

**THE VERIZON TELEPHONE COMPANIES**

**TARIFF F.C.C. NO. 1**

**&**

**TARIFF F.C.C. NO. 20**

**Description and Justification**

**Verizon Infospeed Digital Subscriber Line (DSL) Solutions**

**Introduction of Additional Speeds**

**Transmittal No. 472**

**July 16, 2004**

## **1. Introduction**

This section outlines compliance with Section 61.49(f)(2) of the Commission's Rules which applies to this filing because the new speeds being introduced for Verizon Infospeed DSL Solutions are new loop-based services.

## **2. Service Description**

Verizon Infospeed DSL Solutions are data access services that use DSL technology. Data traffic generated by a Company-provided or Customer-provided modem is transported to the Verizon Infospeed DSL connection point. From there, the traffic is transported to the end user's Information Service Provider or content provider via the Company's other data network interface services.

Six speeds are currently available in Verizon's F.C.C. No. 20 tariff for Verizon Infospeed DSL Solutions. This filing will introduce an additional speed for the service, 3M / 768K, in the F.C.C. No. 20 tariff.

In addition, Verizon is introducing in the F.C.C. No. 1 tariff, on a Month-To-Month and a 1 Year Term basis, the full range of DSL speeds that are currently available in the F.C.C. No. 20 tariff. These speeds are currently available in New Jersey on a 5 Year Term and Volume basis only. The new 3M / 768K speed will also be introduced into the F.C.C. No. 1 tariff. This filing will

make the following DSL speeds available throughout the Verizon operating territories:

768K / 128K

1.5M / 128K

1.5M / 384K

7.1M / 768K

384K / 384K

768K / 768K

3M / 768K

### **3. Reason for Filing**

Verizon is making this filing to introduce an additional speed in response to customer demand for the additional speed. This speed will provide a competitive alternative to similar speeds offered by cable modem service providers. In addition, this filing will provide the New Jersey market with the full range of DSL service that is available elsewhere in the Verizon operating territories.

### **4. Basis of Ratemaking**

#### **(A) Recurring Charges**

Verizon performed a cost study to determine the investment required to provide 3M/768K DSL service. The unit investments were multiplied by

account-specific annual cost factors to calculate the direct cost components of depreciation, cost of money, income taxes, maintenance, administration, and other taxes. The recurring costs and annual costs are shown on Workpaper 1.

**(B) Nonrecurring Charges**

3M/768K DSL service will have the same nonrecurring charges applicable to Infospeed DSL Solutions service provided elsewhere in Verizon's operating areas.

**(C) Ratios**

Verizon developed ratios in order to compare 1) investment-related recurring direct unit costs, and unit investment and 2) direct unit costs and rates. These ratios are shown at the bottom of the Workpaper 1.

**5. Demand Forecast**

The demand forecast for the Service is based on customer surveys. The demand forecast is shown on Workpaper 2.

**6. Rates**

Verizon first developed direct recurring costs, as shown above, to determine the minimum level at which prices can be set. Conditions that impact the price for the Service were evaluated to determine the proposed recurring rates for the Service. Such conditions include the prices of competitive alternatives

available to customers, pricing levels at which customers have indicated a willingness to pay, and other marketplace conditions. Nonrecurring rates are set at the same levels that apply for the existing speeds available for Infospeed DSL Solutions service.

## **7. Revenue Forecast**

The projected revenues for the Service were calculated by multiplying the proposed rates by the projected annual demand. The projected revenues are calculated in Workpaper 2.

## **WORKPAPERS**

Workpaper 1	Recurring Costs
Workpaper 2	Annual Demand and Revenues