

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: NYNEX PRICE REGULATION PLAN

DOCKET NO. 2370

Report and Order

On October 15, 1999, the New England Telephone & Telegraph Company, d/b/a Bell Atlantic – Rhode Island (“BA-RI”) made its fourth annual Price Regulation Plan (“PRP”) filing with the Public Utilities Commission (“Commission”). The PRP, a successor to the Price Regulation Trial, was adopted in Order No. 15020 (issued June 25, 1996). It provides BA-RI with pricing flexibility, pursuant to several formulae.¹ There are consumer protections included at each service group level, through the implementation of individual Price Regulation Indices (“PRI”) and rate element caps. In addition, the Company made certain commitments regarding rate stability for residential basic exchange services.²

¹ Since the institution of the PRP, there have been significant benefits to Rhode Island consumers. These include the implementation of an unlimited Statewide Calling Plan; a five-year commitment from BA-RI to provide data network access services; a five-year freeze on pay telephone charges at twenty-five cents per initial period charge; and a five-year commitment from BA-RI to absorb the cost of its Lifeline credit for low-income residential customers, up to \$2,200,000 per annum. Moreover, the regulated price elements of the service groups have been decreased by over 5% since 1996.

² Rates will remain stable until the year 2000, unless a customer’s rate group is reclassified.

The instant PRP filing included reductions to rates in Service Groups 2 and 3, and a number of rate changes for Service Group 4.³

The net annual revenue impact of these changes to the Company is a reduction of \$5,290,421.

On November 12, 1999, the Division of Public Utilities and Carriers (“Division”), through its telecommunications specialist, Brian Kent, filed a recommendation that the fourth annual PRP filing be approved, effective January 15, 2000.

Following public notice, the Commission conducted a hearing on January 6, 2000. The following attorneys entered appearances:

FOR BA-RI:	Keefe B. Clemons, Esq.
FOR THE DIVISION:	Leo Wold Special Assistant Attorney General
FOR THE COMMISSION:	Adrienne G. Southgate General Counsel

Public comment was received from William Fisk of the Rhode Island Department of Education, who encouraged that Commission to continue the Internet Access Program, currently slated to expire on December 31, 2000. He noted the 99% of the public schools are wired, with digital service, and a

³ Service Group 1 consists of residence and business basic exchange service, including local usage and the initial period charge for local sent paid calls from a public or semi-public telephone; Service Group 3 includes interconnection services; and Service Group 4 includes all other tariffed services (except discretionary local exchange services), such as toll and Centrex service.

significant number of parochial schools and libraries are also receiving the benefit of these services.

A panel of witnesses was called in support of the PRP filing: Theresa O'Brien, Director of Regulatory Affairs for BA-RI, Arthur Silvia, Bell Atlantic's Director of State Regulatory Affairs, and the Division's telecommunications rate specialist, Brian Kent.

Ms. O'Brien delineated the various pricing changes. In Service Group 1, BA-RI is including the revenue effects associated with the billing change to residence local measured usage, whereby the message unit structure was replaced by a permanent rate structure approved by the Commission and implemented in May 1999. In addition, BA-RI included a change in the application of the Business Link discount that impacts business local usage.

In Service Group 2, BA-RI proposed a small reduction in the business three-way calling monthly recurring rate.

In Service Group 3, the Company proposed reductions in the originating peak and off-peak carrier common line charges, associated reductions in common line usage credits, and a reduction in the local transport termination rate on both originating and terminating minutes for both 800 and 900 services.

Finally, in Service Group 4, BA-RI proposed to increase certain analog private line, digital private line, and Centrex services, all reflecting the revenue reductions associated with three customer-specific pricing contracts approved by the Commission in 1999. In addition, the Company proposed to

simplify the MTS schedule for residence customers by eliminating the current difference between Toll Band 1 and Toll Band 2 rates, instead establishing a single MTS rate schedule. The recurring rate for the Statewide One Hour optional toll calling plan was also reduced by one dollar per month, and the overtime rate per minute for this plan was reduced from nine cents to seven cents. The final change enhances the Business Link Service by supplementing the current qualifying local usage to make MTS direct dialed usage, calling care usage, and toll-free usage.

Mr. Silvia explained that the Service Group 3 access charge reductions are being made pursuant to the Settlement Agreement, which requires reductions of access rates on a penny-per-penny basis whenever there are reductions to the business toll rates. There is no connection between these pricing changes and the consideration of TELRIC-based access charge reductions in Docket No. 2681.

For the Division, Mr. Kent indicated that the filing comported with the formulas that are contained in the Settlement Agreement ratified by the Commission. He recommended approval.

Prior to the close of the hearing, BA-RI's president and chief executive officer, Donna Cupelo, indicated that Company representatives had been meeting with the Division and members of the educational community with a view to negotiating on-going support for the Internet Access Program, as well as other programs supported by the PRP. The Commission encouraged BA-RI

to continue with these effort to maintain and improve the benefits accruing to the general public.

At an open meeting on January 11, 2000, the Commission considered the PRP filing and the Division's memorandum, and unanimously voted to approve the filing.

Accordingly, it is

(16150) ORDERED:

The fourth annual Price Regulation Plan filing by New England Telephone & Telegraph Company, d/b/a Bell Atlantic – Rhode Island, is hereby approved for effect on and after January 15, 2000.

EFFECTIVE AT PROVIDENCE, RHODE ISLAND PURSUANT TO AN OPEN MEETING DECISION ON JANUARY 11, 2000. WRITTEN ORDER ISSUED MARCH 6, 2000.

PUBLIC UTILITIES COMMISSION

Kate F. Racine, Commissioner

Brenda K. Gaynor, Commissioner