

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

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Division of Public Utilities and Carriers

Memorandum

DATE: June 9, 2008

TO: Commissioners: Elia Germani, Robert Holbrook, Mary Bray

FROM: Brian Kent, MBA CMA CPA
Telecommunication Specialist

SUBJECT: Verizon - Rhode Island Docket No: 3956 The company proposes to introduce a late payment month charge of 1.5% per month (18% on an annual basis) on past due RESIDENTIAL customers

On May 15, 2008, Verizon - Rhode Island filed amendments to their RI PUC tariffs for effect on June 16, 2008.

The Division does not support Verizon - Rhode Island filing of a 1.5% late payment charge. As comparison, the following Rhode Island utilities do not charge residential late payment charges – Cox Rhode Island Telecom LLC, National Grid and New England Gas Company. In addition, Pawtucket Water and Newport Water late payment charge is .833% and Providence Water Supply Board and Narragansett Bay Commission charge 1.0%.

In the following Verizon - New England states, the late payment charge is lower or non-existent; Vermont's rate zero, New Hampshire's rate .797%, Maine's rate 1.153%, Connecticut's rate 1.0%.

Verizon - Rhode Island pays a 1% interest (12% on annual basis) on customer deposits.

And finally, Bankrate.com, a leading online financial authority, states that in the current economic environment "Consumers are paying higher prices on everyday necessities such as food and fuel. But the interest they're getting on cash and CDs is nothing short of lousy". This proposal, as it stands, will put an additional burden on an already very difficult situation for residential customers.

RECOMMENDATION

The Division's recommendation is consistent with our position taken in our August 9, 2006 memorandum in docket 3727. The Commission should disallow the filing or at least modify this rate filing to protect the public from paying a higher interest rate than they accrue on their customer deposits.