carrier, Verizon RI respectfully requests that the Commission approve these tariff changes in less than the 30 day statutory notice period.

Thank you for your attention to this matter.

Sincerely,



Bruce P. Beausejour

Enclosure

cc: Docket No. 3363 Service List
Docket No. 2681 Service List

Attachment A

<u>Rate Element</u>	<u>Current Rate</u>	<u>Proposed Rate</u>
Analog Port	\$4.15	\$1.86
Originating Local Switching	\$0.002921	\$0.001358
Terminating Local Switching	\$0.002563	\$0.001192
Unbundled Tel.Co. Recip Comp.	\$0.003241	\$0.001870
Unbundled TC Recip. Comp.	\$0.005919	\$0.004548

Verizon New England Inc.

2. Rates and Charges
2.6 Local Switching

2.6.1 Line Ports				
ID	Service Category	Rate Element	Rate	USOC
	Line Ports	Analog – Monthly – Per port	1.86	
		Basic Rate ISDN – Monthly – Per port	38.46	
		Primary Rate ISDN – Monthly – Per port	595.15	
		Integrated Digital Loop Carrier Port – Monthly – Per interface group (4 DS1 ports)	384.01	
		Electronic Key Telephone Port – Monthly – Per port	38.46	
		Public Access Line Port – Monthly – Per port	4.15	
		Coin Telephone Port – Monthly – Per port	6.36	
		DS1 DID/DOD/PBX – Monthly – Per port	235.18	
		SMDI II Port – Monthly – Per port	145.62	UQY
		Feature Charge	NRC – Per order	.56
	Channel Activation Subsequent to Port Installation	NRC – Per channel	8.92	REAKC
	Traffic Study	Set Up – NRC – Per study	47.80	
		Per Week – NRC – Per study	33.13	
	Line Port Features	AIN Triggers – Per query	.000279	
		AIN Triggers – SS7 Transport for AIN Message – Message Transport – Per query	.001369	
		Call Forwarding-Busy – Monthly – Per port	0.0002	
		Call Forwarding-Don't Answer – Monthly – Per port	0.0002	
		Call Forwarding-Variable – Monthly – Per port	0.0006	

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Verizon New England Inc

2. Rates and Charges
2.6 Local Switching

2.6.1 Line Ports				
ID	Service Category	Rate Element	Rate	USOC
	Line Ports Features	Remote Call Forwarding – NRC – Per port	TBD	
		Remote Call Forwarding – Monthly – Per port	5.57	
	Network Design Request	NRC – Per order or fraction thereof	56.41	

2.6.2 Trunk Ports				
ID	Service Category	Rate Element	Rate	USOC
	Dedicated DS1 Trunk Port	Monthly – Per Port	235.18	U6M
	Unbundled Shared Trunk Port	Peak – Per MOU	.000678	
		Off Peak – Per MOU	.000678	

2.6.3 Usage				
ID	Service Category	Rate Element	Rate	USOC
	Unbundled Local Switching	Originating – Per MOU	.001358	(R)
		Terminating – Per MOU	.001192	(R)
	Unbundled Tandem Transport	Peak – Per MOU	.000291	
		Off Peak – Per MOU	.000291	
	Unbundled Local Common Transport	Peak – Per MOU	.001050	
		Off Peak – Per MOU	.001050	
	Unbundled Toll Common Tandem Transport	Peak – Per MOU	.001332	
		Off Peak – Per MOU	.001332	
	Tandem Transit Switching	Peak – Per MOU	.001418	
		Off Peak – Per MOU	.001418	
	Unbundled Telephone Company Reciprocal Compensation	Peak – Per MOU	.001870	(R)
		Off Peak – Per MOU	.001870	(R)

Verizon New England Inc.

2. Rates and Charges
2.6 Local Switching

2.6.1 Line Ports				
ID	Service Category	Rate Element	Rate	USOC
	Unbundled TC	Peak – Per MOU	.004548	
	Reciprocal Compensation	Off Peak – Per MOU	.004548	

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RIPUC SERVICE LIST

DOCKET NO. 3363 – Verizon RI 271 STATE FILING (12/03/01)

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