

Verizon New England, Inc.
d/b/a Verizon Rhode Island

State of Rhode Island

Docket No. 4240

Respondent: John L. Conroy
Title: Vice President-
Regulatory Affairs

DATA REQUEST

DATED: May 16, 2011

ITEM: Please list in detail those products and services which will be subject to
DIV. 1 - 1 the Gross Receipts Tax ("GRT") as a result of the proposed tariff filing.

REPLY: Verizon RI presumes that this request is meant to refer to the GRT surcharge, not the GRT itself. Verizon RI intends to apply the GRT surcharge initially to all intrastate, retail telephone services it provides to residential and small business customers.

VZ DIV 1 - 1

Verizon New England, Inc.
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State of Rhode Island

Docket No. 4240

Respondent: John L. Conroy
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DATA REQUEST

DATED: May 16, 2011

ITEM: Please list those products and services in detail which currently are billed
DIV. 1 - 2 a separate GRT.

REPLY: Verizon RI presumes that this request is meant to refer to the GRT surcharge, not the GRT itself. Verizon RI currently bills customers a GRT surcharge on behalf of Verizon Long Distance for interstate long distance telephone services.

VZ DIV 1 - 2

Verizon New England, Inc.
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State of Rhode Island

Docket No. 4240

Respondent: John L. Conroy
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DATA REQUEST

DATED: May 16, 2011

ITEM: Will the prices for products or services that will now be subject to the
DIV. 1 - 3 GRT surcharge as authorized by the new filing be lowered to produce a
revenue neutral impact due to the propose tariff change?

REPLY: No. There will be no change to prices for products and services as
a result of the tariff change.

VZ DIV 1 - 3

Verizon New England, Inc.
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DATED: May 16, 2011

ITEM: If the tariff filing is not intended to be revenue neutral, what incremental
DIV. 1 - 4 revenues does Verizon expect to receive annually through the effect of the
tariff change?

REPLY: Verizon RI estimates that it will receive an additional \$3.1 million
in additional annual revenue, which will also be subject to the RI
Gross Receipts Tax.

VZ DIV 1 - 4

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DATED: May 16, 2011

ITEM: Please list other states where there was a similar request for GRT (or like
DIV. 1 - 5 tax) to be listed separately. Describe the tax, state and the effect on
revenues.

REPLY: Verizon RI's affiliate in New York has requested and received
permission, in the form of an approved tariff, for a separate
surcharge to recover its GRT. Verizon RI affiliates also assess a
separate GRT surcharge in Maryland and the District of Columbia,
where no permission was required. In all of these jurisdictions, the
surcharge results in additional revenues.

VZ DIV 1 - 5

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DATA REQUEST

DATED: May 16, 2011

ITEM: Please provide the GRT payments to the Division of Taxation for the most
DIV. 1 - 6 current annual period and prior three annual periods.

REPLY: Objection: This request seeks information that is neither relevant to the subject matter of the proposed tariff nor reasonably calculated to lead to the discovery of admissible evidence.

Subject to the objection Verizon RI states the following:

2009: \$13.1M
2008: \$12.7M
2007: \$12.8M
2006: \$12.8M

VZ DIV 1 - 6

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DATA REQUEST

DATED: May 16, 2011

ITEM: Why is the word "may" used in the tariff filing for list the GRT change?
DIV. 1 - 7 If approved, will Verizon have any discretion as to the inclusion of a GRT surcharge on customers' bills?

REPLY: The word "may" provides Verizon RI the same flexibility as other providers who have similar language in their tariffs which allow a GRT surcharge.

VZ DIV 1 - 7

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DATA REQUEST

DATED: May 16, 2011

ITEM: What are the software, hardware, or other implementation costs to
DIV. 1 - 8 Verizon to make this charge show up on customers' bills?

REPLY: Objection: This request seeks information that is neither relevant to the subject matter of the proposed tariff nor reasonably calculated to lead to the discovery of admissible evidence.

Subject to this objection, Verizon RI states the following: Verizon RI does not know the overall cost of implementation at this time.

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DATA REQUEST

DATED: May 16, 2011

ITEM: How will the "bundled services" be affected by listing the GRT
DIV. 1 - 9 separately?

REPLY: Verizon RI presumes that this request is meant to ask whether and how Verizon RI will implement the GRT surcharge with respect to bundled services. Bills to customers who purchase bundles will display the line item for the GRT surcharge in the section of the bill itemizing taxes, fees and other Verizon charges for voice services, and the amount of the surcharge will be calculated based on the value of the intrastate voice services billed.

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DATA REQUEST

DATED: May 16, 2011

ITEM: Please provide the dollar amount of GRT in total included in the last cost
DIV. 1 - 10 of service case before the PUC.

REPLY: Objection: This request seeks information that is neither relevant to the subject matter of the proposed tariff nor reasonably calculated to lead to the discovery of admissible evidence. Verizon RI's retail rates are free to fluctuate with the market and have not been regulated based on the Company's costs for many years.

Subject to this Objection, Verizon RI states the following: To the best of Verizon RI's knowledge, the last cost of service case before the RI PUC for Verizon RI's predecessor company was Docket No. 1780 in 1984 – 27 years ago. At that time, when New England Telephone was a monopoly provider of local exchange service in RI, NET stated in a data response that it had reported a GRT of \$9,399,141 for a six-month period ending June 30, 1984. Verizon RI does not know whether the PUC relied on that figure in its decisions in that docket.

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DATA REQUEST

DATED: May 16, 2011

ITEM: Will the application of the proposed GRT surcharge result in any
DIV. 1 - 11 incremental state GRT tax payments to Rhode Island over what Verizon
has paid in the period prior to the effect on the change?

REPLY: Because the additional revenue anticipated as a result of the
surcharge will itself be subject to the GRT, Verizon RI expects that
application of the surcharge will increase Verizon RI's GRT
payments to the state, compared to the amount Verizon RI would
pay in the absence of the surcharge.

VZ DIV 1 - 11

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DATA REQUEST

DATED: May 16, 2011

ITEM: Is the GRT applied to video services that the company provides? If yes,
DIV. 1 - 12 under what statutory regulation is the company using to justify
collections?

REPLY: Verizon RI presumes that this request is intended to refer to the
GRT surcharge, not the GRT itself. Verizon RI does not intend to
apply a GRT surcharge to video services.

VZ DIV 1 - 12

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DATA REQUEST

DATED: May 16, 2011

ITEM: Does Verizon currently apply a GRT surcharge to any of its services? If
DIV. 1 - 13 so, under what tariff authority does the company currently impose a GRT
surcharge on those services?

REPLY: Yes, see response to Div. 1-2. No tariff authority is necessary for
this surcharge, as the underlying service is not tariffed with the
Commission.

VZ DIV 1 - 13

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DATED: May 16, 2011

ITEM: Is Verizon subject to a tangible personal property tax? If so, how is that
DIV. 1 - 14 collected by the company, i.e., through a surcharge or through the tariff pricing?

REPLY: Verizon RI pays the Public Service Company tax in Rhode Island on its tangible personal property on an annual basis. The annual assessment is determined by the State of Rhode Island. Verizon RI does not collect this tax from its customers.

VZ DIV 1 - 14

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DATA REQUEST

DATED: May 16, 2011

ITEM: Please list all the applicable taxes that the Company is subject to in the
DIV. 1 - 15 state of Rhode Island.

REPLY: Objection: This request seeks information that is neither relevant to the subject matter of the proposed tariff nor reasonably calculated to lead to the discovery of admissible evidence.

Subject to this objection, Verizon RI states the following: Verizon RI is subject to many taxes in Rhode Island, including but not limited to the GRT, the Public Service Company tax on tangible personal property, federal income tax, unemployment tax, sales tax, gasoline tax and property tax.

VZ DIV 1 - 15

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DATA REQUEST

DATED: May 16, 2011

ITEM: What taxes are applicable in the neighboring states of Connecticut and
DIV. 1 - 16 Massachusetts?

REPLY: Objection: This request seeks information that is neither relevant to the subject matter of the proposed tariff nor reasonably calculated to lead to the discovery of admissible evidence.

VZ DIV 1 - 16

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ITEM: In light of the statutory requirement to collect the GRT is it necessary for
DIV. 1 - 17 Verizon to seek a tariff amendment for the GRT surcharge?

REPLY: There is no statutory requirement for Verizon RI to collect the GRT. Verizon RI feels that a tariff amendment is the prudent course, best designed to inform the Commission of the charges assessed on retail services within the Commission's jurisdiction. If the Division believes that no tariff filing is necessary, and the Commission agrees, Verizon RI would withdraw the tariff filing.

VZ DIV 1 - 17