

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: UNBUNDLED LOCAL SWITCHING :
AND ANALOG LINE PORT RATES - :
VERIZON RHODE ISLAND'S SECTION 271 : DOCKET NO. 3363
COMPLIANCE FILING :

ORDER

During the Federal Communications Commission's ("FCC") pending review of Verizon Rhode Island's ("Verizon") Section 271 application for authorization to provide long distance service in Rhode Island, the New York Public Service Commission on January 28, 2002 adopted new rates for unbundled network elements ("UNEs") provided by Verizon New York. The new UNE rates for New York were at least 50 percent lower than those relied upon as benchmarks in Verizon's 271 application for Rhode Island. To address this recent development and any argument that Rhode Island's UNE rates are not TELRIC-compliant, on February 14, 2002, Verizon filed with this Commission substantial rate reductions for unbundled local switching and analog line ports in R.I. PUC Tariff No. 18. In particular, Verizon proposed to reduce the monthly analog port rate from \$4.15 to \$1.86. In addition, Verizon proposed a 53 percent reduction in the originating and terminating local switching rates from \$0.002921 and \$0.002563 per minutes of use ("MOU") to \$0.001358 and \$0.001192, respectively, per MOU. Lastly, Verizon proposed a reduction to the Unbundled Telephone Company Reciprocal Compensation rate per MOU and the Unbundled TC

Reciprocal Compensation rate per MOU that is equivalent to the proposed decrease in the terminating local switching rate. These new rates would go into effect on February 20, 2002.¹

By letter filed with this Commission on February 19, 2002, the Division of Public Utilities and Carriers (“Division”) stated that it supported Verizon’s UNE rate reductions because they “will lower costs for competitive telecommunication providers in Rhode Island.” The Division noted, however, that it could neither approve nor disapprove of the cost basis upon which these rates are based.

By letter filed with this Commission on February 20, 2002, WorldCom stated it welcomed an “undeniably significant UNE rate reduction.” However, WorldCom noted that Verizon had not reduced all of its Rhode Island UNE rates to the level of the new New York UNE rates. Therefore, WorldCom urged the Commission to proceed expeditiously with regard to the new TELRIC cost studies ordered in Docket No. 2681.

At an open meeting held on February 20, 2002, the Commission reviewed the evidence submitted, and found that adoption of the new, significantly lower Rhode Island UNE rates proposed by Verizon will be in the best interest of the ratepayers and will further the development of

¹ A list of the new rates filed by Verizon is attached hereto and incorporated by reference herein as Appendix A. Verizon requested that, because the filing provided only for rate reductions and would prejudice no carrier, the tariff changes be approved in less than the 30-day statutory notice period.

local telephone competition. The Commission noted that no competitive local exchange carrier ("CLEC") opposed the adoption of these new Rhode Island UNE rates, and that they are well below Massachusetts' comparable UNE rates in April 2001 when the FCC approved Verizon-Massachusetts's Section 271 application. Furthermore, by reducing the current total UNE-P rate by approximately \$5.00, the new UNE rates should provide CLECs with ample opportunity to compete via UNE-P in the local telephone market in Rhode Island.

The Commission is hopeful that there will soon be more competition in both the long distance and local telephone markets in Rhode Island. The door is open, the way is clear. The Commission now waits to see if certain CLECs are truly interested in providing local telephone service in Rhode Island.

Accordingly, it is

(16922) ORDERED:

Verizon Rhode Island's tariff filing of February 14, 2002, modifying certain unbundled network element rates in R.I. PUC Tariff No. 18, is hereby approved for effect February 20, 2002.

EFFECTIVE AT WARWICK, RHODE ISLAND ON FEBRUARY 20,
2002 PURSUANT TO AN OPEN MEETING DECISION. WRITTEN ORDER
ISSUED FEBRUARY 21, 2002.

PUBLIC UTILITIES COMMISSION

Elia Germani, Chairman

Kate F. Racine, Commissioner*

Brenda K. Gaynor, Commissioner

*Commissioner Racine concurs with this Order but was unavailable for signature.

Appendix “A”

Attachment A

<u>Rate Element</u>	<u>Current Rate</u>	<u>Proposed Rate</u>
Analog Port	\$4.15	\$1.86
Originating Local Switching	\$0.002921	\$0.001358
Terminating Local Switching	\$0.002563	\$0.001192
Unbundled Tel.Co. Recip Comp.	\$0.003241	\$0.001870
Unbundled TC Recip. Comp.	\$0.005919	\$0.004548