

STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket No. 6959

Investigation into a Successor Incentive Regulation Plan)
for Verizon New England Inc., d/b/a Verizon Vermont)
)

Order entered: 5/13/2004

ORDER OPENING INVESTIGATION
AND NOTICE OF HEARING

I. INTRODUCTION

On March 24, 2000, the Vermont Public Service Board ("Board") approved an Incentive Regulation Plan ("Plan") for Verizon New England Inc., d/b/a Verizon Vermont ("Verizon").¹ That Plan, which took effect on April 23, 2000, had a five-year term, so that at the present time, it will expire in less than one year.

During the consideration of the Incentive Regulation Plan, Verizon committed to submit a successor plan at least six months prior to the expiration of the Plan. We questioned the adequacy of the six-month period, stating that it was not clear that:

provides sufficient time for negotiations, submission of such a plan, and Board approval. Although we do not order it, we strongly encourage [Verizon] to commence a dialogue with the Department earlier.²

The Department of Public Service ("Department") now recommends that the Board open an investigation under 30 V.S.A. § 226b to consider a successor to the present Incentive Regulation Plan.³ The Department asserts that opening an investigation now will allow sufficient time for full consideration of a successor plan and "is the most reliable way to identify

1. At the time of approval, Verizon operated as New England Telephone and Telegraph Company, d/b/a Bell Atlantic-Vermont.

2. Dockets 6167/6189, Order of 3/24/00.

3. Letter of April 26, 2004, from David O'Brien, Commissioner, to the Clerk of the Board. The Department's letter responded to a Board request for comments from the Department and Verizon on the status of a successor plan.

and engage" other parties early in the process. The Department also notes that it is prepared to propose its own successor plan during the course of the proceeding.

We accept the Department's recommendation and hereby open this investigation to consider the regulatory framework that will follow the expiration of the Incentive Regulation Plan next year. The investigation will examine the terms and conditions of a successor Incentive Regulation Plan as well as the possibility of discontinuing alternative regulation and reverting to rate-of-return regulation.

II. ORDER

IT IS HEREBY ORDERED, ADJUDGED AND DECREED by the Public Service Board of the State of Vermont that:

1. Pursuant to 30 V.S.A. § 226b, an investigation is opened into a successor to the Incentive Regulation Plan for Verizon New England Inc., d/b/a Verizon Vermont.

2. Pursuant to 30 V.S.A. § 10, the Board will hold a prehearing conference in this matter on Friday, June 4, 2004, commencing at 9:30 A.M., at the Public Service Board Hearing Room, Third Floor, Chittenden Bank Building, 112 State Street, Montpelier, Vermont.

Dated at Montpelier, Vermont, this 13th day of May, 2004.

s/Michael H. Dworkin)

) PUBLIC SERVICE

s/David C. Coen)

) BOARD

s/John D. Burke)

) OF VERMONT

OFFICE OF THE CLERK

FILED: May 13, 2004

ATTEST: s/Susan M. Hudson
Clerk of the Board

NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Board (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: Clerk@psb.state.vt.us)