

Alexander W. Moore
Deputy General Counsel



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May 17, 2011

Luly Massaro, Clerk
Rhode Island Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

Re: Docket No. 4240 – Tariff of Verizon RI re recovery of gross receipts tax

Dear Ms. Massaro:

I write on behalf of Verizon New England Inc., d/b/a Verizon Rhode Island (“Verizon RI”), to urge the Commission to approve the above-referenced tariff filing at its Open Meeting tomorrow, to allow Verizon RI to join other carriers in Rhode Island who recover their state gross receipt taxes through a line item surcharge on retail bills.

The Division of Public Utilities and Carriers filed a letter today asking the Commission to suspend the tariff in order to allow the Commission time to review Verizon RI’s responses to data requests which the Division served yesterday. Verizon RI’s responses to those requests are straight-forward, however, and are enclosed herewith for Commission and Division review. This information moots the Division’s request and supports Commission approval of the tariff without delay.

In addition, there is ample precedent in Rhode Island for allowing a local exchange carrier to recover its gross receipts taxes through a separate line item on its bills. Indeed, the Commission has approved or allowed tariff filings of Verizon RI’s competitors having just this purpose. For example, Cox Rhode Island Telecom’s tariff provides that:

A surcharge is imposed on all charges for service originating at addresses in states which levy, or assert a claim of right to levy, a gross receipts tax on the Company's operations in any such state, or a tax on interstate access charges

incurred by the Company for originating access to telephone exchanges in that state. This surcharge is based on the particular state's receipts tax and other state taxes imposed directly or indirectly upon the Company by virtue of, and measured by, the gross receipts or revenues of the Company in the state and/or payment of interstate access charges in that state. [Footnote below.] The surcharge will be shown as a separate line item on the Customer's monthly invoice.

[Footnote:] Pending the conclusion of any challenge to a jurisdiction's right to impose a gross receipts tax, the Company may elect to impose and collect a surcharge covering such taxes ... or it may elect not to impose and collect the surcharge.

*See Cox Telecom Tariff PUC No. 1, § 2.5.1, a copy of which is enclosed herewith. Pursuant to this tariff, Cox Telecom – possibly the largest landline local exchange carrier in the state by access lines – recovers all or a portion of its gross receipt taxes through a separate line item on its customer bills for “State Gross Receipts Tax.” See Cox bill dated January 13, 2011, enclosed herewith. The Commission has also approved or allowed a similar tariff of PAETEC Communications Inc. making its customers “responsible for payment of any ... taxes (however designated) (including without limitation ... *gross receipts*, excise, access or other taxes but excluding taxes on the Company's net income) imposed by any local, state, or federal government on or based upon the provision, sale or use of Network Services.” See PAETEC Tariff PUC No. 4, § 2.6.1 (emphasis added), enclosed herewith. Approval of the instant tariff filing would merely extend to Verizon RI the same ability to recover taxes that its competitors already employ. Suspension of the tariff, on the other hand, would subject Verizon RI to a continued competitive disadvantage for no good reason.*

There is no basis for discriminating against Verizon RI in this regard. The Commission has long since abandoned the former “dominant carrier” mode of regulating Verizon RI as competition in the Rhode Island telecommunications marketplace has taken hold, expanded and matured. In 2003, the Commission granted Verizon RI flexibility to allow its rates for business services to fluctuate with the market. The Commission expanded that flexibility to rates for residential services in 2006. Most recently, the Commission eliminated the vestiges of a service quality plan that had applied only to Verizon RI. *See Docket No. 3692, Order No. 20043 dated June 29, 2010. These decisions were not only legally correct but have been successful from a policy standpoint, helping to foster a healthy, fiercely competitive telecommunications market in the state. Additionally, Verizon RI's now longstanding freedom to price its services at market levels precludes any objection to the proposed GRT surcharge on the ground that it would render Verizon RI's rates unjust or unreasonable.*

Nor can there be any reasonable objection to the proposed surcharge on the grounds that it would appear as a separate line item on the bills. As described above, other carriers' bills currently include such separate line items, to no apparent customer confusion or other ill-effect. Furthermore, all carriers, including Verizon RI, have a right under the First Amendment to the United States Constitution to communicate with their customers, including by way of a separate

Luly Massaro, Clerk
May 17, 2011
Page 3

line item on customer bills to recover gross receipts taxes paid to the state. *See Bellsouth v. Farris*, 542 F.3rd 449 (6th Cir. 2008).

Given the regulatory and legal precedent supporting a separate GRT surcharge on telephone customer bills and the absence of any ground on which the Commission might ultimately deny the proposed surcharge after investigation, the Commission should allow the tariff to take effect as filed. The Division would of course remain free to investigate the tariff and, in the unlikely event that such investigation provides good cause, petition the Commission for relief as necessary.

Sincerely,

Alexander W. Moore (P61)

Alexander W. Moore

Enclosures

cc: Service List

COX RHODE ISLAND TELCOM, L.L.C.
d/b/a COX COMMUNICATIONS
d/b/a COX BUSINESS SERVICES

RHODE ISLAND PUC TARIFF NO. 1
3rd Revised Page No. 37

LOCAL EXCHANGE SERVICE

SECTION 2 - Regulations, cont'd.

2.5 Payment Arrangements

2.5.1 Payment for Service, cont.

1. A surcharge is imposed on all charges for service originating at addresses in states which levy, or assert a claim of right to levy, a gross receipts tax on the Company's operations in any such state, or a tax on interstate access charges incurred by the Company for originating access to telephone exchanges in that state¹. This surcharge is based on the particular state's receipts tax and other state taxes imposed directly or indirectly upon the Company by virtue of, and measured by, the gross receipts or revenues of the Company in the state and/or payment of interstate access charges in that state. The surcharge will be shown as a separate line item on the Customer's monthly invoice.

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¹ Pending the conclusion of any challenge to a jurisdiction's right to impose a gross receipts tax, the Company may elect to impose and collect a surcharge covering such taxes, unless otherwise constrained by court order or direction, or it may elect not to impose and collect the surcharge. If it has collected a surcharge and the challenged tax is found to have been invalid and unenforceable, the Company will credit or refund such amounts to affected Customers (less its reasonable administrative costs), if the funds collected were retained by the Company or if they were delivered over to the taxing jurisdiction and returned to the Company.

Issued: October 20, 2009

Effective: November 19, 2009

By: Ida Bourne
Director, Regulatory Affairs
Cox Communications
1400 Lake Hearn Drive, Atlanta, Georgia 30319

6400 0060 NO RP 12 01132011 NYNNYNY 01 005430

Bill for [REDACTED] 3, 2011
Account number [REDACTED]

SUMMARY OF CHARGES

Monthly Services	\$111.38
Usage Charges	2.98
Taxes, Fees and Surcharges	9.19
NEW CHARGES	\$123.55

MONTHLY SERVICES Jan 12 - Feb 11

Internet	
Cox Business Internet 5 0/1 0	\$55.99
Cox Security Suite 5 PC	10.00
Total Internet	\$65.99
Telephone	
401 253-1280	
VoiceManager Flat Rated Local Line	\$0.00
Network Interface Fee Single Line	6.44
Unlimited Local And IntraState	21.95
Cox Long Distance Solutions	0.00
VoiceManager Traditional Package	17.00
Total Telephone	\$45.39
TOTAL MONTHLY SERVICES	\$111.38

USAGE CHARGES

Telephone Usage	
Usage for 401-253-[REDACTED]	
Directory Assistance	\$1.25
IntraState Direct Dial (qty 5)	0.00
InterState Direct Dial (qty 13)	1.73
Total Telephone Usage	\$2.98
TOTAL USAGE CHARGES	\$2.98

TAXES, FEES AND SURCHARGES

Telephone Taxes, Fees and Surcharges	
<i>Taxes</i>	
E911*	\$1.00
Federal Excise Tax*	0.74
State Sales Tax*	3.65
Total Taxes	\$5.39
<i>Fees and Surcharges</i>	
Universal Service Fund*	\$1.27
Regulatory Cost Recovery Fee	0.05
State Gross Receipts Tax*	2.48
Total Fees and Surcharges	\$3.80
Total Telephone Taxes, Fees and Surcharges	\$9.19
TOTAL TAXES, FEES AND SURCHARGES	\$9.19
TOTAL NEW CHARGES	\$123.55

TELEPHONE USAGE DETAILS for 401-[REDACTED]

Cox Long Distance						
Time	Place	Number	Mini Sec	Rate/Time	Amt	
Dec 7						
05:03P	LAWRENCE ,MA	978 [REDACTED]	4:00	DD/E	0.2665	
Dec 10						
01:24P	TAMPACEN ,FL	813 [REDACTED]	:36	DD/D	0.0455	
03:17P	LTLCOMPT ,RI	401 [REDACTED]	:48	DD/D	0.0000	
Dec 13						
08:10A	LAWRENCE ,MA	978 [REDACTED]	1:00	DD/D	0.0713	
02:01P	NEWPORT ,RI	401 [REDACTED]	5:30	DD/D	0.0000	
Dec 17						
02:03P	WARWICK ,RI	40 [REDACTED]	1:00	DD/D	0.0000	
Dec 20						
03:43P	GREENWIC ,RI	401 [REDACTED]	2:18	DD/D	0.0000	
Dec 21						
01:36P	TAMPACEN ,FL	813 [REDACTED]	13:05	DD/D	0.8596	
Dec 28						
02:58P	CENTREDAL,RI	401 [REDACTED]	:12	DD/D	0.0000	
04:07P	FALL RIVER ,MA	508 [REDACTED]	1:42	DD/D	0.1186	
Jan 3						
12:52P	ATLANTA N,GA	77 [REDACTED]	2:12	DD/D	0.1511	
Jan 6						

6400 0000 NO RP 12 01132011 NYNNYNY 01 006430

Bill for [REDACTED] January 2011
Account Number [REDACTED]

Page 3 of 4



Telephone Usage Details cont.

01 30P	TAMPACEN, FL	813	[REDACTED]	:24	DD/D	0.0341
01 31P	TAMPACEN, FL	813	[REDACTED]	:06	DD/D	0.0146
02 05P	TAMPACEN, FL	813	[REDACTED]	:06	DD/D	0.0146
Jan 10						
09-14A	BROOKLYN, NY	718	[REDACTED]	:12	DD/D	0.0211
09-14A	BROOKLYN, NY	718	[REDACTED]	:06	DD/D	0.0796
09-16A	BROOKLYN, NY	718	[REDACTED]	:18	DD/D	0.0276
09-17A	BROOKLYN, NY	718	[REDACTED]	:18	DD/D	0.0276
Total Cox Long Distance				34164		\$1.73

Rate Codes
DD = Direct Dial

Time Codes
D = Day E = Evening

CUSTOMER INFORMATION

Advance Billing

Cox Communications bills all customers in advance for monthly recurring charges and in arrears for non-recurring charges such as On DEMAND/Pay Per-View and long distance. Credits or charges for any service changes made during the month will be reflected in the next bill.

When to Pay Your Bill

Payment in full is due to Cox by the "Due By" date indicated on your statement. If payment is not received by this date, your bill will become past due and may be subject to additional fees such as late payment charges, electronic reactivation fees, or returned check fees. For more information on these fees and all other charges, please visit www.cox.com.

Payment of your Cox bill confirms your subscription to services and the possession of Cox owned equipment listed on your bill.

Understanding Your Cox Bill

Having trouble understanding your Cox bill? Visit <http://www.cox.com/support> for help or contact a customer service representative. Contact information is listed under the "Contact Us" section on the front of this bill.

Cox Retail Centers:

- Cox Solutions Store - Smithfield: 371 Putnam Pike, Mon-Sat 9am-8pm, Sun 12pm-5pm
- Cox Solutions Store - Warwick: 400 Bald Hill Road, Mon - Sat 9am-9pm, Sun 11am-6pm
- Pawtucket: 670 Narragansett Park Drive, Mon-Fri 8:30am-6pm, Sat 9am-3pm
- Providence: 50 Houghton Street, Mon-Fri 8:30am-6pm, Sat 9am-3pm
- The Cox Digital Store - South County: 35 South County Commons Way, Mon-Fri 9am-8pm, Sat 9am-5pm, Sun 12pm-5pm
- Flint Audio Video: 77 East Main Road, Middletown, Mon-Sat 9am-8pm, Sun 12pm-5pm

Returned Check Charge

Payments returned to Cox due to insufficient funds will incur a non-sufficient funds fee (NSF) of up to \$25.00 or the maximum allowed by state law. The use of a paper or electronic check for payment is your acknowledgement that if your payment is returned, you expressly authorize your account to be electronically debited for the amount of the payment plus any applicable NSF fees. For more information regarding this fee, visit www.cox.com.

Basic Local Telephone Service

Your basic local telephone service will not be disconnected for failure to pay non-telephone charges. Services that must be paid to retain your local basic telephone services are marked with an asterisk (*) on your bill. Failure to pay charges on the bill denoted by an asterisk (*) may result in the disconnection of your basic local

Customer Information cont.
telephone service.

Telephone Modem and Battery Back-Up

If your modem is disconnected or moved, or its battery is not charged or otherwise fails, phone service, including access to emergency 911 services will not be available.

Cox Long Distance

If you have questions concerning rates or terms and conditions of your Cox interstate or international long distance services, please refer to the Customer Services Agreement on our website at <https://www.cox.com/telephone/customer-service-agreement.asp>.

Billing Dispute and Resolution

If you have any questions regarding your bill or disagree with any portion of your bill, immediately contact Cox with your concerns. You must contact us no later than 60 days from the bill's due date via the contact information listed on the front of this bill so that Cox can review your account.

To dispute the outcome related to your cable service, you may file a complaint with your local franchising authority:

RI DPUC
89 Jefferson Boulevard
Warwick, RI 02888
401-941-4500

If you disagree with the investigation's outcome on telephone service, you may file a complaint with the Rhode Island Division of Public Utilities and Carriers, 89 Jefferson Blvd, Warwick, RI 02888 or 401-780-9700.

Section 2 - GENERAL RULES AND REGULATIONS (Cont'd)

2.6 TELEPHONE SURCHARGES/TAXES/CONTRIBUTIONS

2.6.1 General

In addition to the rates and charges applicable according to the rules and regulations of this Tariff, various surcharges and taxes may apply to the customer's monthly billing statement. The Customer is responsible for payment of any fees (including franchise and right-of-way fees), charges, surcharges, contributions and taxes (however designated) (including without limitation universal service contributions, telephone relay service contributions, sales, use, gross receipts, excise, access or other taxes but excluding taxes on the Company's net income) imposed by any local, state, or federal government on or based upon the provision, sale or use of Network Services. Fees, charges, and taxes imposed by a city, county, or other political subdivision will be collected only from those Customers receiving service within the boundaries of that subdivision.

2.7 INVOICE OPTIONS

A Commercial Customer's invoice information is presented on either a CD or in electronic format as chosen by the Customer. The CD will be sent by mail and the electronic version is accessible either via the Internet or by e-mail to the Customer. Both of these options are available at no charge to the Customer. Should the Customer choose to receive by mail, a paper invoice in addition to the electronic invoice, the Customer may be responsible for a monthly charge as indicated in the rate section following. This billing service is independent of additional paper invoices, documents or other Company services that provide specific call detail information or other data not normally provided in the invoice as rendered. Upon Customer request, additional copies of invoice or bill reprints will be provided, if available, at the per page rates as listed below as well as an additional service fee. If the Customer elects to receive the additional copy or reprint in CD format, only the service fee will apply.

A. Rates

A customer can choose a one-page summary with a remittance slip for no charge. All other paper invoice charges are as follows:

- 2 – 4 pages \$5.00
- 5 – 19 pages \$10.00
- 20+ pages \$15.00
- Service Fee \$25.00

Issued: April 10, 2006

Effective: April 13, 2006

Issued By: Daniel J. Venuti, BVP, Secretary & General Counsel
PaeTec Communications, Inc.
One PAETEC Plaza, 600 Willowbrook Office Park
Fairport, N.Y. 14450

COX RHODE ISLAND TELCOM, L.L.C.
d/b/a COX COMMUNICATIONS
d/b/a COX BUSINESS SERVICES

RHODE ISLAND PUC TARIFF NO. 1
3rd Revised Page No. 37

LOCAL EXCHANGE SERVICE

SECTION 2 - Regulations, cont'd.

2.5 Payment Arrangements

2.5.1 Payment for Service, cont.

1. A surcharge is imposed on all charges for service originating at addresses in states which levy, or assert a claim of right to levy, a gross receipts tax on the Company's operations in any such state, or a tax on interstate access charges incurred by the Company for originating access to telephone exchanges in that state¹. This surcharge is based on the particular state's receipts tax and other state taxes imposed directly or indirectly upon the Company by virtue of, and measured by, the gross receipts or revenues of the Company in the state and/or payment of interstate access charges in that state. The surcharge will be shown as a separate line item on the Customer's monthly invoice.

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Issued: October 20, 2009

Effective: November 19, 2009

By: Ida Bourne
Director, Regulatory Affairs
Cox Communications
1400 Lake Hearn Drive, Atlanta, Georgia 30319

0400 0060 NO RP 12 01132011 NYNNYNY 01 006430

Bill for [REDACTED] 13, 2011
Account number [REDACTED]

SUMMARY OF CHARGES

Monthly Services	\$111.38
Usage Charges	2.98
Taxes, Fees and Surcharges	9.19
NEW CHARGES	\$123.55

MONTHLY SERVICES Jan 12 - Feb 11

Internet	
Cox Business Internet 50/10	\$58.99
Cox Security Suite 5 PC	10.00
Total Internet	\$68.99
Telephone	
401 253-1280	
VoiceManager Flat Rated Local Line	50.00
Network Interface Fee Single Line	6.44
Unlimited Local And IntraState	21.95
Cox Long Distance Solutions	0.00
VoiceManager Traditional Package	17.00
Total Telephone	\$45.39

TOTAL MONTHLY SERVICES \$111.38

USAGE CHARGES

Telephone Usage	
Usage for 401-253-[REDACTED]	
Directory Assistance	\$1.25
IntraState Direct Dial (qty 5)	0.00
InterState Direct Dial (qty 13)	1.73
Total Telephone Usage	\$2.98
TOTAL USAGE CHARGES	\$2.98

TAXES, FEES AND SURCHARGES

Telephone Taxes, Fees and Surcharges	
Taxes	
E911*	\$1.00
Federal Excise Tax*	0.74
State Sales Tax*	3.65
Total Taxes	\$5.39
Fees and Surcharges	
Universal Service Fund*	\$1.27
Regulatory Cost Recovery Fee	0.05
State Gross Receipts Tax*	2.48
Total Fees and Surcharges	\$3.80
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TOTAL TAXES, FEES AND SURCHARGES \$9.19

TOTAL NEW CHARGES \$123.55

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01:21P	TAMPACEN ,FL	813-[REDACTED]	:36	DD/D	0.0455
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08:10A	LAWRENCE ,MA	978-[REDACTED]	1:00	DD/D	0.0713
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04:07P	FALL RIVER ,MA	508-[REDACTED]	1:42	DD/D	0.1186
Jan 3					
12:52P	ATLANTA N ,GA	770-[REDACTED]	2:12	DD/D	0.1511
Jan 6					



6400 0060 NO RP 12 01132011 NYNNNNY 01 006430

Bill for [REDACTED] January 13, 2011
Account Number [REDACTED]

Page 3 of 4

Telephone Usage Details cont.

01 30P	TAMPACEN, FL	813	[REDACTED]	:24	DD/D	0.0341
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09 17A	BROOKLYN, NY	718	[REDACTED]	:18	DD/D	0.0276
Total Cox Long Distance				34:54		\$1.73

Rate Codes
DD - Direct Dial

Time Codes
D - Day E - Evening

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Payment of your Cox bill confirms your subscription to services and the possession of Cox owned equipment listed on your bill.

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Pawtucket: 670 Narragansett Park Drive. Mon-Fri 8:30am-6pm, Sat 9am-3pm
Providence: 50 Houghton Street. Mon-Fri 8:30am-6pm, Sat 9am-3pm
The Cox Digital Store - South County: 35 South County Commons Way. Mon-Fri 9am-8pm, Sat 9am-5pm, Sun 12pm-5pm
Flint Audio Video: 77 East Main Road, Middletown. Mon-Sat 9am-8pm, Sun 12pm-5pm

Returned Check Charge

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Customer Information cont.
telephone service.

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A. Rates

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- 2 – 4 pages \$5.00
- 5 – 19 pages \$10.00
- 20+ pages \$15.00
- Service Fee \$25.00

Issued: April 10, 2006

Effective: April 13, 2006

Issued By: Daniel J. Venuti, EVP, Secretary & General Counsel
PaeTec Communications, Inc.
One PAETEC Plaza, 600 Willowbrook Office Park
Fairport, N.Y. 14450