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October 2, 2006

Mr. Stephen Martin
Division Clerk
Division of Public Utilities and Carriers
89 Jefferson Boulevard
Warwick, RI 02888

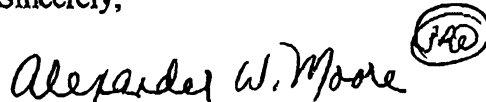
Re: Docket No. 2006-C-4 Verizon New England Inc. Application for a Cable
Television Compliance Order Certificate

Dear Mr. Martin:

Enclosed for filing in the above proceeding are the original and four copies of the Settlement Agreement between Verizon New England Inc. and the Advocacy Section of the Division of Public Utilities and Carriers.

Please contact me if you have any questions. Thank you for your assistance in this matter.

Sincerely,



Alexander W. Moore

Enclosure

cc: Service List

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
DIVISION OF PUBLIC UTILITIES AND CARRIERS

PETITIONS OF VERIZON NEW ENGLAND Docket No. 2006-C-4
INC. FOR WAIVERS OF SECTIONS 7.3,
14.2-14.5 AND 14.7 OF THE RULES
GOVERNING COMMUNITY ANTENNA
TELEVISION SERVICE

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. On February 7, 2006, Verizon New England Inc. (“Verizon”) filed its Application for a Compliance Order Certificate for Service Area Six (“Verizon’s Application”) along with Verizon’s Petition for a Waiver of Section 7.3 of the Rules Governing Community Access Television Service (“I-Net Waiver Petition”) and Verizon’s Petition for a Waiver of Sections 14.2 through 14.7 of the Rules Governing Community Access Television Service (“PEG Waiver Petition”). (See Verizon’s Application, Exhibits 4 and 5.)

2. In the I-Net Waiver Petition, Verizon asked the Division to waive its requirement that cable operators construct and maintain an Institutional Network (“I-Net”). In lieu of constructing an I-Net, Verizon proposed to provide eligible institutional users in Service Area Six with access to Verizon’s FiOS business service.

3. In the PEG Waiver Petition, Verizon asked the Division to waive its requirements that cable operators construct, operate, and maintain PEG Access Studios in each Service Area that they serve. In lieu of building, operating, and maintaining a duplicative studio in Service Area

Six, Verizon proposed to share the costs of operating the existing studio with the incumbent cable operator, CoxCom, Inc. ("Cox"), on a pro-rata basis based on the number of subscribers served by each operator.

4. On July 14, 2006, the Rhode Island General Assembly enacted amendments to R.I.G.L. 16-61. The amendments empower Cox and Full Channel TV Inc. ("Full Channel") to transfer to the Rhode Island Public Telecommunications Authority ("RIPTA") their existing PEG Access Studios and interconnect facilities in the state, thereby relieving cable providers in Rhode Island of any obligation to operate such facilities. The legislation also requires the Division to promulgate rules concerning such transfers and to establish equitable funding mechanisms to support PEG Access Studios. Verizon and Cox supported this legislation and Verizon supports the Division's rulemaking efforts.

5. After extensive negotiations, Verizon and the Advocacy Section of the Division enter into this Settlement Agreement in accordance with Section 27(b) of the Division's Rules of Practice and Procedure.

II. GENERAL TERMS OF SETTLEMENT AGREEMENT

1. Waivers- Pursuant to Section 1.12 of the Division's Rules Governing Community Access Television Service ("Cable Rules), Verizon and the Advocacy Section recommend that the Division grant Verizon permanent waivers of Sections 7.3, Sections 14.2-14.5, and Section 14.7 of the Cable Rules for Service Area Six and all subsequent Service Areas for which Verizon may later apply. In lieu of complying with these sections of the Cable Rules, and in full compliance with the level-playing-field provisions of R.I.G.L. 39-19-3, Verizon shall be bound by the terms and conditions of this Settlement Agreement upon approval of this Agreement by the Division and grant of a Compliance Order Certificate consistent with the terms of this Agreement.

III. SPECIFIC TERMS AND CONDITIONS OF SETTLEMENT AGREEMENT

A. PEG Grants

1. Verizon shall provide the following grants to support PEG Access programming in Rhode Island and the purchase of PEG Access equipment.

2. Verizon will provide the Division with a grant in the amount of \$400,000 (the "Initial PEG Equipment Grant").

3. In addition, for each service area for which Verizon receives a Certificate of Authority to Operate, Verizon will provide the Division with a PEG Equipment Grant of fifty thousand dollars (\$50,000) and a PEG Access Support Grant. Each PEG Access Support Grant shall be in an amount equal to two dollars (\$2) for each household in the service area. For purposes of this Agreement, the numbers of households in each service area are stated in Exhibit 1 hereto, which shows the most recent figures published by the United States Census Bureau.

4. Verizon shall pay the \$400,000 Initial PEG Equipment Grant, the \$50,000 PEG Equipment Grant for Service Area Six and the PEG Access Support Grant for Service Area Six (in the amount of \$159,118, representing two dollars (\$2) per household for each of the 79,559 households in Service Area Six) as follows: three hundred sixty thousand dollars (\$360,000) within 30 days after the Division grants Verizon a Certificate of Authority to Operate in Service Area Six and two hundred forty nine thousand one hundred eighteen dollars (\$249,118) on the first anniversary of the initial payment.

5. The PEG Equipment Grant and the PEG Access Support Grant for any service area other than Service Area Six will be paid in one lump sum within 30 days after the Certificate of Authority to Operate is awarded for that service area.

6. All grants provided to the Division pursuant to this Settlement Agreement shall be

allocated by the Division in its sole discretion to best provide for the PEG Access needs of the residents of Rhode Island.

7. In addition, Verizon acknowledges that the Division intends to promulgate rules requiring all CATV carriers providing service in Rhode Island to assess a monthly surcharge of approximately \$0.50 on each video customer as a means of supporting ongoing PEG operations of the Rhode Island Public Television Authority under R.I.G.L. 16-61-6(21). Verizon intends to comply with any such applicable rule validly enacted.

B. Verizon FiOSSM Business Service for Eligible Institutional Users

1. FiOS Business Service - Verizon will provide the Eligible Users designated below with access to high speed data service via Verizon's FiOSSM Business Service. The products, rates and charges referenced in this Section III (A) are subject to change but only in the event that, and only in the manner and extent to which, Verizon changes the products, rates or charges generally available to other customers of Verizon's FiOS Business Service, and any change in the products, rates and charges made available hereunder shall be consistent with such broader changes.

2. Eligible Users- Eligible Institutional Users in a given service area shall include all State and municipal buildings, including but not limited to all police and fire stations, all public libraries, and all public primary and secondary schools. Within each municipality in a Service Area, a Designee shall be responsible for applying for FiOSSM Business Service installation and activation from Verizon on behalf of one or more eligible users, purchasing equipment and time and materials services, and managing use of the FiOSSM Business Service. The Designees shall be: 1) the school Superintendent or his/her designee having responsibility for coordinating all public school buildings in the municipality; and 2) the Town Manager,

Mayor or other town official or his/her designee, having coordination responsibility for all other municipal buildings, including city and town halls, police and fire stations, and all public libraries. On a statewide basis, there shall be one authorized representative with overall coordination responsibility for state-owned buildings.

3. Product Specifics- Verizon will make available its FiOSSM Business Service to eligible institutional users at one of the 2 speeds below:

- 5 Mbps downstream / 2 Mbps Upstream for \$39.95/month per location

Or

- 15 Mbps downstream / 2 Mbps Upstream for \$59.95/month per location

Both speeds include 1 Dynamic address and 10 Verizon.net e-mail boxes per location. The primary e-mail box has a capacity of thirty (30) megabytes of memory allotment, and each of the remaining nine mail boxes have ten (10) megabytes of memory allotment. In addition, Verizon will waive the normal onsite installation cost of ninety nine dollars (\$99). This includes the installation of an Optical Network Terminal, a Battery Backup Unit, a data jack (RJ45), and the configuration of one PC. Additional data work, such as an installation of a second data jack, will be billed on a time and materials basis. Any additional PC configuration after the primary PC will be billed at the flat rate of seventy five dollars (\$75) per computer. A subsequent premises visit for any additional PC configuration will also incur a fifty dollar (\$50) visit charge. Verizon will also waive the cost of a 4-port wired router to support one dynamic IP address.

4. Time Frames- Within six (6) months of the commencement of FiOSSM TV service to a community, Verizon will begin offering the FiOSSM Business Service to Eligible Users within that community. Verizon commits to performing a minimum of twenty (20) installations per month, if requested by designated authorized representatives, to FiOSSM - enabled buildings.

5. Outreach- Within 180 days of the receipt of a Certificate of Authority to Operate for a designated Service Area, a representative of Verizon will contact each of the authorized representatives of the eligible users in the municipalities of that Service Area to arrange for a meeting to inform the eligible users of the availability of services under the terms of this proposal. Verizon will provide such representatives with materials such as instruction manuals, forms and promotional information setting forth the rates, terms and conditions of use of Verizon's FiOS Business Service and ordering and customer service information.

6. Reporting – Verizon shall maintain a written log of its Outreach efforts. The log shall contain: the identity of each Designee Verizon has contacted pursuant to paragraph III.B.5 above; the date of such contact; the date (if any) on which the Designee ordered any Verizon FiOSSM Business Service offered pursuant to this Agreement; the type of service ordered; and the date on which Verizon completed installation of that service. Verizon shall provide a copy of the log to the Division within nine months of receipt of its initial Certificate of Authority to Operate and quarterly thereafter for a period of two years from receipt of such Certificate.

7. Technical Support- the Verizon Fiber Solutions Center provides live technical support 7 days a week, 24 hours a day. An online tutorial, user guides, frequently asked questions (FAQs), and Verizon's extensive online help site are also available. In addition, Verizon shall appoint an employee to serve as a single point of contact between Verizon and the Designees of eligible users (as described in paragraph III.B.2 above) to address questions, issues or complaints regarding Verizon's FiOS Business Services provided pursuant to this Agreement.

8. Discontinuance of Service for Non-Payment- Service may be denied or discontinued at any time in the event that payment is not made when due.

9. Compliance With Law - In making its FiOS Business Service available to Eligible Users pursuant to this Agreement, Verizon will remain subject to, and comply with, applicable

state and federal law, and all valid and applicable: Orders of the Division; the Division's Rules of Practice and Procedure; and the Division's Cable Rules. Verizon reserves all rights and remedies afforded to it under state and federal law, Orders of the Division, the Division's Rules of Practice and Procedure and the Division's Cable Rules.

IV. PROPRIETY OF THE SETTLEMENT AGREEMENT

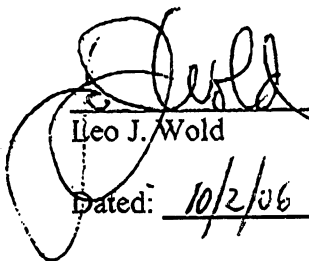
Each of the undersigned parties attests that this Settlement Agreement is reasonable, in the public interest, in compliance with applicable law and regulatory policy, and satisfies the level playing field provisions of R.I.G.L. 39-19-3.

ADVOCACY SECTION OF THE DIVISION
OF PUBLIC UTILITIES AND CARRIERS

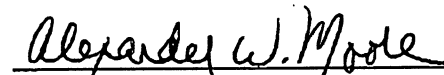
VERIZON NEW ENGLAND INC.

By its attorney,

By its attorney,



Leo J. Wold
Dated: 10/2/06



Alexander W. Moore
Dated: 10/2/06

Exhibit 1

<u>SERVICE AREAS</u>	<u># OF HOUSEHOLDS</u>
SERVICE AREA 1 (Burrillville, Central Falls, Cumberland, Glocester, Lincoln, Smithfield, North Smithfield, Woonsocket)	65,153
SERVICE AREA 2 (Providence, North Providence)	76,740
SERVICE AREA 3 (Foster, Cranston, Scituate, Johnston)	47,466
SERVICE AREA 4 (East Providence, Pawtucket)	50,577
SERVICE AREA 5 (Barrington, Bristol, Warren)	19,033
SERVICE AREA 6 (Coventry, Exeter, East Greenwich, West Greenwich, Warwick, West Warwick, North Kingstown)	79,559
SERVICE AREA 7 (Jamestown, Little Compton, Middletown, Newport, Portsmouth, Tiverton)	35,229
SERVICE AREA 8 (Charlestown, Hopkinton, Narragansett Richmond, South Kingstown, Westerly)	34,196
SERVICE AREA 9 (Block Island)	472
TOTAL HOUSEHOLDS IN RHODE ISLAND	<u>408,425</u>

ADDENDUM TO SETTLEMENT AGREEMENT

The parties agree to insert the following paragraph 2 in Section II of the Settlement Agreement dated October 2, 2006.

2. Nothing in this Agreement eliminates the requirement of the Cable Rules that Verizon file an application and petition for all appropriate waivers of the Cable Rules, including the Rules governing Institutional Networks and PEG access, for each subsequent service area for which it seeks to offer CATV service.

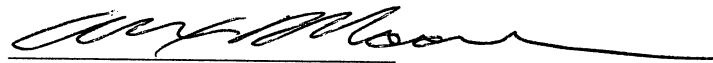
Advocacy Section of the Division
Of Public Utilities and Carriers

Verizon New England Inc.

By its attorney

By its attorney


Leo J. Wold


Alexander W. Moore

Dated: October 4, 2006