

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
PUBLIC UTILITIES COMMISSION

IN RE: VERIZON RHODE ISLAND	:	
ALTERNATIVE REGULATION PLAN	:	DOCKET NO. 3692
PETITION FOR RELIEF FROM SERVICE	:	
QUALITY REPORTING	:	

ORDER

On March 19, 2010, Verizon New England, Inc. d/b/a Verizon Rhode Island (“VZ-RI”) filed a Petition with the Public Utilities Commission (“Commission”) for Relief from Service Quality Reporting Requirements originally required in Commission Order No. 14003 (Docket 1997) (issued August 4, 1992). According to VZ-RI, the reporting requirement, implemented prior to the passage of the 1996 Telecommunications Act “no longer provides the Commission with an accurate picture of the state of the local voice market.”<sup>1</sup> Further, VZ-RI argued that given the current state of the telecommunications market, it is unfair to impose the reporting requirements on only VZ-RI.<sup>2</sup>

VZ-RI noted that in 2006, the Commission approved VZ-RI’s current regulatory plan, allowing the majority of retail rates to fluctuate with the market noting that the Rhode Island telecommunications market was increasingly competitive with VZ-RI only holding 62.2% of all local access lines. However, the Commission continued to require reporting of service quality measures, though on a quarterly basis, noting that “Verizon RI is still the largest telephone provider in the State and, therefore, to some extent sets the pace for service quality of Rhode Island’s local telecommunications.”<sup>3</sup> The current regulatory plan contains a provision (Paragraph F) that allows VZ-RI to “petition the

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<sup>1</sup> Verizon Rhode Island Petition at 1.

<sup>2</sup> *Id.* at 1-4.

<sup>3</sup> *Id.* at 2, *quoting* Order No. 18550 at 32 (issued March 17, 2006).

Commission to modify any of the terms or conditions of the Plan...(ii) to seek a less structured form of regulation or deregulation of its operations based upon changes in market conditions.”<sup>4</sup>

In support of its position that the Rhode Island telecommunications market has changed since the 2006 Order, the Commission noted that Competitive Local Exchange Carriers (“CLECs”) currently hold “more than 50% of the Rhode Island market for landline access lines alone, and Verizon RI has less than half of that sub-market.”<sup>5</sup> VZ-RI also pointed to competition from wireless carriers, cable telephone providers and Voice Over Internet Protocol (“VOIP”) suppliers in support of its position that it no longer sets the pace for service quality in the Rhode Island telecommunications market.<sup>6</sup>

In support of its position that the service quality metrics no longer provide an accurate picture of customer satisfaction and quality of service, VZ-RI indicated that an example of an outdated metric is “Percent Out of Service Not Cleared Within 24 Hours”. According to VZ-RI, because of the availability of wireless service, customers are less concerned with service restoration within 24 hours and more interested in setting a convenient time to provide access to Verizon service technicians to restore service. According to VZ-RI, when the Company agrees to a customer request for a later restoration date, it is deemed a failure in the reporting. Further, VZ-RI noted that while it has been appearing to miss certain service quality measures, there has not been “a material increase in consumer complaints concerning service quality issues, such as repair time or missed installation appointments.”<sup>7</sup> According to VZ-RI, it is more

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<sup>4</sup> Verizon Rhode Island Petition at 2 (citation omitted).

<sup>5</sup> *Id.* at 3.

<sup>6</sup> *Id.* at 3-4.

<sup>7</sup> *Id.* at 3.

important to respond to customer convenience in a competitive market than to artificial measures more appropriate to a monopoly.<sup>8</sup>

On May 24, 2010, after exchanging discovery with VZ-RI, the Division of Public Utilities and Carriers (“Division”) filed a letter from its attorney concluding that “the Division has no objection to Verizon’s current petition for relief from the ‘Service Quality Reporting’ requirement that was imposed by the Commission in Docket No. 3692.”<sup>9</sup> In reaching its conclusion, the Division accepted VZ-RI’s share of the local access residential landline market has fallen below 50% since the Commission’s 2006 Order. Further, the Division accepted that VZ-RI faces increasing competition from non-landline service providers. Additionally, the Division agreed with VZ-RI that given VZ-RI’s minority share in the landline market, continuation of the service quality reporting requirements on VZ-RI and not on its largest competitor(s) would be unfair.<sup>10</sup> Finally, the Division noted that it has ample jurisdiction to investigate service quality matters for any telecommunications carrier and “wishes to make it abundantly clear that it will closely monitor the number and nature of *all* quality of service complaints received from telephone service ratepayers, and where appropriate, take whatever corrective regulatory action is necessary to remedy any unreasonable degradation of service quality.”<sup>11</sup>

On June 17, 2010, at its Open Meeting, the Commission considered VZ-RI’s Petition and the Division’s Letter and unanimously approved VZ-RI’s Petition. The Commission specifically referenced the decline in VZ-RI’s share of the local access

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<sup>8</sup> *Id.* at 4-6.

<sup>9</sup> Letter from Jon G. Hagopian, Esq. to Luly E. Massaro, 5/24/10 at 4. A copy of the Petition was provided to the entire service list from Docket No. 3692 and a comment period was established by the Commission. Only the Division filed comments.

<sup>10</sup> Hagopian Letter at 3.

<sup>11</sup> *Id.* at 4.

landline market as a material change in circumstances since the issuance of its Order in 2006. The Commission could have investigated the possibility of requiring other CLECs to submit service quality reports rather than eliminating them altogether. However, in a competitive market such as the telecommunications market in Rhode Island, the Commission agrees with VZ-RI that customer retention remains a strong enough incentive to a company to provide a high level of service quality. However, because of the slight possibility of a "race to the bottom", the Commission cautions all carriers that, like the Division, it will not hesitate to address any overall decline in service quality by the local telecommunications carriers in Rhode Island.

Accordingly, it is hereby

(20043) ORDERED:


1. Verizon New England, Inc. d/b/a Verizon Rhode Island's Petition for Relief From Service Quality Reporting Requirements is hereby granted.

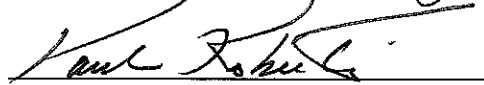
EFFECTIVE AT WARWICK, RHODE ISLAND ON JUNE 17, 2010  
PURSUANT TO AN OPEN MEETING DECISION. WRITTEN ORDER ISSUED  
JUNE 29, 2010.

PUBLIC UTILITIES COMMISSION



  
Elia Germani, Chairman

  
Mary E. Bray, Commissioner

  
Paul J. Roberti, Commissioner