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PUBLIC UTILITIES COMMISSION



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June 13, 2012

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

Dear Ms. Massaro:

We are filing, herewith, for effect July 13, 2012, tariff material consisting of:

RI PUC No. 20

Section	Revision of Page(s)	Original of Page(s)
2	15 and 16	17

These tariff pages reflect Verizon Rhode Island's implementation of the intercarrier compensation regime for certain VoIP-PSTN traffic, as modified by the FCC's Second Reconsideration Order ("Reconsideration Order"), released on April 25, 2012. In accordance with the effective date of that decision, the tariff revisions will take effect July 13, 2012.

On December 2, 2012, Verizon Rhode Island filed revisions to its intrastate switched access tariff to reflect implementation of the VoIP-PSTN intercarrier compensation regime that the FCC established in its Report and Order in WC Docket Nos. 10-90, *et al.*, 26 FCC Rcd 17633 (Nov. 18, 2011) ("Order"). Those revisions implemented a methodology for separating VoIP-PSTN traffic from access traffic, in order to bill VoIP-PSTN traffic minutes of use ("MOU") that originate and/or terminate in Internet protocol format at Verizon's tariffed interstate switched access rates. The Reconsideration Order modified the regime established in the November 18 Order in that it permits carriers to charge intrastate (rather than interstate) switched access rates for **originating** VoIP-PSTN access MOU from July 13, 2012, until July 1, 2014.

Verizon RI's tariff amendment updates the methodology, consistent with the FCC Second Reconsideration Order, for separating relevant VoIP-PSTN traffic from access traffic that Verizon will bill at applicable intrastate switched access rates. Specifically, Verizon will

determine the number of relevant VoIP-PSTN traffic MOU to which it will apply interstate rates by applying a Percent VoIP Usage ("PVU") factor to the total **terminating** intrastate access MOU exchanged between a Verizon end user and the customer. The PVU factor will be based upon a customer-provided VoIP percentage factor (the PVU-C) and a Verizon-calculated VoIP percentage factor (the PVU-V).

If you have any questions regarding this filing, please contact Frances O'Neill-Cunha of my staff at 401-525-3560.

Enclosed are an original and nine copies of the tariff material. Please return a copy of this letter with your stamp of receipt.

Respectfully submitted,



for John L. Conroy

Attachments

2. General Regulations
2.5 Responsibility of the Customer

2.5.11 Determination of Intrastate Charges for Mixed Interstate and Intrastate Access Service

- A. When mixed interstate and intrastate access service is provided, all charges (i.e., nonrecurring, monthly and usage) including optional feature charges, will be prorated between interstate and intrastate. The percentages will serve as the basis for calculating the appropriate charges. The intrastate percentages will change as revised usage reports are submitted. The percentages of an access service to be charged as intrastate are applied in the following manner.
 - 1. For monthly and nonrecurring chargeable rate elements associated with access services, multiply the intrastate percent times the quantity of chargeable elements times the stated tariff rate per element.
 - 2. For usage sensitive (i.e., access minutes and calls) chargeable rate elements, calculate charges by multiplying the percent intrastate use times actual use (i.e., measured or Telephone Company assumed average use) times the appropriate tariff rates.

2.5.12 Identification and Rating of VoIP-PSTN Traffic

- A. **Scope**— VoIP-PSTN Traffic is defined as traffic exchanged between a Verizon end user and the customer in time division multiplexing ("TDM") format that originates and/or terminates in Internet protocol ("IP") format. This section 2.5.12 governs the identification of VoIP-PSTN Traffic that is required to be compensated at interstate access rates by the Federal Communications Commission in its Report and Order in WC Docket Nos. 10-90, etc., FCC Release No. 11-161 (Nov. 18, 2011) ("Order"), as modified by its Second Order on Reconsideration, FCC Release No. 12-47 (Apr. 25, 2012), and as codified in 47 C.F.R. § 51.319 ("Reconsideration Order"), and unless Verizon and the customer have agreed otherwise. Specifically, this section establishes the method of separating such traffic (referred to in this tariff as "Relevant VoIP-PSTN Traffic") from the customer's traditional intrastate access traffic, so that such Relevant VoIP-PSTN Traffic can be billed in accordance with the FCC Orders.
 - 1. This section will be applied to the billing of switched access charges to a customer that is a local exchange carrier only to the extent that the customer has also implemented billing of interstate access charges for Relevant VoIP-PSTN Traffic in accordance with the FCC Orders.
- B. **Rating of VoIP-PSTN Traffic**— The Relevant VoIP-PSTN Traffic identified in accordance with this tariff section will be billed at rates equal to Verizon's applicable tariffed interstate switched access rates as specified in Tariff FCC 11. Intrastate access minutes of use not required to be billed at interstate rates pursuant to this section 2.5.12 will be billed in accordance with the other rate provisions of this Tariff (absent an agreement between Verizon and the customer on a different compensation mechanism).
- C. **Calculation and Application of Percent-VoIP-Usage Factor**— Verizon will determine the number of Relevant VoIP-PSTN Traffic minutes of use ("MOU") to which interstate rates will be applied under subsection (B), above, through the use of a Percent VoIP Usage ("PVU") factor, which in turn will be based on a PVU-C factor and a PVU-V factor. These factors will be derived and applied as set forth below. The PVU-V and PVU-C factors will be based on information such as the number of Verizon's or the customer's retail VoIP subscriptions in the state (e.g., as reported on FCC Form 477), traffic studies, actual call detail, or other relevant and verifiable information.
 - 1. For the period on and after December 29, 2011, to July 12, 2012, and for the period on and after July 1, 2014:

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Verizon New England Inc.

2. General Regulations
2.5 Responsibility of the Customer

2.5.12 Identification and Rating of VoIP-PSTN Traffic	
C.1. (Continued)	
<p>a. The customer will calculate and furnish to Verizon a factor a PVU-C factor representing the percentage of the total access MOU that the customer exchanges with Verizon in the State, that (a) is sent to Verizon and that originated in IP format; or (b) is received from Verizon and terminated in IP format. A PVU-C factor for the period December 29, 2011, through July 12, 2012, must be submitted by April 15, 2012, in order to apply retroactively to December 29, 2011. A PVU-C factor for the period on and after July 1, 2014, will be submitted by June 1, 2014.</p> <p>b. Verizon will, likewise, calculate PVU-V factors for the two periods representing the percentage of Verizon's total access MOU in the State that Verizon originates or terminates on its network in IP format, and will begin applying those PVU-V factors to the calculation of the PVU factor as of December 29, 2011, and July 1, 2014, respectively.</p> <p>2. For the period from July 13, 2012, through June 30, 2014:</p> <p>a. The customer will calculate and furnish to Verizon, before July 1, 2012, a PVU-C factor representing the percentage of the total access MOU sent by the customer to Verizon in the State, that the customer originates in IP format. If the customer submitted a PVU-C factor under section 2.5.12(C)(1)(a) and does not furnish a new factor under this section 2.5.12(C)(2)(a), Verizon will use that previously submitted factor as the PVU-C for purposes of this subsection (2).</p> <p>b. Verizon will, likewise, calculate a PVU-V factor for this period representing the percentage of Verizon's total terminating access MOU in the State that Verizon terminates on its network in IP format, and will begin applying that PVU-V factor to the calculation of the PVU factor as of July 13, 2012.</p> <p>3.</p> <p>The PVU factor will be calculated as the sum of: (A) the PVU-C factor and (B) the PVU-V factor times (100% minus the PVU-C factor).</p> <p>4. For the period from December 29, 2011, through July 12, 2012, and for the period on and after July 1, 2014, Verizon will apply the PVU to the total intrastate access MOU exchanged with the customer to determine the number of such minutes that will be billed at the applicable interstate switched access rates. For the period from July 13, 2012, through June 30, 2014, Verizon will apply the PVU factor to the total terminating intrastate access MOU received from the customer, and the resulting number of minutes will be billed at terminating interstate access rates.</p>	<p>(X)(T) (C)</p> <p>(C)</p> <p>(X)(C)</p> <p>(T)(C)</p> <p>(C) (C)</p> <p>(N)</p> <p>(N)</p> <p>(D)</p> <p>(D)</p> <p>(C)</p> <p>(C)</p> <p>(C)</p> <p>(C)</p>

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2.5.12 Identification and Rating of VoIP-PSTN Traffic	
C.4. (Continued)	
5.	<p>Example 1: For February 2013, The PVU-V is 10% and the PVU-C is 40%. The PVU factor is equal to $40\% + (10\% \times 60\%) = 46\%$. Verizon will bill 46% of the customer's terminating intrastate access MOU at its tariffed interstate terminating switched access rates.</p> <p>Example 2: For September 2014, the PVU-V is 10% and the PVU-C is 0%. The PVU factor is $0\% + (100\% \times 10\%) = 10\%$. Verizon will bill 10% of the customer's intrastate access MOU at Verizon's tariffed interstate switched access rates (originating or terminating, as applicable).</p> <p>Example 3: For the period after December 29, 2011, and prior to July 13, 2012, the PVU-C is 100%. No matter what the PVU-V factor is, the PVU is 100%. Verizon will bill 100% of the customer's intrastate access MOU at Verizon's tariffed interstate switched access rates (originating or terminating, as applicable).</p>
D. Initial PVU Factor and PVU Factor Changes	
1.	If the PVU factor for the period from December 29, 2011, to July 12, 2012, is not available and/or cannot be implemented in Verizon's billing systems by December 29, 2011, once that factor is available and can be implemented Verizon will adjust the customer's bills to reflect that PVU retroactively to December 29, 2011. In calculating the initial PVU to be applied from December 29, 2011, to July 12, 2012, Verizon will take the customer-specified PVU-C into account retroactively to December 29, 2011, provided that the customer provides the factor to Verizon no later than April 15, 2012.
2.	The customer may submit an updated factor quarterly using the methodology set forth in subsection (C)(1) or (C)(2), above, as applicable. If the customer chooses to submit such updates, it shall forward to Verizon, no later than 15 days after the first day of January, April, July and/or October of each year, a revised PVU-C factor based on data for the prior three months, ending the last day of December, March, June, and September, respectively. Verizon will use the revised PVU-C to calculate a revised PVU. The revised PVU factor will apply prospectively and serve as the basis for billing until superseded by a new PVU.
E.	PVU Factor Verification — Not more than twice in any year, Verizon may ask the customer to verify the PVU-C factor furnished to Verizon and customer may ask Verizon to verify the PVU-V factor and the calculation of the PVU factor. The party so requested shall comply, and shall reasonably provide the records and other information used to determine the respective PVU-C and PVU-V factors.

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