

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE TARIFF FILING)
BY VERIZON DELAWARE INC., FOR ITS)
ANNUAL APPLICATION OF THE PRICE CAP) PSC DOCKET NO. 10-001
FORMULA IN ACCORDANCE WITH § 707(B))
OF THE TELECOMMUNICATIONS TECHNOLOGY)
INVESTMENT ACT (FILED MARCH 31, 2010))

ORDER NO. 7806

This 22nd day of July, 2010, the Commission finds, determines, and Orders the following:

1. On March 31, 2010, Verizon Delaware LLC ("VZ-DE") filed its Annual Price Index Report (the "Report") for the year 2010 pursuant to the Telecommunications Technology Investment Act, 26 Del. C. §§704-11 (the "TTIA"), and the Commission's Regulations for the Implementation of the Telecommunications Technology Investment Act, 26 Del. Admin. C. §4005 ("TTIA Rules").¹ By the Report, VZ-DE seeks approval of a total revenue reduction of \$520,000 for its basic services.

2. Pursuant to the formulations set forth in the TTIA and the TTIA Rules, VZ-DE calculated an "adjustment factor" of .978, which results in a rate reduction of \$297,000. As permitted by the TTIA and the TTIA Rules, VZ-DE proposes to aggregate that amount with credit amounts it "banked" in 2007 (\$103,000)² and 2009 (\$120,000)³ for a total

¹ Pursuant to the TTIA, telecommunications service providers may elect to have their rates determined under the TTIA. See 26 Del. C. §704. Section 707 of the TTIA provides that rates for basic services may be changed once in any calendar year, by the service provider or upon Commission initiative, according to the following formula:

$$\text{Change in Rate} = \frac{\text{Change in Gross Domestic Product-Price}}{\text{Inflater since last rate change minus } 3\%}$$

See 26 Del. C. §707(b); see also TTIA Rule 3.4 (providing greater detail for calculation of rate change).

² Pursuant to PSC Order No. 7224 (July 3, 2007), the Commission authorized VZ-DE to bank a credit of \$103,000 since the adjustment factor there did not result in significant, visible changes to actual rates. As noted in that Order, the Commission has allowed banking of adjustments in previous years and that, in such situations, VZ-DE is required

reduction of \$520,000. See TTIA Rule 3.4.5.

3. VZ-DE proposes to implement this reduction by: (a) decreasing touch-tone rates for residential customers from \$0.14 per month to \$0.10 per month; (b) zeroing out the \$0.42 GDP-PI Ongoing Rate Reduction and reducing the monthly business dial tone line rate from \$21.09 to \$19.78, a decrease of \$1.31; and (c) reducing the minute of use ("MOU") rate for local switched access for Feature Groups (B & D), WATS, and 900 service from \$0.009635 per MOU to \$0.008959 per MOU.⁴ Additionally, one-time refunds will be included in customer's bills for the banked amounts from the 2007 and 2009 GDP-PI filings, which refunds will include interest on those amounts. VZ-DE calculates those refunds to be \$0.71 for residential touch-tone customers, \$9.18 for business dial tone customers and credits to IXC customers that vary based on each IXC's proportionate share of local switching minutes of use.

4. VZ-DE published notice of its price cap adjustments and proposed targeted rate reductions on May 21, 2010 in the Delaware State News and The News Journal. No person or entity filed any comments or objections in response to such notice.

5. Commission Staff has reviewed the Report and has recommended approval.

6. On July 22, 2010, the Commission considered the Report at its regularly scheduled meeting.

³ to pay interest to compensate customers for holding such banked, aggregated amounts.

³ The Commission authorized the banking of the 2009 reduction of the \$120,000 credit pursuant to PSC Order No. 7590 (June 16, 2009). As noted there, the 2008 Annual Price Index Report provided that the inflation factor increase was offset by the three percent productivity offset resulting in no change for that year. See Order No. 7590, ¶ 2.

⁴ VZ-DE also proposes to issue one-time refunds to its customers representing the aggregated amount "banked" in the years 2007 and 2009 along with accrued interest on that amount.

7. Based on Staff's recommendation and the information provided by VZ-DE with its Report, the Commission now allows the rate reductions and bill credits, as proposed by VZ-DE, to go into effect effective August 1, 2010.

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

1. That the rate adjustments proposed in the Annual 2010 Price Index Report ("Report") filed by Verizon Delaware LLC ("VZ-DE"), on March 31, 2010, are hereby allowed to go into effect for services on August 1, 2010. The revised tariff sheets (P.S.C.-Del.-No. 1, Section 30C, Fifty-fifth Rev. Sheet 1, P.S.C.-Del. 3A. Seventy-sixth Revised Sheet 2, and P.S.C.-Del.-No. 35, Fifth Rev. Sheet 194B) submitted by VZ-DE with its Report are allowed to go into effect on August 1, 2010. VZ-DE shall also implement the bill credit proposal for customers as described in its Price Index Report, effective August 1, 2010.

2. That VZ-DE is hereby placed on notice that the costs of the proceeding will be charged to it under the provisions of 26 Del. C. §114(b)(1).

3. 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

Commissioner

/s/ Dallas Winslow
Commissioner

/s/ Jeffrey J. Clark
Commissioner

/s/ Jaymes B. Lester
Commissioner

ATTEST:

/s/ Alisa Carrow Bentley
Secretary