

WHEREAS, in the federal Telecommunications Act of 1996 (the "Act"), Congress mandated that each telecommunications carrier lease its network elements, including local loops, to competing local exchange carriers. Thus, the Federal Communications Commission directed in its Rules implementing the Act that, in setting the lease pricing for the loop unbundled network elements ("UNE") and interconnection, an incumbent local exchange carrier ("LEC") must structure the prices to be "geographically deaveraged" into at least three prices. 47 C.F.R. §51.507(f). In Order No. 5208, this Commission chose to use the density cell regime as the grouping benchmark to be used in setting the required "geographic deaveraged" loop and interconnection prices. See Order No. 5208 at ¶¶ 4 (page 2), 19-20 (page 8-9), 22 (page 9), & Ord. ¶ 1 (page 10). At the same time, the Commission directed VZ-DE² to review every three years the number of working pairs per square mile in each exchange area and, if the resulting survey reported the need to reassign any exchange to a differing density cell category, to file for such reclassifications. Order No. 5208 at ¶ 23 (page 9-10) & Ord. ¶ 4 (page 11).

WHEREAS, pursuant to this directive, on August 16, 2011, VZ-DE filed revised tariff sheets to implement Density Cell reclassifications for five Exchange Areas: Angola, Seaford, Middletown, New Castle, and Rehoboth. According to VZ-DE, the current density of lines in those five exchanges declined sufficiently and thus fell below the limits of their current Density Cell assignments.

² Order No. 5208 applied to Bell Atlantic-Delaware, Inc., which is the predecessor of VZ-DE. Bell Atlantic-Delaware, Inc. was an incumbent LEC, and VZ-DE is also an incumbent LEC.

Accordingly, VZ-DE proposes to reassign the Angola, Middletown, and Seaford exchanges from Density Cell 2 to Density Cell 3 and reassign the New Castle and Rehoboth exchanges from Density Cell 1 to Density Cell 2.

WHEREAS, Staff has reviewed the working papers submitted by VZ-DE to support these Density Cell reclassifications. Staff reports that the working pairs per square mile in the Angola, Seaford, and Middletown exchanges fail to meet the Density Cell 2 criteria and, accordingly, recommends that the Commission approve their reassignment to Density Cell 3. Likewise, a decline in the concentration of working pairs per square mile necessitates the reclassification of New Castle and Rehoboth exchange from Density Cell 1 to Density Cell 2. These reclassifications conform to the reported density of lines in those five exchanges.

WHEREAS, as noted above, the reclassifications of these five exchanges may affect - upwardly - the deaveraged prices VZ-DE may charge other local exchange carriers for many unbundled network loops in these two exchange areas. Similarly, in the case of retail special access services and retail private lines, the reclassifications will result in the application of higher rates for those services in these five exchanges. The Commission will allow a period of time after the entry of this Order for any interested person or entity to petition for further investigation of this matter if such person asserts the five reclassifications are inappropriate or that, upon reasonable basis, further exchange reclassifications are required. If such a request is received, the Commission will then determine, by subsequent

Order, the need for further proceedings and, if required, the course of such further proceedings. In the absence of any such request and further Order, these five reclassifications shall continue in effect until further revised under Order No. 5208.

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

1. That the proposed revised tariff sheets filed by Verizon Delaware LLC which reclassify the Angola, Middletown, and Seaford Exchange Areas from Density Cell 2 to Density Cell 3 and New Castle and Rehoboth from Density Cell 1 to Density Cell 2 are hereby permitted to go into effect on October 15, 2011.

2. That the Secretary shall forthwith serve, by United States mail, a copy of this Order on each competitive local exchange carrier the Commission has on record as having a tariff on file at the Commission as of September 1, 2011.

3. That the Secretary shall post a copy of this Order on the Commission's website for a period of forty-five (45) days after the date of this Order. Such Order shall be highlighted by a reference stating "Reclassification of Density Cells for the Angola, Seaford, Middletown, New Castle, and Rehoboth Exchanges of Verizon Delaware LLC."

4. That any person or entity that wishes the Commission to institute further investigation into this matter shall file such a request within forty-five (45) days after the date of this Order. The Commission will act on such a request by further Order.

