

March 15, 2007

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

Re: Verizon's March 9, 2007 Notices Regarding Promotions for Residence Service

Dear Ms. Massaro:

On behalf of Cox Rhode Island Telcom, LLC ("Cox"), I am writing to request that the Commission suspend and investigate two (2) recent tariff proposals submitted by Verizon RI ("Verizon") seeking to introduce promotional programs to residential customers that are not in compliance with the protections imposed against predatory pricing as set forth in the Commission's Order in Docket 3692 (In Re: Verizon Rhode Island's Successor Alternative Regulation Plan)(Order issued on March 17, 2006)("Order").

Specifically, in that Order, the Commission restricted the competitive benefits available through Verizon's promotions "to six months duration after ten days notice . . ."<sup>1</sup> However, two of Verizon's promotions identified in Notices to the Commission are designed to make the promotional benefits available for twelve (12) months, twice the allowable time frame permitted under current rules set forth in the Commission's Order. The Commission must not allow these promotions to go into effect until they are corrected to comply with the Commission's six month limitation.

Verizon's Notices of March 9, 2007 Regarding Promotions

On March 9, 2007, Verizon filed three notice letters informing the Commission of Verizon's intent to introduce three promotions for residential service customers.

First, Verizon proposes a retention promotion for customers who want to disconnect service due to a repair issue. To induce customers to stay with Verizon, Verizon proposes to offer a \$20 credit on their monthly bill for three (3) consecutive months. This promotion would be available from March 19, 2007 until September 21, 2007. Cox has no objection to this promotion, since the benefits available to customers in this promotion would be available for three (3) months, well within the Commission's six-month restriction set forth in the *Order* (at pg. 33).

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<sup>1</sup> VZ Alt Reg Order at pg. 33.

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Second, Verizon proposes another promotion that would also be available to customers who want to disconnect their Verizon local service. In this proposed promotion, to induce the customer to stay with Verizon, Verizon proposes to provide a bill credit of \$12.05 per month for Regional Value customers, and a bill credit of \$10.00 per month for customers who subscribe to either Regional Value and unlimited long distance or Regional Essentials and unlimited long distance. However, unlike the three (3) month period for available credits in the first proposed promotion (for repair problems), here Verizon proposes to provide the monthly bill credits as a promotion for twelve (12) months, twice as long as the six month limitation imposed by the Commission in the *Order* (at pg. 33).

Third, Verizon proposes another promotion for new or returning customers, proposing bill credits of \$12.05 per month for twelve months if they subscribe to Regional Value, or bill credits of \$10.00 per month for twelve months if they subscribe to either Regional Value and unlimited long distance or Regional Essentials and unlimited long distance. Again, unlike the three (3) month period for available credits in the first proposed promotion (for repair problems), here Verizon proposes to provide the monthly bill credits as a promotion for twelve (12) months, twice as long as the six month limitation imposed by the Commission in its recent VZ-RI Alt Reg. Order (at pg. 33).

Moreover, the Commission should not be misled by the fact that Verizon cleverly limited the offer of the 12 month bill credits for the second and third proposed promotions to a three month period from March 19, 2007 until June 16, 2007, while at the same time extending the actual promotional benefits far longer than is allowed by the Commission's six month limitation. If this approach were approved, Verizon would be permitted to "offer" a promotion to customers within the six month time, but allow the benefits of below cost pricing to run for years, if it believed that is what it would take to drive out competition. That is exactly what Cox warned the Commission in Docket No. 3692 would occur in its arguments that Verizon was well-equipped to engage in predatory pricing strategies in order to undercut competition in Rhode Island for residential customers. Indeed, it is ironic that these proposed promotions are geared to customers that are dissatisfied with Verizon and want to leave to a new provider, ostensibly to try-out competitive alternatives.

Cox fully recognizes that promotions "are a means to attract new customers or to incent current customers to use new services" and that "promotions usually equate to lower prices for customers." *Order* at pg. 33. However, the Commission wisely recognized that, as the dominant incumbent LEC, Verizon is able to price below cost in an anticompetitive manner that is actually harmful to competition, as a means to drive out competition. That is why the Commission maintained "price floor" protections in the *Order*. That is also why the Commission insisted

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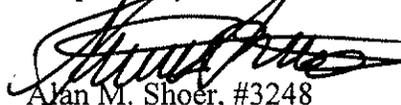
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that the benefits offered by promotions similarly be limited in duration "to six months duration after ten days notice." The Commission must not allow Verizon to undercut the intent of its pro-competitive rulings set forth in the *Order*.

For all these reasons, the Commission should immediately stop these two Verizon proposed tariff promotions, which are scheduled to become effective on Monday March 19, 2007. The Commission should take immediate action to suspend these two proposed promotions in order to investigate these two proposals for compliance with the Commission's six month limitation rulings, as described above.

Please let me know if I can provide any further information in regards to this objection.

Respectfully submitted,



Alan M. Shoer, #3248

Attorney for Cox Rhode Island Telcom, LLC

cc: Alexander Moore, Esquire  
Stephen Frias, Esquire  
Theresa L. O'Brien  
Chairman Germani  
Commissioner Holbrook  
Commissioner Bray  
Brian Kent