

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION OF)
VERIZON DELAWARE INC., FOR APPROVAL)
TO CONTINUE TO BE REGULATED IN)
ACCORDANCE WITH THE TERMS OF THE) PSC DOCKET NO. 05-009
TELECOMMUNICATIONS TECHNOLOGY INVEST-)
MENT ACT FOR AN ADDITIONAL FIVE YEARS)
(FILED APRIL 18, 2005))

ORDER NO. 6614

This 10th day of May, 2005, the Commission determines and Orders the following:

1. In 1994, Verizon Delaware Inc. (then Diamond State Telephone Company) ("VZ-DE") elected to be regulated under the alternative (price-cap) plus regulatory regime offered by the Telecommunications Technology Investment Act, 26 Del. C. §§ 704-11 (2004 Supp.) ("TTIA"). Later, by PSC Orders Nos. 4759 (Mar. 24, 1998) and 5710 (Apr. 10, 2001), this Commission - upon VZ-DE's requests - twice extended the "initial term" of VZ-DE's election under the TTIA. Then in 2003, the Commission, acting in the proceeding called for by 26 Del. C. § 704(b) (2004 Supp.), approved a settlement and directed that the TTIA would continue to be the governing regulatory scheme for VZ-DE until September 23, 2006. PSC Order No. 6261 (Sept. 9, 2003). Under the terms of the approved settlement, VZ-DE must notify the Commission prior to September 23, 2005, whether it wished to continue to be regulated under the TTIA past September 2006. If VZ-DE does not wish to have the TTIA to continue to apply, it must propose an

alternative regulatory, or deregulatory, scheme to apply after September 2006.

2. On April 18, 2005, VZ-DE filed a petition asking the Commission to extend the period that the TTIA would prevail as its regulatory regime from the present expiration date of September 23, 2006, to a new expiration date of September 23, 2011. As support for its request, VZ-DE cites to not only on-going technological advances but growth in the number and type of competitors (presumably VoIP and cable providers) and the numerous industry restructurings (including presumably the contemplated AT&T/SBC and Verizon/MCI mergers) as factors which continue to drive a dynamic telecommunications environment. According to VZ-DE, given such fluid times, the present certainty gained by the continued application of the TTIA for another five years would serve the public interest. However, recognizing the possibility of later shifts in the telecommunications markets, VZ-DE also proposes that it retain the right to propose to the Commission a differing alternative scheme of regulation, at any time during this additional five-year period.¹

3. The Commission believes that it is appropriate to solicit comments from the public, competing carriers, and the Division of the Public Advocate concerning VZ-DE's present proposal to extend the period during which the TTIA will apply to VZ-DE to September 2011. Consequently, the Commission directs VZ-DE to provide notice of its

¹VZ-DE has told Staff that it chose to file its request now, months prior to the September 2005 deadline, in order to allow it the opportunity to seek to have the General Assembly make modifications to the TTIA if its request for continued application of such regime would engender objections or unfavorable comments.

petition in the form attached as Exhibit "A" and in the manner described below. After the close of the comment period, the Commission will decide what action to take on VZ-DE's petition, and, if called for, the course of any further proceedings in this matter. The Commission cautions that only persons or entities filing comments and petitions to intervene in this proceeding will be directly notified of further proceedings and Orders in this matter. Any party in PSC Dckt. No. 02-206 that wishes to now participate in this proceeding must file a renewed petition to intervene in this proceeding.

Now, therefore, **IT IS ORDERED:**

1. That, on or before May 11, 2005, Verizon Delaware Inc., shall publish the notice, attached hereto as Exhibit "A," in the following newspapers:

The News Journal

Delaware State News

In addition, Verizon Delaware Inc., shall serve by the date above, by United States mail, a copy of such notice on: (a) the parties on the final service list in PSC Dckt No. 02-206; (b) the Division of the Public Advocate; (c) AT&T Communications of Delaware, LLC; (e) MCImetro Access Transmission Services, LLC; and (f) Sprint Communications, LLP. Verizon Delaware Inc., shall file an affidavit reflecting such publication and service on or before May 13, 2005.

2. That any person or entity may file comments, protests, objections, or alternative proposals to the petition filed by Verizon Delaware Inc., on April 18, 2005, by which it proposes to extend the

term for the continued application of the Telecommunications Technology Investment Act, 26 Del. C. §§ 704-711 (2004 Supp.) until September 23, 2011. Ten copies of such comments, protests, objections, or alternative proposals shall be filed with the Commission on or before May 23, 2005. One copy of such submission shall, by the same date, be sent by United States mail or courier delivery to the Division of the Public Advocate and Verizon Delaware Inc. If a person or entity filing comments wishes to further participate in this matter and receive direct notice of later Commission actions, the person or entity shall include with its submission a petition to intervene under Rule 21 of the Commission's Rules of Practice and Procedure. Any person or entity that does not choose to file comments or objections, but wishes to participate in the proceeding must, by the date set forth below, file and serve a separate motion to intervene. Senior Hearing Examiner William F. O'Brien is delegated the authority to grant petitions to intervene in this matter pending further Commission actions. Only persons or entities filing petitions to intervene shall be provided direct notice of further proceedings in this matter. If no comments, protests, objections or alternative proposals are filed in response to the notices, the Commission may choose to consider Verizon Delaware Inc.'s proposal at a public meeting without conducting any further formal proceedings.

3. That Verizon Delaware Inc., is notified that it will be assessed the costs of this proceeding under 26 Del. C. § 114.

4. 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:

/s/ Arnetta McRae
Chair

/s/ Joshua M. Twilley
Vice Chair

/s/ Joann T. Conaway
Commissioner

/s/ Jaymes B. Lester
Commissioner

/s/ Dallas Winslow
Commissioner

ATTEST:

/s/ Karen J. Nickerson
Secretary

E X H I B I T "A"

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE**

IN THE MATTER OF THE APPLICATION BY)
VERIZON DELAWARE INC., FOR APPROVAL)
TO CONTINUE TO BE REGULATED IN)
ACCORDANCE WITH THE TERMS OF THE) PSC DOCKET NO. 05-009
TELECOMMUNICATIONS TECHNOLOGY INVEST-)
MENT ACT FOR AN ADDITIONAL FIVE YEARS)
(FILED APRIL 18, 2005))

P U B L I C N O T I C E

**TO: ALL CUSTOMERS OF VERIZON DELAWARE INC.,
TELECOMMUNICATIONS CARRIERS, AND OTHER
INTERESTED PERSONS**

PLEASE TAKE NOTICE THAT Verizon Delaware Inc. ("VZ-DE"), on April 18, 2005, filed with the Delaware Public Service Commission ("PSC" or "Commission") a petition to extend its term under the Telecommunications Technology Investment Act (the "TTIA") (26 Del. C. §§ 704-11) for an additional 5 years.

On March, 24, 1994, VZ-DE elected, pursuant to the provisions of 26 Del. C. § 704(a), to be governed in its provision of telecommunications services under the terms of the TTIA for an initial term of 5 years. On March 24, 1998, the Commission approved an extension of the initial term until March 23, 2002. See PSC Order No. 4759 (Mar. 24, 1998). Thereafter, the Commission approved a further extension of the initial term until the earlier of March 23, 2005 or 12 months after VZ-DE's entry into the interLATA market that occurred in September 2003. See PSC Order No. 5710 (Apr. 10, 2001). The TTIA was

extended again on September 9, 2003, when the Commission, after an open and public proceeding in accordance with 26 Del. C. § 704(b), determined that the continued application of the TTIA was in the public interest for an additional three-year period, or through September 23, 2006. See PSC Order No. 6261 (Sept. 9, 2003).

The current term of election is now set to expire on September 23, 2006. On April 18, 2005, VZ-DE petitioned the Commission to extend the term by an additional 5 years.

The Public Service Commission is investigating this matter to the extent deemed necessary to determine whether the petition should be approved. The petition will be considered at a future meeting of the Commission. Parties may, as part of their comments, file a written meritorious request for a public hearing concerning this matter. A meritorious request is deemed to be one which exhibits a familiarity with the subject matter of the petition and sets forth reasonable grounds why a public hearing would be appropriate or would further the public interest, and should be held prior to permitting the petition for extension to become effective.

Copies of VZ-DE's petition are available for public inspection during normal business hours at the Commission's Dover office at the following address:

Delaware Public Service Commission
861 Silver Lake Boulevard
Cannon Building
Suite 100
Dover, Delaware 19904
Attn: PSC Dckt. No. 05-009

or, by appointment (302-577-5077), at the Division of the Public Advocate, located on the 4th Floor, Carvel State Office Building, 820 North French Street, Wilmington.

If you wish to file comments or participate as a party in this proceeding, you must file ten copies of such comments and your motion to intervene with the Commission at the above address.

You must also serve a copy of your comments and intervention motion on:

Shari E. Smith
Director - Regulatory Affairs
901 Tatnall Street
Second Floor
Wilmington, Delaware 19801
Facsimile No. (302) 576-1135

G. Arthur Padmore, Div.
of the Public Advocate,
Carvel State Office Bldg.
820 North French Street
Fourth Floor
Wilmington, Delaware 19801
Facsimile No. (302)577-3297

Your comments and motion must be filed and served on or before May 23, 2005. Only persons filing comments and granted intervention will be directly notified of further proceedings in this matter.

Individuals with disabilities who wish to participate in these proceedings or to review the filings may contact the Commission to discuss any auxiliary aids or services needed to facilitate such review or participation. Such contact may be in person, by writing, by use of voice, text, relay telephone, or otherwise.

If you have any questions, you should contact Constance Welde, Public Utilities Analyst, by telephone at (302) 739-3227 Ext.17 or by Internet e-mail addressed to constance.welde@state.de.us. The Commission may also be reached toll-free in Delaware at 1-800-282-8574 and by Text Telephone at (302) 739-4333.