

**THE VERIZON TELEPHONE COMPANIES**

**TARIFF FCC Nos. 1, 11, 14 and 16**

**Minimum Period**

**Price Cap Rate Change/Price Cap Restructure Filing**

**DESCRIPTION AND JUSTIFICATION**

**Transmittal No. 1061**

**December 17, 2009**

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## **1.1 INTRODUCTION**

Verizon<sup>1</sup> submits tariff pages and supporting information for a (a) change to the minimum period charge calculation by introducing new language to specify that when a discount percentage is applied against monthly rates for service provided under a Term Pricing Plan (TPP), Service Discount Plan, Commitment Discount Plan, or National Discount Plan, the discount percentage shall also apply when minimum period charges are calculated; and (b) a rate level decrease from moving current month-to-month rates (used in the above situation to calculate minimum period) to the applicable discounted rate and (c) a rate level change to increase certain NRCs for cancellation charges in the East, increase multiplexing rates in the Verizon footprint and increase certain DDS/DDS II and Voice Grade Channel Termination rates in the East only. Parts (a) and (b) of this filing are being issued as a price cap restructure under Section 61.3(II) of the Commission's rules. The net effect of the changes in Parts (a), (b) and (c) of this filing is an overall Price Cap revenue reduction of \$18,913.

This filing is in compliance with and includes the necessary support material required by Sections 61.41 through 61.49 of the Commission's rules.

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<sup>1</sup> The Verizon Telephone Companies include (a) Verizon Delaware LLC; Verizon Maryland Inc.; Verizon New England Inc.; Verizon New Jersey Inc.; Verizon New York Inc.; Verizon Pennsylvania Inc.; Verizon Virginia Inc.; Verizon Washington, D.C. Inc.; Verizon West Virginia Inc; and (b) Verizon California Inc., Verizon Florida LLC, Verizon North Inc., Verizon Northwest Inc., Verizon South Inc., Verizon West Coast Inc., Contel of the South, Inc. d/b/a Verizon North Systems; and GTE Southwest Incorporated d/b/a Verizon Southwest. The companies in (a) will be referred to as Verizon-East. The companies in (b) will be referred to as Verizon-West.

## **1.2 FILING DESCRIPTION AND JUSTIFICATION**

In most cases, Verizon's tariffs require the calculation of minimum period charges for services under a Term Pricing Plan (TPP), Service Discount Plan, Commitment Discount Plan, or National Discount Plan (e.g., plans in which a discount percentage applies to the underlying month-to-month or base rates) based upon the month-to-month or base rates, as applicable. Such minimum period charges are, therefore, embedded in the base period demand for the month-to-month or base rate elements in the Special Access and Trunking price cap baskets.

With this filing, the minimum period charge base period price cap demand data has been separated from the month-to-month/base rate for channel termination, mileage, multiplexing, optional and administrative rate elements, as applicable. This demand data was then re-aligned into the applicable TPP/Discount Plan demand data, as applicable. This realignment results in lower revenues for the minimum period charges. The restructure of the applicable month-to-month/base rate minimum period revenue into the TPP/Discount Plans is then reflected in the rate detail in the Price Cap support to demonstrate the shift of customers in such plans that experienced a minimum period charge during the base period (2008). These demand amounts were then moved into the applicable TPP/Discount Plan rate elements. See Workpapers SA and TK Restructure, Current and Proposed.

As a result of this price cap restructure under Section 61.3(l) of the Commission's rules (Parts (a) and (b) of this filing), Verizon's Special Access price cap revenues will be

reduced a total of \$3,415,332. This new price cap headroom will be offset by the Part (c) rate changes of this filing.

Also as a result of the price cap restructure in Parts (a) and (b) of this filing, Verizon's Trunking price cap revenues will be reduced by a total of \$13,581. This filing does not contain any other rate changes to the Trunking basket.

The overall impact of the restructure and rate change is a total decrease in price cap revenues for (a) Special Access of \$5,332, (b) Trunking of \$ 13,581, and (c) total Verizon of \$18,913.

Verizon is filing the changes to make the tariffs in the Verizon footprint more consistent regarding the calculation of minimum period charges.

## **SECTION 2**

### **2.1 COMPLIANCE WITH RULES**

Support information as specified in Sections 61.49 of the Commission's rules is attached.

The support documentation contains the necessary Workpapers. The supporting documentation addresses the restructures and rate changes associated with the application of rates in the calculation of minimum period charges in FCC Tariff Nos. 1 and 11.

Based on these assumptions, this restructure and rate change results in Price Cap revenues decreasing overall by \$18,913. The workpapers providing documentation for this restructure are found in the Workpaper SA Restructure, Workpaper SA Rates and Revenues, Workpaper TK Restructure, Workpaper Trunking Rates and Revenues and Workpaper Revenue Summary.

## SECTION 3

### 3.1 WORKPAPERS AND TARIFF REVIEW PLANS

#### INTRODUCTION

Verizon has provided the necessary detail to support the calculations of indices in various Workpapers. The following is the index of such Workpapers.

#### **Workpaper Index**

Workpaper Revenue Summary	Revenue Summary
Workpaper SA Rates and Revenues	Rates and Revenues—Special Access Basket
Workpaper Trunking Rates and Revenue	Rates and Revenues—Trunking Basket
Workpaper SA Restructure- Current and Proposed	Current and Proposed Minimum Period restructured rate elements, Special Access Basket
Workpaper TK Restructure- Current and Proposed	Current and Proposed Minimum Period restructured rate elements, Trunking Basket

#### **Tariff Review Plan (VZTC)**

<b>ANALYZER</b>	TRP Analyzer
<b>COSA IND-1</b>	Price Cap Indices Display
<b>COSA PCI-1</b>	Price Cap Index Calculations
<b>COSA TGT</b>	Targeting: Inputs and Aggregate Target
<b>COSA SUM-1</b>	Price Out Summary
<b>COSA EXG-1</b>	Exogenous Cost Changes
<b>COSA EXG-2</b>	Net Exogenous Cost Shifts
<b>COSA RTE-1</b>	Rate Detail
<b>CAP-1 (COSA)</b>	Calculation of EUCL Limit, PICC and CCL Rates
<b>CAP-2 (COSA)</b>	Manual Input of EUCL rates
<b>CAP-3 (COSA)</b>	Calculation of Minimum and Maximum End User Rates
<b>CAP-4 (COSA)</b>	Allocation of Pool Revenues to MLB PICC and MLB EUCL
<b>CAP- 5 (COSA)</b>	Verification of Recovered CMT Revenue