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May 3, 2004

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

Re: Docket No. 3569 – Rules Governing the Acceptance of Credit Cards by Utility Companies

Dear Ms. Massaro:

Verizon Rhode Island (“Verizon RI”) files these comments regarding the Commission’s proposed Rules and Regulations Governing the Acceptance of Credit Cards by Utility Companies.

1. Part IV, Section A.

Verizon RI questions the language in this section regarding the applicability of these rules to “incumbent local exchange carriers”. As the Division correctly points out in its comments dated April 26, 2004, Verizon RI is the only incumbent local exchange carrier (“ILEC”) in the State of Rhode Island. Contrary to the Division’s recommendation that the rules should be expanded to include other telecommunications providers in the State, however, Verizon RI suggests an alternative approach. Given the highly competitive nature of the telecommunications market in Rhode Island, Verizon RI recommends that the Commission exclude all telecommunications carriers from its Rules. Unlike customers of most of the other regulated utilities that are covered by the Commission’s proposed Rules in this proceeding, consumers of telecommunications services have a wide choice of carriers in Rhode Island. If a customer is not satisfied with the rates, service quality or payment options offered by one company, there are many other alternatives available to them.

Furthermore, with respect to the Commission’s concern that the costs incurred with providing credit cards not be passed along to the general body of ratepayers, Verizon RI points out that, unlike most of the other utilities in the State, Verizon RI has not been subject to traditional rate of return regulation for many years, and as such, has absorbed any new costs that it has incurred during the course of time it has been regulated via “price caps” regulation or the current AFOR plan. Should Verizon decide to implement a credit card alternative in the future, however, Verizon is in full agreement with the Commission that only the “cost causer” should be responsible for any associated

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fees. As such, Verizon RI requests that the Commission afford Verizon RI the same freedom from these rules that it has afforded the many CLECs operating in the State.

2. Part VI, Section C.

Verizon RI is concerned with the requirement that a Company “must provide evidence to the Commission sufficient to show that the Company utilized the most cost effective means for customers to use their credit cards.” In the case of a company such as Verizon, which operates in 30 states, the process the Company would use to evaluate a vendor’s cost might very well be based upon expected volumes throughout the Company’s operating territory. In addition, we expect that the Commission would want the Company to evaluate potential vendors based upon more than cost alone. For example, capacity of the vendor, prior experience of the vendor, its reputation with respect to customer service and the quality of its service delivery would be other factors -- in addition to cost -- that should influence the Company’s selection of a vendor.

3. Part VII, Section D

Verizon RI respectfully requests that the Commission add the following sentence at the end of this section: *Companies choosing to absorb the cost of the convenience fee will not be subject to these disclosure requirements.*

Verizon RI appreciates the opportunity to comment on these proposed Rules and thanks the Commission for consideration of the above comments. As always, I am available to address any questions the Commission may have on the above.

Sincerely,

Alexander W. Moore

cc: Service List