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August 8, 2012

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

Re: RI Docket No. 4321 – Tariff of Verizon RI re Residential Subdivisions

Dear Ms. Massaro:

Enclosed for filing in the above-referenced matter, please find an original and three copies of Verizon Rhode Island's responses to Set #2 of the Data Requests of the Division of Public Utilities and Carriers, dated July 31, 2012.

Thank you for your assistance. If you have any questions, please feel free to contact me at the number above.

Sincerely,

A handwritten signature in blue ink that reads "Alexander W. Moore" with a circled "AMM" to the right.

Alexander W. Moore

cc: Docket 4321 Service List

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

State of Rhode Island

Docket No. 4321

Respondent: Frances O'Neill-Cunha

Title: Regional Director -
Regulatory Affairs

DATA REQUEST

DATED: July 31, 2012

ITEM: Please provide the estimated cost savings projection for the next upcoming five years on an annual basis for new subdivisions in which Verizon would be denying the installation of underground telecommunication services? If
DIV. 2 - 1 unable to provide such an estimate, how can the annual savings be defined?

REPLY: The cost savings over the next five years depend on the number and location of residential subdivisions that will be proposed in that time period and the costs of construction. Verizon RI is not able to estimate the number, location or costs of such projects.

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

State of Rhode Island

Docket No. 4321

Respondent: Frances O'Neill-Cunha
Title: Regional Director -
Regulatory Affairs

DATA REQUEST

DATED: July 31, 2012

ITEM: 1 Div. discovery 1-3., Verizon states there is currently only one new residential subdivision project underway between 10 and 15 planned single-family houses in a non-FIOS area. If Verizon were to deny the underground installation for this subdivision because the revenues will not justify the costs, please identify the gross cost savings (not the net cost savings) that your company would experience from this single construction project?
DIV. 2 - 2

REPLY: If the proposed tariff had applied to the subdivision at issue, Verizon RI would have installed its network if the developer had paid for the costs of doing so. The amount that the developer would have paid here is approximately \$25,000. If the developer had declined to pay the costs of construction, Verizon would not have extended its network. In either scenario, Verizon would not bear the costs of the network extension.

VZ DIV 2 - 2

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

State of Rhode Island

Docket No. 4321

Respondent: Frances O'Neill-Cunha
Title: Regional Director -
Regulatory Affairs

DATA REQUEST

DATED: July 31, 2012

ITEM: Is the Division correct that currently Verizon provides “all” underground
DIV. 2 - 3 conduit to new subdivisions in Rhode Island and in accordance with its
filed tariff “Highway Construction” while Cox is not required to perform
the same installations?

REPLY: Objection: The request is vague and confusing, including the use of
quotations marks around the term “all.”

Subject to this objection, Verizon RI states the following: In accordance
with its Highway Construction tariff, PUC No, 15, Part A, Section 2.1.2,
Verizon RI provides underground construction to new subdivisions
without a special construction charge. Verizon RI is not aware whether
Cox is required to provide underground conduit to residential
subdivisions.

VZ DIV 2 - 3

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

State of Rhode Island

1.

Docket No. 4321

Respondent: Frances O'Neill-Cunha
Title: Regional Director -
Regulatory Affairs

DATA REQUEST

DATED: July 31, 2012

ITEM: Verizon has initially agreed with the Division that the proposed filing for
DIV. 2 - 4 new subdivision pertains only to underground construction. Would
Verizon limit the filed tariff to only underground construction?

REPLY: Objection: This request mischaracterizes the scope of the proposed tariff, which by its terms would apply to all residential subdivisions, not only to underground construction. Verizon RI further objects to this request on the grounds that it does not seek facts or data but rather seeks inappropriately to negotiate with Verizon RI through the discovery process.

Subject to this objection, Verizon RI states the following: Developers of residential subdivisions in Rhode Island almost always seek underground construction of utility services. Consequently, as a practical matter, the proposed tariff would affect Verizon RI's line extension practices only with respect to installation of underground facilities in residential subdivisions. That said, however, the tariff would also apply in the unlikely circumstances in which a developer seeks aerial construction.

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

State of Rhode Island

Docket No. 4321

Respondent: Frances O'Neill-Cunha
Title: Regional Director -
Regulatory Affairs

DATA REQUEST

DATED: July 31, 2012

ITEM: Would Verizon limit the filed tariff to only non-FIOS areas in the state
DIV. 2 - 5 for underground construction? If not, please explain why?

REPLY: Objection: This request does not seek facts or data but rather seeks inappropriately to negotiate with Verizon RI through the discovery process.

Subject to this objection, Verizon RI states the following: For the reasons explained in response to Div. 1-7, the proposed tariff would affect Verizon RI's line extension practices only with respect to residential subdivisions located in areas of the state that are not served by Verizon RI's FiOS network.

VZ DIV 2 - 5

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

State of Rhode Island

Docket No. 4321

Respondent: Frances O'Neill-Cunha
Title: Regional Director -
Regulatory Affairs

DATA REQUEST

DATED: July 31, 2012

ITEM: In what other states where Verizon has a presence, do similar tariffs exist
DIV. 2 - 6 where Verizon is not required to supply line extensions at no charge to residential subdivisions whether they be served aerially or via underground.

REPLY: Similar arrangements, whether implemented by tariff, rule or product guide, exist in California, Delaware, Florida, Maryland, Massachusetts, New Jersey, New York, Pennsylvania, Texas, and Virginia.

VZ DIV 2 - 6

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

State of Rhode Island

Docket No. 4321

Respondent: Frances O'Neill-Cunha
Title: Regional Director -
Regulatory Affairs

DATA REQUEST

DATED: July 31, 2012

ITEM: When Verizon denied the underground installation in new subdivisions,
DIV. 2 - 7 the costs to provide a required underground conduit system would be borne what entity? Do those entities pay for underground communication in a new subdivision currently?

REPLY: Objection: The Request is vague and confusing. It is unclear whether the first question in the Request concerns past practice or, in contrast, future implementation of the proposed tariff.

Subject to this objection, Verizon RI states the following: If, under the proposed tariff, a subdivision developer agrees to pay the construction costs to extend Verizon RI's network to the subdivision, then the developer would bear those costs. If the developer declines to pay for the line extension, then Verizon RI would not build it, and no one would bear the costs of construction.

VZ DIV 2 - 7

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

State of Rhode Island

Docket No. 4321

Respondent: Frances O'Neill-Cunha
Title: Regional Director -
Regulatory Affairs

DATA REQUEST

DATED: July 31, 2012

ITEM: (A) With Verizon being the Incumbent Local Exchange Carrier (ILEC),
DIV. 2 - 8 why do you believe you are not considered the “utility provider of last resort”?

(B) Does Verizon believe it requires Commission approval to “not” be the provider of last restore. If no, please explain why?

REPLY: Verizon RI does not know whether others consider it to be a provider of last resort for telephone service. No state statute, regulation or case law in Rhode Island, however, imposes a duty on Verizon RI, as an ILEC or otherwise, to provide service to all comers in all regions of the state. Verizon RI does not need Commission approval in order to not hold a status (as “provider of last resort”) that it doesn't have in the first place.

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

State of Rhode Island

Docket No. 4321

Respondent: Frances O'Neill-Cunha
Title: Regional Director -
Regulatory Affairs

DATA REQUEST

DATED: July 31, 2012

ITEM: In the proposed tariff, 2.1.6.B.2 states “If not applicant seeks extension of the Company’s network to the residential subdivision or pays the costs as provided in 2.1.6.B.1, any customer who later seeks service from the Company in the subdivision shall pay the Company its estimated costs of extending its network to provide service to that customer...”. Is it correct that owners of new subdivision houses currently would not be placed in the financial situation to pay directly for underground communication line extensions as proposed in the filed tariff because the installation costs would be recovered through the rates of all Verizon customers?

DIV. 2 - 9

REPLY: Objection: The Request incorrectly implies that the proposed tariff would require individual home owners in a new subdivision to pay the construction costs of extending communications services to the house. In fact, the tariff merely allows individual homeowners the option of paying such costs *if* the developer had refused to pay such costs and *if* the homeowner seeks service specifically from Verizon RI, as opposed to another service provider.

Subject to this objection, Verizon RI states the following: The statement is not correct. Verizon RI’s rates are not based on costs, and the Public Utilities Commission and the Division long ago ceased to guarantee that Verizon RI would recover all of its costs through its rates via rate-of-return style regulation. Instead, Verizon RI’s rates are limited by the market, and as explained in response to Div. 1-1, the Company is unable to recover the cost of building out its copper network to residential subdivisions in certain circumstances.

VZ DIV 2 - 9

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

State of Rhode Island

Docket No. 4321

Respondent: Frances O'Neill-Cunha
Title: Regional Director -
Regulatory Affairs

DATA REQUEST

DATED: July 31, 2012

ITEM: Verizon has expressed in conversation with the Division that if the
DIV. 2 - 10 developer does not accept the underground costs in a non-FIOS area as
quoted by Verizon for the new subdivision that Cox would probably pay
for the installation. Please elaborate on why Cox would volunteer to pay
for the underground installation of communication service?

REPLY: In Verizon RI's view, where a residential subdivision is proposed in an
area of the state served by Cox but not by Verizon RI's FiOS network,
Cox (and any other CATV provider) would extend its network to that
subdivision in order to obtain more customers. In those circumstances,
Cox can provide voice, television and Internet access services to
subdivision homeowners over its network, but Verizon RI cannot. If
Verizon RI does not extend its network to the subdivision pursuant to the
proposed tariff, Cox would face less competition and can reasonably
expect to obtain even more customers from the subdivision, giving it
additional motivation to extend its lines.

Verizon New England, Inc.
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State of Rhode Island

Docket No. 4321

Respondent: Frances O'Neill-Cunha
Title: Regional Director -
Regulatory Affairs

DATA REQUEST

DATED: July 31, 2012

ITEM: As per Verizon tariff PUC No. 15 *Highway Construction* is defined as —
DIV. 2 - 11 Construction generally located along a public way or construction on a
private way to serve more than one customer. Considering that definition,
how does Verizon portend to differentiate *Residential Subdivision*
Construction from the Highway construction standards currently in tariff?

REPLY: Under the Highway Construction tariff, Verizon RI will generally build
out its network to a residential subdivision without charge. The proposed
Residential Subdivision Construction tariff would provide an exception to
the Highway Construction tariff in the circumstances stated in the
proposed tariff – namely, where in the opinion of the Company, the
investment necessary to extend its network to a residential subdivision is
not justified by the revenue the Company expects to receive from
customers in the subdivision.

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State of Rhode Island

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Respondent: Frances O'Neill-Cunha
Title: Regional Director -
Regulatory Affairs

DATA REQUEST

DATED: July 31, 2012

ITEM: What is the current pole attachment rate for solely-owned poles as per the
DIV. 2 - 12 Verizon/National Grid pole attachment agreement? How many pole
attachment fees has Verizon paid for FY 2011 if any?

REPLY: The current pole attachment rate for solely-owned poles is \$6.64. Verizon
RI paid no pole attachment fees in FY 2011.

VZ DIV 2 - 12