

DT 00-076

BELL ATLANTIC

**Special Contract between Bell Atlantic and
the Securities Industry Association**

Order Denying Request for Approval of Special Contract No. 00-04

O R D E R N O. 23,452

May 1, 2000

On March 31, 2000, Bell Atlantic filed with the New Hampshire Public Utilities Commission (Commission), in accordance with New Hampshire RSA §378:18(b), a Special Contract to provide telecommunications services to the Securities Industry Association. In support of the filing, Bell Atlantic submitted records and information, including cost support analysis, that are subject to confidential treatment pursuant to RSA §378:43. This contract appears to be almost identical with that filed by Bell Atlantic in DT 00-075. A principal concern with each contract is found in Section 9a(i.) "VIP Discounts and Credits," which describes the application of the VIP discounts and credits for this Special Contract (as specified in Attachment B of the confidential materials filed in support of the contract). The language here states, among other things, that:

The VIP Discounts and Credits specified in Attachment B will be applied above and beyond those that Customers obtain individually (through negotiation or

otherwise) from Bell Atlantic, *i.e.*, they will be applied after (and on top of) any discounts individually negotiated and/or generally available term/volume discount programs. (See DT 00-075 Special Contract at 16, and DT 00-076 Special Contract at 15, respectively.)

This type of discount raises serious concerns. If it is applied to a member company that possesses an existing special contract that just meets an acceptable cost recovery level, the additional discount might result in below-cost service provision to that customer. Acceptance of this Special Contract therefore could operate to the detriment of the public interest, by having an end result that the final price paid by the customer is one which otherwise would be rejected as below-cost by the Commission. Unless and until sufficient provisions are included in this Special Contract to guard against such an outcome for any of the individual members who might be participating in the discount programs as delineated in the Contract, it must be rejected. We will do so without prejudice, inviting a subsequent filing which provides sufficient safeguards against the below-cost provision of service possibility.

Based upon the foregoing, it is hereby

ORDERED, that the Special Contract between Bell Atlantic and the Securities Industry Association is hereby

denied without prejudice.

By order of the Public Utilities Commission of New
Hampshire this first day of May, 2000.

Douglas L. Patch
Chairman

Susan S. Geiger
Commissioner

Nancy Brockway
Commissioner

Attested by:

Thomas B. Getz
Executive Director and Secretary