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October 31, 2008

Via Hand Delivery and Electronic Mail

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

Re: Docket 3692, Comments of Cox Rhode Island Telcom, L.L.C.
Regarding the Future of Verizon - Rhode Island's Alternative Regulation Plan

Dear Luly:

Enclosed please find for filing in regards to the above-entitled docket an original and nine copies of the Comments of Cox Rhode Island Telcom, L.L.C.

Please let me know if you have any questions concerning this filing.

Respectfully submitted,

Cox Rhode Island Telcom, LLC

By its attorney

Alan M. Shoer
bck

ALAN M SHOER, #3248

cc: Service List

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STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

In Re: Verizon – Rhode Island's Successor Alternative Regulation Plan	)))	Docket No. 3692

COMMENTS OF
COX RHODE ISLAND TELCOM, L.L.C.

In response to the request for comments at the meeting on September 16, 2008, Cox Rhode Island Telcom, L.L.C. ("Cox") responds with these recommendations regarding the future of VZ-RI's Alternative Regulation Plan, as approved in Order No. 18550. As discussed below, Cox recommends that the Commission continue the Verizon Successor Alternative Regulation Plan ("The Plan") for a new three (3) year term, commencing on January 1, 2009 until December 31, 2012, with the same requirements and conditions in the current plan, as set forth in the Commission's Order No. 18550, and as contained in Verizon's compliance filing (Exhibit "A"), submitted by Verizon, on April 11, 2006. Cox recommends this approach so that the Commission can continue to fulfill its statutory responsibilities and continue to monitor the developments in the industry that impact regulation of telecommunications companies.

The Terms of the Current Plan Authorized In Order No. 18550

As currently enacted, the Plan has several important conditions that have proved effective at allowing the Commission to provide Verizon with regulatory flexibility while maintaining regulatory oversight -- through the following conditions: 1) Reporting requirements; 2) The continued requirement that Verizon's prices for retail services be tariffed and subject to a LRIC price floor[1]; 3) Flexibility for pricing for promotions; and 4) Protections for lifeline customers.

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[1] The Commission recognized that if it appears that Verizon has violated the LRIC price floor, the

These conditions imposed minimal burdens on Verizon during the last three years, and in Cox's view have proven effective in protecting competition and competitors alike during the last three years, as the industry adjusted to the continuing developments brought about by federal rulings, such as the FCC's Triennial Review Order, the merger of Verizon and MCI, and other developments in the economy at large. While these continued changes at work in the industry continue to develop, the Commission should implement a new three year term for The Plan.

The Plan Should Be Set With The Same Conditions For A Three Year Term.

The Commission has a statutory responsibility to set a sufficient period of time to evaluate the impact of The Plan on rates and terms of service of public utilities such as Verizon, and this is especially important given the current market and industry developments. In other words, the Commission must continue to recognize the importance of a fixed term for a plan as required under statute, as compared to a month-to-month arrangement or other generally open-ended arrangements, of the sort recommended by Verizon by its initial testimony in Docket No. 3692 (recommending no term for a plan). As the Commission correctly pointed out:

> Under R.I. Gen. Laws § 39-3-11, the Commission must periodically review rates of public utilities. **Thus, a term of years for a regulatory plan is an appropriate method to which the Commission can fulfill its statutory duty to periodically review a utility's rates.** Since VZ-RI's prior regulatory plan was three years in duration, and this time period proved adequate to demonstrate the growth in the market, VZ-RI's new regulatory plan should also be set for three years.

Order No. 18550 at pg. 30 (emphasis added). In that Order, the Commission recognized that a specific three year term also affords sufficient flexibility, noting that the Division, or the Commission, could take action at any time, depending on conditions "in order to promote the public interest or maintain just and reasonable rates." Order No. 18550, at pg. 30 (citing Order

Commission or the Division or a CLEC can request a cost study. Order No. 18550 at pg. 32.

No. 18198, p.15).[2]

Beyond statutory responsibilities, the importance of a fixed three (3) year plan for a new period cannot be over-stated given the rapidly changing forces at work in the region. As the Commission is aware, beyond the financial market instability generally at this time, there are several important rulings expected at the FCC that will further inform the appropriate regulatory oversight that the Commission will need to implement to further advance the development of retail competition and choice for consumers. For example, the FCC is set to release a major decision on inter-carrier compensation, and there is a pending request by Verizon for forbearance from certain Title II requirements.[3] These FCC Orders will surely impact the industry in ways that cannot be easily predicted at this time. For this reason, the Commission needs to establish a new term that will allow the Plan to work for a new three year period, while these developments are assessed and monitored as needed by the Commission.

It is also important that the Commission maintain continued oversight of the impacts to competitors and competition, which the Commission can accomplish through its jurisdiction to review Verizon's pricing and services in retail tariffs in The Plan. For example, the importance of continued oversight of Verizon's retail pricing and services through tariff is highlighted by the FCC's recent order in *Bright House v. Verizon,*[4] striking down as contrary to consumer interests

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2 In a statement filed on September 19, 2008 by the Attorney General's Department, the recommendation was made that the Commission need not take any action at this time. Cox believes that Cox's recommendations in its comments here will be supported by the Attorney General and are consistent with his comments since Cox is also recommending that no material changes to the Plan need take place at this time, as long a new fixed three (3) year term is set.

3 The Verizon Plan ties its prices for access to interconnection services "in accordance with the Federal Telecommunications Act of 1996, as amended." Verizon Plan, Exhibit A, Para. C.

4 *In Re: Bright House Networks, LLC et al. v. Verizon California, Inc. et al.*, Memorandum and Opinion Order in Docket No. EB-08-MD-002, rel. June 23, 2008.

Verizon's retention marketing practices, implemented through retail service tariffs.[5] This decision further proves that the Commission must continue to oversee Verizon's retail tariffs so as to ensure that competition is developing properly, and that consumers obtain maximum benefit by the ability to choose from a variety of service providers.

For all these reasons, Cox recommends that the provisions of the Verizon Successor Alternative Regulation Plan continue in effect, for another three (3) year term, commencing on January 1, 2009 until December 31, 2012. During this new term all existing conditions in the Plan should continue without modification.

Respectfully Submitted,

Cox Rhode Island Telcom, LLC

By: Alan M. Shoer, No. 3248

Date: October 31, 2008

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5 The facts underlying the Bright House decision were brought to the Commission's attention by Cox in the context of Verizon's tariff filing in Docket No. 3917.