

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION OF)
VERIZON DELAWARE LLC TO BANK THE)
REVENUES ASSOCIATED WITH THE 2011) PSC DOCKET NO. 11-001
ANNUAL PRICE INDEX FILING ADJUSTMENT)
(FILED MARCH 31, 2011))

IN THE MATTER OF THE APPLICATION OF)
THE TARIFF FILING BY VERIZON DELAWARE)
LLC FOR ITS ANNUAL APPLICATION OF THE)
PRICE CAP FORMULA IN ACCORDANCE WITH) PSC DOCKET NO. 12-001
SECTION 707(b) OF THE)
TELECOMMUNICATIONS TECHNOLOGY)
INVESTMENT ACT (FILED APRIL 3, 2012))

THE TARIFF FILING BY VERIZON DELAWARE)
LLC FOR ITS ANNUAL APPLICATION OF THE)
PRICE CAP FORMULA IN ACCORDANCE WITH) PSC DOCKET NO. 13-004
SECTION 707(b) OF THE)
TELECOMMUNICATIONS TECHNOLOGY)
INVESTMENT ACT (FILED APRIL 1, 2013))

ORDER NO. 8441

AND NOW, this 13th day of August, 2013, the Delaware Public Service Commission ("Commission") determines and orders the following:

WHEREAS, under 26 *Del. C.* §707(b), a telecommunications service provider that elects to be governed by 26 *Del. C.* §704 may change rates for basic services according to a set formula; and

WHEREAS, under 26 *Del. Admin. C.* §4005-3.2, telecommunications services providers that elect to be governed by 26 *Del. C.* §704 must file each year an Annual Price Index ("PI") Report that identifies the beginning and ending values for the GDP-PI (Gross Domestic Product Price Index); and

WHEREAS, under 26 *Del. Admin. C.* §4005-3.4.1, in years when rates for basic services decrease as part of the GDP-PI calculation,

electing telecommunications providers may, for good cause shown, hold the aggregate amount of rate change in reserve and apply it in subsequent years, along with an amount representing interest at the rate established in PSC Regulation Docket No. 11 for the period in which the telecommunications service provider reserved the rate decrease; and

WHEREAS, Verizon Delaware LLC ("Verizon") has elected, under 26 Del. C. §704, to be governed by the provisions of Title 26, Subchapter VII-A. See 26 Del. C. §704(a); and

WHEREAS, in 2011 Verizon filed its GDP-PI Report and requested permission to defer (i.e., to "bank") the application of the portions of the aggregated sum applicable to residential and business customer "basic" services as allowed by 26 Del. Admin. C. §4005-3.4.5(2); and

WHEREAS, on July 26, 2011, pursuant to 26 Del. Admin. C. §4005-3.4.5(2), the Commission approved Verizon's request to "bank" the application of the portions of the aggregated sum applicable to residential and business customer "basic" services, which was the sum of \$175,000.00. See Order No. 8000, ¶4. In addition, the Commission ordered that the aggregated sum of \$175,000.00 should be carried forward to a later year, "with each class' proportion to be then applied as the Commission might later direct." Moreover, the Commission further ordered that Verizon shall be liable for payment of interest calculated on the banked amount per 26 Del. Admin. C. §1003. See Order No. 8000, ¶4; and

WHEREAS, in 2012 Verizon filed its GDP-PI Report and again requested permission to "bank" the application of the portions of the

aggregated sum applicable to residential and business customer "basic" services as allowed by 26 *Del. Admin. C.* §4005-3.4.5(2). For 2012, such sum was \$97,000.00; and

WHEREAS, the Commission granted such request on July 17, 2012, via Order No. 8191, and approved Verizon's proposal to "bank" \$97,000.00 with Verizon to be liable for payment of interest calculated on the banked amount per 26 *Del. Admin. C.* §1003. See Order No. 8191, ¶3; and

WHEREAS, in 2013 Verizon filed its GDP-PI Report and again requested permission to "bank" the application of the portions of the aggregated sum applicable to interexchange, residential, and business customer "basic" services as allowed by 26 *Del. Admin. C.* §4005-3.4.5(2). For 2013, such sum was \$93,000.00; and

WHEREAS, on July 16, 2013, the Commission approved Verizon's request to "bank" the aggregated sum applicable to interexchange, residential, and business customer "basic" services for the sum of \$93,000.00 as allowed by 26 *Del. Admin. C.* §4005-3.4.5(2). In addition, the Commission ordered that Verizon shall be liable for payment of interest calculated on the banked amount per 26 *Del. Admin. C.* §1003. See Order No. 8412, ¶4; and

WHEREAS, on June 26, 2013, a new provision of the Delaware Code, 26 *Del. C.* 707(f), was added which provides, in pertinent part, that "[n]otwithstanding any provision to the contrary, the amount of any change in rates resulting from application of the formula in [26 *Del. C.* §707(b)] but not implemented by the service provider as of July 1, 2013, shall be deposited into the Delaware Broadband Fund identified

in [26 Del. C. §709] in lieu of implementing these amounts through changes in rates;" and

WHEREAS, the Commission now proposes to order Verizon to transfer the "banked" sums from 2011, 2012, and 2013, to the Delaware Broadband Fund as set forth in 26 Del. C. §707(f);

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

1. That Verizon Delaware LLC ("Verizon") is hereby ordered to transfer the sums which the company had "banked" for 2011, 2012, and 2013, as was permitted by 26 Del. Admin. C. §4005-3.4.5(2) and Order Nos. 8000, 8191, and 8412, to the Delaware Broadband Fund as required by 26 Del. C. §707(f). Verizon shall transfer such funds as soon as possible, but not later than August 31, 2013.

2. That the amount of such sums for 2011, 2012, and 2013 is, respectively, \$175,000 per year for three years for a total of \$525,000 plus accrued interest, \$97,000 per year for two years for a total of \$194,000 plus accrued interest, and \$93,000 plus accrued interest. As calculated by the Commission's Staff, the total amount of money to be transferred to the Delaware Broadband Fund is \$825,000 as of August 1, 2013.

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/ Dallas Winslow
Chair

/s/ Joann T. Conaway
Commissioner

/s/ Jaymes B. Lester
Commissioner

/s/ Jeffrey J. Clark
Commissioner

Commissioner

ATTEST:

/s/ Alisa Carrow Bentley
Secretary