

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION BY)
VERIZON DELAWARE LLC FOR ITS ANNUAL)
APPLICATION OF THE PRICE CAP FORMULA)
IN ACCORDANCE WITH § 707(B) OF THE) PSC DOCKET NO. 14-129
THE TELECOMMUNICATIONS TECHNOLOGY)
INVESTMENT ACT)
(FILED APRIL 1, 2014))

ORDER NO. 8590

This 23rd day of July, 2014, the Commission determines and Orders the following:

1. On April 1, 2014, Verizon Delaware LLC ("VZ-DE") filed its annual Price Index ("PI") filing for the year 2014. See 26 Del. C. §§ 704-711 (Effective July 15, 2013). That filing reflects an increase in the PI (due to higher inflation). VZ-DE proposed to track the results for future reference since switched access rates currently cannot be increased because these rates are capped by the Federal Communications Commission and pursuant to 26 Del. C. § 707 (c) (1), VZ-DE may not increase its switched access rates unless required to maintain parity with its interstate switched access rates.

2. On April 25, 2013, the General Assembly of the State of Delaware enacted House Bill 96 to amend Title 26 of the Delaware Code relating to the jurisdiction of the Commission and public utilities providing telecommunications services which became effective on July 15, 2013. On July 15, 2013, VZ-DE filed a letter with the Commission electing to determine its rates and prices for its telecommunications services pursuant to this amended 26 Del. C. §§ 704-711.

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3. This new legislation changed the PI formula by eliminating the productivity offset and it revised the definitions of telecommunications services. Basic services are now defined as (1) individual residential local exchange access line and residential local usage at a location where there is no "Alternative Provider of Telephone Service" available to retail residential customers and (2) switched access service.

4. In this PI filing, VZ-DE is only providing information relating to switched access revenues. 26 Del. C. § 707 (c) (9), which became effective January 1, 2014, permits Verizon to increase rates for basic services, other than switched access services, up to 10% per calendar year for a period of 5 years and thus makes the price cap formula no longer applicable to individual residential local exchange access lines and usage regardless of whether the local exchange access lines are basic or competitive.

5. Staff has reviewed VZ-DE's application for compliance with the Delaware Code and Commission rules and regulation and for the accuracy of the PI calculations. VZ-DE also published notice of this filing in the Delaware State News and the News Journal on June 26, 2014. One member of the public commented on this filing and Staff addressed his questions.

**NOW, THEREFORE, IT IS HEREBY ORDERED BY THE AFFIRMATIVE
VOTE OF NOT FEWER THAN THREE COMMISSIONERS:**

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1. That, the Commission has considered VZ-DE's PI filing and Staff's memorandum and approves the Price Index filed submitted on April 1, 2014.

2. That the Commission reserves the jurisdiction and authority to enter such further Orders in this matter as may be deemed necessary or proper.

BY ORDER OF THE COMMISSION:

Chair

Commissioner

Commissioner

Commissioner

Commissioner

ATTEST:

Secretary