

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: VERIZON RHODE ISLAND :
PROPOSAL TO INTRODUCE THE : DOCKET NO. 4321
RESIDENTIAL SUBDIVISION EXTENSION POLICY :

ORDER

WHEREAS, On March 28, 2012, Verizon Rhode Island (“Verizon”) filed with the Public Utilities Commission (“Commission”) a tariff to introduce the Residential Subdivision Extension Policy for effect April 27, 2012; and

WHEREAS, A residential subdivision is defined as “a tract of land divided into two or more lots for the construction of two or more new residential buildings or the land on which multiple occupancy buildings are to be constructed”¹, and

WHEREAS, Verizon’s new policy would apply if, “in the opinion of the Company, exercised in its sole discretion, 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”²; and

WHEREAS, If Verizon was applying the new policy, it would require a developer to pay to Verizon the estimated costs of installation of Verizon’s facilities prior to installation with such costs and payments trued up after the conclusion of installation;³ and

WHEREAS, If a developer decided not to install Verizon’s facilities, any customer later seeking Verizon service would be responsible for paying Verizon its estimated costs of extending its network to provide service to the customer with a true-up of costs and payments after the conclusion of construction;⁴ and

¹ Verizon Tariff Filing PUC RI No. 15, Part A Section 2, Page 5, 2.1.6.

² *Id.*

³ *Id.*

⁴ *Id.*

WHEREAS, On April 6, 2012, the Division of Public Utilities and Carriers (“Division”) requested the Commission suspend the tariff filing to allow the Division to conduct discovery;⁵ and

WHEREAS, On April 11, 2012, the Commission suspended the effective date of the tariff to allow the Division to conduct discovery in this matter; and

WHEREAS, On May 23, 2012, the Division issued data requests which were responded to by Verizon on June 19, 2012; and

WHEREAS, Verizon stated that because of customer desire to bundle voice service with television or data, in areas not served by Verizon’s FiOS network, “most subdivision homebuyers choose to purchase voice service as part of a bundle from the local [cable television] company and relatively few customers purchase [voice] as a stand-alone service from Verizon RI. Thus, Verizon RI is unable to recover the cost of building-out its copper network in the subdivision.”⁶ and

WHEREAS, Verizon indicated that there was one project under way for which Verizon would have applied the policy and sought cost recovery from the developer but that this was the only project over the last two years to which this policy would have applied;⁷ and

WHEREAS, on July 31, 2012, the Division issued a second set of data requests to which Verizon responded on August 8, 2012; and

WHEREAS, On August 30, 2012, the Division filed with the Commission a letter that stated, in part, “Verizon has agreed to include amended language to the proposed tariff that would provide the Division with the opportunity, through advanced notice, to review the utility company’s estimated installation costs and the charge to an applicant or customer when

⁵ Letter to Luly Massaro, Clerk from Jon Hagopian, Esq. dated 4/6/2012.

⁶ Verizon Response to DIV DR 1-1.

⁷ Verizon Response to DIV DR 1-3.

extending its network to a new subdivision. Verizon further agrees with the Division to remove the phrase ‘exercised in its sole discretion’ in Part A, Section 2.1.6 B on page five of the proposed tariff.”⁸ and

WHEREAS, On August 31, 2012, Verizon filed with the Commission an amended tariff designed to incorporate its agreement with the Division for review and approval by the Commission; and

WHEREAS, On September 6, 2012, the Division filed with the Commission a letter concurring with Verizon’s amended tariff, noting that it “will provide for a regulatory verification process associated with estimated revenues as compared to the installation costs for a line extension to a new residential subdivision”⁹; and

WHEREAS, At an Open Meeting on September 6, 2012, the Commission considered the amended proposed Residential Subdivision Extension Policy, the discovery and Division comments and approved the amended tariff noting that this Residential Subdivision Extension Policy will primarily be used in areas where Verizon only offers voice services over copper and does not offer FiOS services. These are areas served by at least one cable television provider which is able to provide telephone, internet and television services to the customers. Telephone technology is changing and customers who want more than one type of communication service have choices of services and often choose to bundle their services in order to save money. Therefore, the Commission will not require Verizon to build out its facilities where the Company can show it does not have a reasonable expectation of recovering its costs through the purchase of services from those facilities.

It is hereby,

⁸ Letter from Karen Lyons to Luly Massaro, Clerk dated 8/30/2012.

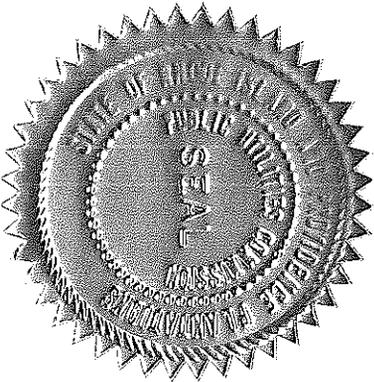
⁹ Letter from Karen Lyons to Luly Massaro, Clerk dated 9/6/2012.

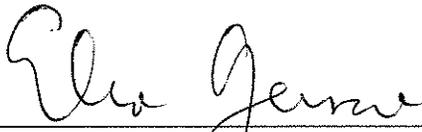
(20840) ORDERED:

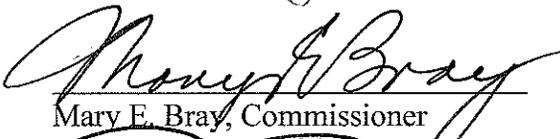
1. Verizon Rhode Island's Tariff to introduce the Residential Subdivision Extension Policy (PUC RI No. 15 Part TOC and Part A Section 2.1.6) for effect April 27, 2012 is hereby denied and dismissed.
2. Verizon Rhode Island's Revised Tariff to Introduce the Residential Subdivision Extension Policy (PUC RI No. 15 Part TOC and Part A Section 2.1.6) filed on August 31, 2012 is hereby approved for effect September 6, 2012.

EFFECTIVE AT WARWICK, RHODE ISLAND ON SEPTEMBER 6, 2012 PURSUANT TO AN OPEN MEETING DECISION. WRITTEN ORDER ISSUED OCTOBER 5, 2012.

PUBLIC UTILITIES COMMISSION




Elia Germani, Chairman


Mary E. Bray, Commissioner


Paul J. Roberti, Commissioner

NOTICE OF RIGHT OF APPEAL PURSUANT TO R.I.G.L. SECTION 39-5-1, ANY PERSON AGGRIEVED BY A DECISION OR ORDER OF THE COMMISSION MAY, WITHIN SEVEN DAYS (7) DAYS FROM THE DATE OF THE ORDER, PETITION THE SUPREME COURT FOR A WRIT OF CERTIORARI TO REVIEW THE LEGALITY AND REASONABLENESS OF THE DECISION OR ORDER.