



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

DIVISION OF PUBLIC UTILITIES AND CARRIERS

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

June 12, 2008

RE: Docket No. 3956 – Verizon Rhode Island Tariff Proposing a Residential Late Payment Charge

Dear Ms. Massaro:

I write in response to Verizon – Rhode Island June 11, 2008 letter, which addresses a number of issues the Division raised in objection to a tariff filing initiating a residential late payment charge and at the same time clarifying several misunderstandings.

Originally, Verizon – Rhode Island filed on February 3, 2006 a residential late payment proposal for a 1.5% monthly charge in docket 3724, which was greater than the currently effective charge for business customers; however Verizon later withdrew it on June 9, 2006. The Division's initial position was to have both business and residential late payment charges be the same at 1.0325%. Since this rate, proposed by the Division was close to the 12% Customer Deposit rate, the Division supported the 1.0325% rate. We never supported a rate of 1.5%, either on Business customers or Residential customers at any time. Only when the residential rate would be identical to the currently effective business late payment charge of 1.0325%, did the Division support identical rates.

Verizon – Rhode Island states the Division is not providing complete disclosure, when Verizon practices this themselves. Attached to this letter is the Division's memo of August 9, 2006, which is notice to the Commission to lift the suspension on the Business late payment charge. The Division's position is stated again, that if there is a late payment charge, it should be no higher than the 12% annual rate or 1% per month.

The Division stands with its original position that the filing should not be approved or, as a last resort, late payment charges should be no greater than the rate of interest they provide on customer deposits.

The Division believes that if Verizon needs the interest to improve their Rhode Island financials, they can implement a higher rate on the non-regulated video portion of the outstanding balance.

DIVISION OF PUBLIC UTILITIES AND CARRIERS

Brian Kent, Telecommunication Specialist

Attachment copies
August 9, 2006 memo to the Commission
VZ-RI Tariff on customer deposits

Verizon New England Inc.

1. Tariff Information and General Regulations
1.5 Responsibility of the Customer

1.5.6 Deposits

- A. In order to safeguard it against loss of charges or MTS due at the time service may be terminated, the Telephone Company may require a customer or applicant for telephone service to make a cash deposit equal to the estimated amount of charges for services provided for any period of two months.
1. Simple interest of 12% per annum is credited to the customer annually or upon termination of the service or the return of the deposit by the Telephone Company.
 2. The receipt of such a deposit by the Telephone Company shall in no way relieve the customer or applicant from compliance with the Telephone Company's regulations as to advance payment (if any) and the prompt payment of bills, nor constitute a waiver or modification of the practices of the Telephone Company for the discontinuance of service for nonpayment of any sums due for service rendered.

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Division of Public Utilities and Carriers

Memorandum

DATE: August 9, 2006

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

FROM: Brian Kent, MBA CMA CPA
Telecommunication Specialist

SUBJECT: Verizon - Rhode Island Docket No: 3727 The company proposes to increase the rate of interest charged on past due business customer balances from 1.035% to a monthly rate of 1.5% (18% annual rate).

On February 16, 2006, Verizon - Rhode Island filed amendments to their RI PUC tariffs for effect on March 18, 2006.

At the March 16, 2006 open meeting, the commission suspended this filing. Subsequently, the Division has completed its review of the tariff revision changes proposed by Verizon - Rhode Island and finds the rate increase is in line with other competitive telecommunication carriers within the state.

RECOMMENDATION

The Division is not opposed to lifting the suspension and allowing the rate increase. However, because the rate of interest that is accrued on customer deposits is at a lower monthly interest rate of 1% (12% annual rate), the Division recommends the commission order identical interest rates for past due accounts and customer deposits.