

Verizon New England Inc.
Application for Cable Television Compliance Order Certificate
Service Area 6

February 7, 2006

Statement of Application

Pursuant to Section 3.3 of the Rhode Island Division of Public Utilities and Carriers' Rules Governing Community Antenna Television Systems, Verizon New England Inc. ("Verizon") hereby applies for a Compliance Order Certificate for Service Area Six.

Executive Summary

Verizon seeks permission from the Division to begin offering cable services in Service Area Six.

Rhode Island will be one of the first states to receive the full benefits of Verizon's revolutionary video offering that will provide residents of the Ocean State with a vast array of competitive digital video services.

Verizon's technical, financial, and managerial qualifications to own and operate a cable system in Service Area Six are well established. Verizon Communications is a Fortune 15 company with over \$71 billion in annual revenues and over 210,000 employees worldwide. Verizon has over 100 years of experience providing high quality services and unparalleled customer care to the residents of Rhode Island. Currently, Verizon employs more than 1,119 people in Rhode Island, with an annual payroll of more than \$65 million. Verizon recently located its new regional FiOSSM Solution Center in Providence, to provide customer service for video services for customers throughout the Northeast. The FiOSSM Solution Center has already brought more than 100 new jobs to Rhode Island and will generate even more jobs as Verizon expands its video services.

Now, Verizon stands ready to utilize its experience and resources to bring the benefits of competition to the cable television market, beginning with the residents of Warwick, West Warwick, East Greenwich, West Greenwich, Coventry, North Kingstown and Exeter. Verizon looks forward to working with the Division to secure permission to bring cable television competition and video choice to Rhode Island.

In accordance with Section 3.3 (c) of the Rules Governing Community Antenna Television Systems, Verizon provides the following information:

Channel capacity, including both the number of channels in the proposed system and the number of channels to be energized immediately. Rule 3.3(c)(1).

The channel capacity of the FTTP network in Rhode Island is 860 MHz. Verizon expects to offer more than 330 channels upon launch of its video service in Rhode Island, similar to the number of channels it offers to customers in Woburn, Massachusetts, Herndon, Virginia and several Texas communities. A sample list of channels and content packages from Verizon's service offering in Woburn, MA is attached hereto as Exhibit 1. Of course, Verizon's channel lineup and package offerings in Rhode Island are currently under development, and the number and nature of the particular channels that will be offered is subject to modification. Verizon expects to offer an all-digital expanded basic package as well as several premium service packages. Verizon will also offer an analog service tier that will provide broadcast, PEG access, weather, and select commercial programming channels. Verizon will provide the Division with information on the specific channels and content packages before it begins offering video services to the general public.

The Television and Radio Broadcast Signals to be Carried, with a Description of Programming and Other Services to be Offered. Rule 3.3(c)(2).

Verizon plans to offer Rhode Island residents a channel lineup and set of content packages similar to those shown on the attached Exhibit 2, which is a channel lineup for Verizon's FiOS TV services currently available in Woburn, Massachusetts. Verizon's Rhode Island channel lineup and content packages are currently under development, however, and Exhibit 2 is only an example of the channels and packages Verizon may provide in Rhode Island. As a new entrant into the Rhode Island video market, Verizon intends to offer a fully competitive set of channel options to our customers, including access to a basic service group of channels and an expanded basic service package. Verizon also intends to offer multiple premium channel groupings, plus international channels, movie and music channels and high definition television, in addition to an extensive offering of video on demand titles and an array of multicultural channels to meet the needs of Rhode Island's diverse population. Verizon will carry all local broadcast stations and PEG Access channels on both its analog and digital service tiers. Radio broadcast channels are not a part of the FiOS product.

Description of the Proposed System Design and Planned Operation. Rule 3.3(c)(3).

A detailed description of the FTTP System Architecture is attached as Exhibit 3. FTTP is an upgrade to Verizon's existing telecommunications network under authority granted by Title II of the Communications Act and uses fiber-optic cable and optical electronics to directly link homes and businesses to the Verizon network. The FTTP Network will also be capable of carrying a wide range of analog and digital video services.

Location of Headends and Antennas. Rule 3.3(c)(3)(i).

Verizon has two Super Head Ends (SHE) that serve as national points for content aggregation. The SHEs are completely redundant to ensure that there are no interruptions in the national broadcast feeds. National content travels from the SHE to a regional Video Hub Office (VHO) where it is off loaded from the long haul network and integrated with local and regional content. Content is then transported to local Video Serving Offices (VSO) for transport to the end users. For a more detailed description of the FTTP network, see Exhibit 3.

At this time, Verizon has not made a final determination as to the location of the VHO(s) that will serve Service Area Six. The potential VSO locations for Service Area Six are in Verizon's Wire Centers located in North Kingstown, East Greenwich, Coventry, Hope Valley, West Warwick, Warwick, and Providence-Broad Street.

Extent and Type of Information Services to be Offered on Both the Residential and Institutional Networks. Rule 3.3(c)(3)(ii).

Verizon will make available to subscribers in Service Area Six advanced high speed data capabilities over its Title II FTTP network (referred to herein as FiOSSM). The FiOSSM data product provides consumers with upstream and downstream data capacity that far exceeds anything currently offered in the State of Rhode Island. Verizon intends to offer its FiOSSM data product as its FTTP build-out proceeds. (As a data service governed by Title I of the Communications Act, the FiOSSM product does not require a cable license.) In fact, Verizon has already launched FiOSSM data service for residential customers served out of its wire centers in North Kingstown and Warwick.

With respect to an Institutional Network, Verizon is seeking a waiver of the portion of Rule 7.3 that requires cable operators to construct a physically separate I-NET. Verizon's petition for waiver of this requirement is filed herewith, and a copy is attached hereto as Exhibit 4. Verizon will work with the Division to provide an I-NET solution that is not duplicative and is in the public interest.

Extent and Type of Automated Services to be Provided. Rule 3.3(c)(3)(iii).

Currently, Verizon has no plans to provide automated services related to PEG Access facilities or programming.

Location of Origination Points and Origination Facilities. Rule 3.3(c)(3)(iv).

Currently, Verizon has no plans to operate such facilities.

The Number of Channels, Facilities, Equipment, and Staff to be Made Available for Access and Institutional Uses. Rule 3.3(c)(3)(v).

Verizon plans to carry all Public, Education, and Government (PEG) Access Channel capacity currently offered by the incumbent cable provider in Service Area Six.

Verizon recognizes its obligation to provide support for a PEG Access studio in Service Area Six. However, it would not serve the interests of the residents of Service Area Six for Verizon to construct and operate duplicate PEG Access studios. In lieu of building a duplicate PEG Access studio in the service area, Verizon proposes to share the cost of operating the existing studios with the incumbent cable operator unless and until an alternative arrangement is implemented. Verizon's proposal is detailed in its petition for a waiver of Rules 14.2-14.7, filed herewith. A copy of that petition is attached hereto as Exhibit 5.

Provisions for Expansion of Channel Capacity and Other Upgrading as Technological Improvements Become Available. Rule 3.3(c)(3)(vi).

The FTTP network is a state of the art, all fiber upgrade to Verizon's existing telecommunications network under authority granted by Title II of the Communications Act. The FTTP network will be used to provide high quality voice, and advanced data services, and is also capable of providing video services. This unique fiber optic network will be the platform from which Verizon provides a variety of services to Rhode Island subscribers.

A Timetable for the Completion of Construction of the Proposed System. Rule 3.3(c)(4).

As of the date of this application, Verizon has all but completed the Title II FTTP upgrade in its wire centers in North Kingstown and Warwick and has begun the upgrade of the East Greenwich wire center. By the end of 2006, Verizon expects to have completed the Title II FTTP upgrade of the East Greenwich, Coventry, West Warwick, and Providence-Broad Street (Providence) wire centers, leaving only the Hope Valley wire center, which Verizon intends to upgrade in accordance with the timetable provided in Rule 8.2(h). Verizon will install and activate its VHO facilities and its VSO facilities within its wire centers during the final stages of its Title II network upgrade. The upgrade of the existing Verizon telecommunications network to FTTP and conversion of central offices to video capability, however, is a multi-billion dollar undertaking for Verizon. Scheduling of such activity is based on multiple factors, including budget considerations, availability of sufficient workforce, permitting issues and equipment availability. For these reasons, the schedule stated here may shift or be altered. Verizon will make cable television service available to customers served by any given central office in Service Area Six when Verizon completes FTTP upgrades of that central office service area and makes the central office video capable.

A Proposed Tariff. Rule 3.3(c)(5).

Upon Verizon's entry into the cable television market of Service Area Six, Verizon's cable system will be subject to effective competition as defined in 47 U.S.C. §543 (l)(1). Accordingly, Verizon's rates will not be subject to federal or state regulation. Verizon thus intends to file a tariff pursuant to R.I.G.L. §39-19-6 and § 11.1 of the Division's Rules for informational purposes only, and not in order to obtain approval of the rates listed therein. Verizon expects that the rates it will charge for its video services in Rhode Island will be similar to the rates it currently charges in Woburn, Massachusetts. Those rates are shown on Exhibit 1 hereto, which Verizon asks the Division to review as an informational tariff. The rates and services listed in

Exhibit 1 reflect Verizon's current intention only, and the actual rates and services to be included in Verizon's future tariff filing may vary from those shown on the Exhibit. In any event, it is Verizon's goal to establish a robust national channel lineup and competitive pricing in Service Area Six.

Terms and Conditions Under Which Service is to be Provided to Educational, Charitable, and Governmental Entities. Rule 3.3(c)(6).

Pursuant to Section 7.3 of the Division's Rules, Verizon will provide standard video installation and Basic Service at no charge to fire stations, police stations, municipal buildings, hospitals, public and private universities, public libraries, public and private schools, and religious institutions throughout Service Area Six.

A Statement of the Applicant's Qualifications and Experience in the Cable Television Field, if any; and the Names and Professional Experience of the Persons or Organizations who Will be Responsible for the Design, Construction, Installation, and Operation of the Proposed System. Rule 3.3(c)(7).

Verizon New England Inc. has been providing services to residents, businesses and governments within the State of Rhode Island for some one hundred years.

A list of representative cable television leadership within Verizon follows:

Donna C. Cupelo
Region President – Massachusetts and Rhode Island

Ms. Cupelo serves as Massachusetts and Rhode Island's chief executive, with primary responsibility for service, government and regulatory affairs, public policy and economic development. She is leading Verizon's efforts to obtain all necessary certificates for Verizon to gain entrance into the video market in Rhode Island. Ms. Cupelo is a graduate of Providence College and holds a Master of Business Administration from Babson College.

Terry K. Denson
Vice President of Programming and Marketing - FIOS TV

Mr. Denson oversees the creation and implementation of video product packaging, pricing and marketing strategies, video content acquisitions, and video customer acquisition, education and retention. Prior to joining Verizon, he was Vice President of Programming for Insight Communications, the ninth largest cable operator in the country, where he led the program acquisition and content strategy efforts. Prior to that, he served as Director of Business Development for MTV Networks, and as a general attorney for ABC, where he managed content rights and distribution issues. He is a graduate of Harvard University, and of Georgetown Law School.

Shawn M. Strickland
Director of FIOS TV Product Management

Mr. Strickland is responsible for developing and executing the video product plans for Verizon Communications. Prior to assuming this responsibility, he was responsible for managing the data and voice products on the Fiber To The Premise platform. He began his career at Bell Atlantic with the Corporate Development organization. He is a graduate of Harvard University, holds a Master of Business Administration degree from Columbia University, and is a Certified Financial Analyst.

Mr. M. James Ho
Director of Video Services Architecture

Mr. Ho is responsible for the network architecture associated with video services for Verizon Communications. He has more than fifteen years experience in video related fields, including video compression and satellite Direct To Home, video on-demand over DSL, full service video delivery over MMDS, the technology interface between Bell Atlantic and Direct TV. He has been associated with development of the video service architecture since year 2000. He attended the Polytechnic University of New York, majoring in mathematics and computer sciences.

A Statement Indicating Whether the Applicant or Any of Its Principals Owns or Operates any Other CATV System or any Newspaper or any Broadcast Television or Radio Station, and the Names and Addresses of Each Such Operation and the Chief Executive Officer of the Franchising Authority in Which Each System or Station is Located. Rule 3.3(c)(8).

Verizon New England Inc. currently holds two (2) franchises in Massachusetts and has applications for cable television franchises pending in several other Cities and Towns in the Commonwealth. Verizon New England is also in active negotiations with several municipalities in the State of New Hampshire. As of this date, Verizon New England Inc. holds franchises in the following communities:

City of Woburn, MA
10 Common Street
City Hall
Woburn, MA 01801
Chief Executive Officer: Mayor Thomas L. McLaughlin

Town of Reading, MA
16 Lowell Street
Reading, MA 01867-2601
Chief Executive Officer: Town of Reading Board of Selectmen (Camille W. Anthony, Chair)

Affiliates of Verizon New England Inc., as of this date, have been granted cable television franchises in the following communities:

Verizon California Inc.

City of Beaumont

550 E. Sixth Street

Beaumont, CA

Chief Executive Officer: Mayor Larry Dressel

City of Murrieta

26442 Beckman Court

Murrieta, CA 92562

Chief Executive Officer: Mayor Warnie R. Enochs

Town of Apple Valley

14955 Dale Evans Parkway

Apple Valley, CA 92307

Chief Executive Officer: Mayor Scott Naffis

City of Hermosa Beach

1315 Valley Drive

Hermosa Beach, CA 90254

Chief Executive Officer: Mayor Peter Tucker

Verizon Southwest, Inc.

Cities of Allen, Carrollton, Colleyville, Coppell, Denton, Double Oak, Flower Mound, Garland, Grapevine, Hebron, Highland Village, Irving, Lewisville, Lucas, Murphy, Parker, Plano, Rowlett, Southlake and St. Paul.

Texas Public Utility Commission

1701 N. Congress Avenue

P.O. Box 13326

Austin, TX 78711-3326

Chief Executive Officer: Chairman Paul Hudson

City of Keller, TX

City of Keller

P.O. Box 770

Keller, TX 76244-0770

Chief Executive Officer: Mayor Julie Tandy

City of Sachse, TX
Sachse City Hall
5560 State Highway 78
Sachse, TX 75048
Chief Executive Officer: Mayor Michael Felix

Town of Westlake, TX
Town of Westlake
Westlake Town Hall
2650 T. J. Ottinger Road
Westlake, TX 76262
Chief Executive Officer: Mayor Scott Bradley

City of Wylie, TX
City of Wylie
2000 State Highway 78 North
Wylie, TX 75098
Chief Executive Officer: Mayor John Mondy

Verizon Florida Inc.

City of Temple Terrace
11250 North 56th Street
Temple Terrace, FL 33617
Chief Executive Officer: Mayor Joe Affronti

County of Manatee
1112 Manatee Avenue West
Bradenton, FL 34205
Chief Executive Officer: Chairman Joe McClash

County of Hillsborough
County Center, 26th Floor
601 E. Kennedy Blvd.,
Tampa, FL 33602
Chief Executive Officer: County Administrator Patricia G. Bean

Verizon Virginia Inc.

Quantico Marine Corps Base
3250 Catlin Avenue B034
Quantico, VA 22134-5001
Chief Executive Officer: Colonel JM Lowe, United States Marine Corps

Town of Herndon

P.O. Box 427

Herndon, VA 20172-0427

Chief Executive Officers: Mayor Michael O'Reilly and Steve Owen (Town Manager)

County of Fairfax

1200 Government Center Parkway, Suite 552

Fairfax, VA 22035-0066

Chief Executive Officers: Anthony Griffin (County Executive) and Chairman Gerry Connolly

City of Fairfax

10455 Armstrong Street, Room 308

Fairfax, VA 22030

Chief Executive Officer: Bob Sisson (City Manager)

City of Falls Church

Harry E. Wells Building

300 Park Avenue

Falls Church, VA

Chief Executive Officer: Mayor Dan Gardner

Verizon New York Inc.

Village of Massapequa Park

151 Front Street

Massapequa Park, NY 11762

Chief Executive Officer: Mayor James Altadonna

Village of Nyack (pending PSC Public Service Division confirmation)

Nyack Village Hall

9 N. Broadway

Nyack, NY 10960

Chief Executive Officer: Mayor John H. Shields

Village of South Nyack (pending PSC Public Service Division confirmation)

South Nyack Village Hall

282 S. Broadway

South Nyack, NY 10960

Chief Executive Officer: Mayor Richard C. Helmke, Jr.

A Statement of Ownership Detailing the Corporate Organization of the Applicant, Including the Names and Addresses of Officers and Directors and the Number of Shares Held by Each; and Intracompany Relationships, Including Parent, Subsidiary, and Affiliated Companies. Rule 3.3(c)(9).

Applicant Verizon New England Inc. is a corporation, incorporated in New York on October 19, 1883. Its Federal tax identification number is 04-1664340. Verizon New England Inc. is 100.00% owned by NYNEX Corporation. NYNEX Corporation, in its turn, is 100.00% owned by Verizon Communications Inc. Verizon Communications Inc., a Dow 30 Industrials company, is a corporation publicly traded on the New York Stock Exchange and other stock exchanges.

Officers, Directors and Ownership Interests

Current Directors:

Lawrence T. Babbio, Jr.
Bruce P. Beausejour
Paula L. Brown
Donna C. Cupelo
Robert J. Barish

Current Officers:

Lawrence T. Babbio, Jr.	Chairman of the Board and Chief Executive Officer
Robert J. Barish	Chief Financial Officer
Paula L. Brown	Region President – Northern New England
Donna C. Cupelo	Region President – MA and RI
Marianne Drost	Secretary
Janet M. Garrity	Assistant Treasurer
Veronica C. Glennon	Assistant Secretary
Edwin F. Hall	Controller
Richard P. Jankun	Vice President – Taxes
David S. Kauffman	Assistant Secretary
Richard R. Masching	Vice President – Taxes
Joseph J. McGeever	Vice President – Taxes
Cheryl E. Mongell	Region President – Operations (New England States)
Neil D. Olson	Assistant Treasurer
Kevin J. O’Quinn	Assistant Comptroller
David A. Raney	Assistant Secretary
Jane A. Schapker	Assistant Secretary
Sheila L. Small	Assistant Treasurer (for risk management and insurance matters only)
Catherine T. Webster	Vice President and Treasurer

All officers and directors identified above may be contacted through:

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185 Franklin Street
Boston, MA 02110

None of the officers or directors named above owns stock in Applicant Verizon New England Inc. as Verizon Communications Inc. owns 100 percent of Applicant's stock.

A Documented Plan for Financing the Proposed CATV System. Rule 3.3(c)(10).

Verizon Communications Inc. intends to finance provision of cable television service within the State of Rhode Island from a variety of internally and externally generated funds, as is done with all programs undertaken by the Company.

Verizon Communications Inc. is a Dow 20 company with 2004 revenues in excess of \$71 Billion. As ample demonstration of the financial strength and stability of the company, attached hereto as Exhibit 6 is the 2004 Annual Report to Shareholders of Verizon Communications Inc. The Annual Report includes the 2004 Income Statement, Balance Sheet, and Cash Flow Report for the Company, along with the Auditor's Letter and the Statement of Management. In addition, the 2004 Form 10-K Report to the Securities and Exchange Division can be accessed via the internet at:

http://investor.verizon.com/sec/sec_frame.aspx?fid=3535153

A Statement Indicating Why it Would be in the Public Interest to Grant the Application. Rule 3.3(c)(12).

Granting the application would allow Verizon to bring competition and all its attendant benefits to the cable television market in Service Area Six, which is not currently subject to effective competition. Service Area Six is currently served by a single cable operator (Cox Communications, Inc.), and recent national studies have shown that areas with more than one cable operator have cable rates that are on average 15% lower than areas with a single provider. We expect that, as it has in other industries, competition will bring greater innovation in products, services and options to cable subscribers in the Area. The issuance of a competitive cable certificate will provide choice to Rhode Island subscribers where none currently exists and is therefore in the public interest.

Conclusion

Verizon is eager to bring the benefits of video choice to the residents of Warwick, West Warwick, East Greenwich, West Greenwich, Coventry, North Kingstown and Exeter. Verizon respectfully requests that the Division review the instant Application for a Compliance Order Certificate for Service Area Six and schedule appropriate public hearings in accordance with applicable rules.

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Exhibit List

Exhibit 1: Sample Programming Packages

Exhibit 2: Sample Channel Lineup

Exhibit 3: FTTP Network Architecture

Exhibit 4: Petition for Waiver of a Portion of Section 7.3(a) of the CATV Rules

Exhibit 5: Petition for Waiver of Sections 14.2 through 14.7 of the CATV Rules

Exhibit 6: 2004 Verizon Annual Report