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Keefe B. Clemons
General Counsel – Northeast Region



December 19, 2013

Honorable Kathleen H. Burgess
Secretary, Public Service Commission
State of New York
Three Empire State Plaza
Albany, New York 12223

Re: Flexpath and Enhanced Flexgrow – Price Increase

RECEIVED
DEPT. PUBLIC SERVICE
2013 DEC 19 PM 2:17
EXEC-FILES-ALBANY

Dear Secretary Burgess:

The following tariff schedule, issued by Verizon New York Inc., is transmitted for filing in accordance with the requirements of the Public Service Commission, State of New York, to be effective January 18, 2014:

PSC NY No. 1--COMMUNICATIONS

Section 30

5th Revised Page 100

6th Revised Page 329

Rate Attachment

5th Revised Page 39

⁵5th Revised Page 77

The proposed revisions ^(VCS) increase the month-to-month rates for Flexpath and Enhanced Flexgrow Service. Flexpath and Enhanced Flexgrow are older technology services. Neither of these services is currently offered to new customers and existing customers cannot make any changes to their existing service. There are currently fewer than 170 Flexpath circuits and fewer than 60 Enhanced Flexgrow circuits in service in New York.

This rate increase will focus customers' attention on their use of this service and encourage migration to new services with improved functionality. Flexpath and Enhanced Flexgrow customers have alternative products available to them. Some of these alternatives include ISDN PRI, Dial Tone Line and next generation VoIP products such as Virtual Communications Express, IP Business Bundle and IP trunking.

As demonstrated in Verizon's February 25, 2013 filing in Case 10-C-0202, competitive alternatives exist for business customers in New York State. The competitive nature of the business market is confirmed by Verizon's major cable competitors advertising their business offerings in New York State and by Verizon's declining business line-counts. Specifically, the number of Flexpath lines in service has decreased by 35% since 2010, and the number of Enhanced Flexgrow lines has decreased by 45% over the same timeframe.

There are fixed costs associated with providing these services that begin to impose an unreasonable burden on Verizon as the number of customers becomes very small. The loss of access lines and revenues, coupled with the high fixed costs associated with maintaining a ubiquitous network within its service area and the heavy capital investments that Verizon has made in order to modernize that network, have had an extremely detrimental effect on the company's financial position in the State. The Commission has recognized on a number of occasions that these financial challenges warrant increased flexibility to seek additional revenues, where feasible, through retail rate increases.¹ By the same rationale, these compelling policy considerations warrant the increase in the rates identified in this filing.

The estimated annual revenue impact associated with this rate increase is shown on the Attachment to this letter. Certain competitively sensitive information related to this filing has been deleted from the Attachment, and an unredacted copy is being filed with Ms. Donna Giliberto, Records Access Officer, pursuant to a request for trade secret protection.

Customers were notified of the price increases for these services via bill messages in November 2013. Therefore, we respectfully request waiver of any newspaper publication requirements associated with this filing.

Very truly yours,



Attachment

¹ See, e.g., Cases 06-C-0897 and 07-C-0610, "Order Denying Request for 25% Pricing Flexibility and Allowing for a 10% Increase to Certain Business Rates" (issued and effective January 17, 2008), at 13-14; Case 12-C-0382, Memorandum to the Commission from the Office of Telecommunications (October 3, 2012), approved as recommended and so-ordered by the Commission (issued and effective October 22, 2012), at 5.

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December 19, 2013

Ms. Donna Giliberto
Records Access Officer
State of New York
Department of Public Service
Three Empire State Plaza
Albany, New York 12223

Re: Flexpath and Enhanced Flexgrow – Price Increase

Dear Ms. Giliberto:

By this letter, Verizon New York Inc. (“the Company”) requests trade secret protection, pursuant to the Freedom of Information Law and 16 NYCRR Section 6-1.3, for certain trade secret information submitted in support of the Company’s rate increases for Flexpath and Enhanced Flexgrow, to be effective January 18, 2014.

The information for which the Company seeks trade secret protection is contained in the Attachment to this letter, which in part comprises the supporting information for the filing. The specific information for which the Company seeks protected status is indicated and the Attachment is marked “PROPRIETARY AND CONFIDENTIAL. NOT FOR PUBLIC DISCLOSURE.” That information has been deleted from the copy of the Attachment filed with the Public Service Commission.

The information for which trade secret protection is sought consists of revenue and demand projections or data from which such projections could be derived. This information is not known to competitors of the Company and would materially assist them in structuring and pricing their own offerings and competitive strategies. Competitors do not make comparable information available to the Company, and the Company would sustain serious competitive harm if it were to be required to unilaterally disclose its own revenue and demand information.

Please feel free to call me if you have any questions.

Respectfully submitted,

A handwritten signature in cursive script that reads "Keefe B. Clemons".

Attachment

Estimated Verizon New York Inc. Revenue Effect
Flexpath and Enhanced Flexgrow
(Effective January 18, 2014)

Product Description	Rate Increase Per Unit	Average Units Per Month*	Revenue Effect Per Month	Annual Revenue Effect (January 18, 2014 – January 17, 2015)
Flexpath	\$117.00	█	█	█
Enhanced Flexgrow	\$40.00	█	█	█
Total		█	█	█

* Estimated number of lines does not take demand restriction into account.

**REDACTED
FOR PUBLIC DISCLOSURE**

RATES AND CHARGES

30.4 PRIVATE BRANCH EXCHANGE SERVICE (Cont'd)
E. SUPPLEMENTAL PBX EQUIPMENT (Cont'd)

36. Flexpath Digital PBX Service
(EFFECTIVE NOVEMBER 3, 2012, FLEXPATH DIGITAL PBX SERVICE IS NO LONGER AVAILABLE TO NEW BUSINESS CUSTOMERS. EXISTING CUSTOMERS MAY RETAIN THE SERVICE; HOWEVER, MOVES, ADDITIONS AND/OR ANY OTHER CHANGES ARE NOT PERMITTED.)

3. Rates and Charges

Flexpath Digital PBX Service to a Digital PBX or Radio Telephone Utility (RTU)

<u>Central Office</u>	<u>Customers Served by Digital Central Offices</u>	<u>Monthly Rate</u>	<u>USOC</u>
Each Group of 20 Flexpath Station Numbers or fraction thereof	(See monthly rates for an ESS (or Tandem central office for each group of 20 or 100 Direct Inward Dialed Station Numbers (as specified in Sec. 30.4, Para. E.34.		
Each Group of 100 Flexpath Station Numbers or fraction thereof			
Groups of 24 Ports, #		\$703.00	NGD (C)

In addition, appropriate rates apply for Digital Transport facilities as specified in the Rate Attachment.

Usage charges (message units and toll) apply.

RATES AND CHARGES

30.12 LEASED CHANNELS (Cont'd)

P. ENHANCED FLEXGROW SERVICE

(EFFECTIVE OCTOBER 1, 2011, ENHANCED FLEXGROW SERVICE IS NOT AVAILABLE TO CUSTOMERS WHO DID NOT SUBSCRIBE TO THE SERVICE AS OF OCTOBER 1, 2011, OR AT LOCATIONS AT WHICH SERVICE WAS NOT PROVIDED AS OF SUCH DATE. EFFECTIVE NOVEMBER 3, 2012, MOVES, ADDITIONS AND/OR OTHER CHANGES ARE NOT PERMITTED.)

6. Rates and Charges @

	<u>Monthly Rates*</u>			<u>Non-Rec Charge</u>	<u>USOC</u>
	<u>M-T-M Rate</u>	<u>2 Yrs##</u> <u>Max Rate#</u>	<u>3 Yrs##</u>		
Enhanced FlexGrow System					
- C.O Capacity of 24 Channels	\$238.00(C)	\$170.50	\$135.00	\$125.00	D10
Service Activation					
- Initial DS1				\$ 1.00	1CRFK
- Each additional DS1				25.00	1CRFL
- Subsequent Installation-Per DSO				25.00	1CRFO
- System Rearrangement				200.00	REAL2
	<u>Max Rate#</u>	<u>Monthly Rates</u>			
Analog Line / PBX Trunk / Digital					
Centrex Plus - Per Channel	\$ 4.40	#			DZDTX
Voice Grade Connectivity					
- Per Channel		\$ 1.00			DZDPX
Intraoffice Channel**-Per Channel		7.00			1GDCX
Interoffice Channel**-Per Channel		12.00			OCZCX
DiD Capability		18.00			NB1RX

@ The rates for this service are subject to the Flexible Pricing regulations set forth in Tariff PSC NY No. 1--COMMUNICATIONS, Section 1, Paragraph A.10.

* The minimum service period is one year.

For rates currently in effect, see corresponding Rate Attachment following all pages that are a part of this Section.

** If the customer's estimate of the interstate traffic on an Intraoffice Channel or an Interoffice Channel constitutes more than 10% of the total traffic on that channel, the Intraoffice Channel or Interoffice Channel will be ordered and provided in accordance with the applicable rules and regulations of the FlexGrow Connectivity Service in the Verizon Telephone Companies FCC Access Tariffs.

Effective November 3, 2012, these term commitment options are no longer available. At the end of the term, customers under these term plans will be converted to the month-to-month option unless they choose to convert to another service offered by Verizon or discontinue the service.

RATE SCHEDULE
 (Effective January 18, 2014)

SECTION 4- PRIVATE BRANCH EXCHANGE SERVICE (Cont'd)

E. SUPPLEMENTAL PBX EQUIPMENT (Cont'd)

36. Flexpath Digital PBX Service
(EFFECTIVE NOVEMBER 3, 2012, FLEXPATH DIGITAL PBX SERVICE IS NO LONGER AVAILABLE TO NEW BUSINESS CUSTOMERS. EXISTING CUSTOMERS MAY RETAIN THE SERVICE; HOWEVER, MOVES, ADDITIONS AND/OR ANY OTHER CHANGES ARE NOT PERMITTED.)

3. Rates and Charges

	<u>Month-to-Month</u>	<u>USOC</u>
		(D)
<u>Digital Transport Facility</u>		
<u>First Channel for a</u>		
<u>Group of 24 Ports</u>		
a) First ½ mile, or fraction thereof	435.87	1LDPZ
b) Each additional ½ mile	269.86	1LDPA
<u>Each Additional Channel for</u>		
<u>each group of 24 Ports</u>		
a) First ½ mile, or fraction thereof	392.69	1LDP1
b) Each additional ½ mile	215.88	1LDP3
<u>Interoffice channel</u>		
(a) Fixed	See monthly rate specified in Tariff	
(b) Per mile or fraction thereof	PSC NY No. 1--COMMUNICATIONS, Section 30.12, Paragraph G.8.	

(This Rate Attachment to be filed at the end of this Section.)

RATE SCHEDULE
(Effective January 18, 2014)

SECTION 12 - LEASED CHANNELS (Cont'd)

P. ENHANCED FLEXGROW SERVICE

(EFFECTIVE OCTOBER 1, 2011, ENHANCED FLEXGROW SERVICE IS NOT AVAILABLE TO CUSTOMERS WHO DID NOT SUBSCRIBE TO THE SERVICE AS OF OCTOBER 1, 2011, OR AT LOCATIONS AT WHICH SERVICE WAS NOT PROVIDED AS OF SUCH DATE. EFFECTIVE NOVEMBER 3, 2012, MOVES, ADDITIONS AND/OR OTHER CHANGES ARE NOT PERMITTED.)

6. Rates and Charges

	<u>Monthly Rates</u>		<u>Non-Rec Charge</u>	<u>USOC</u>
	<u>M-T-M</u>	<u>2 Years#</u>		
Enhanced FlexGrow System - C.O Capacity of 24 Channels	(D)	\$155.00* 165.00		D10
Analog Line / PBX Trunk / Digital Centrex Plus - Per Channel	4.40			DZDTX

Effective November 3, 2012, this term option is no longer available. At the end of the term, customers under this term plan will be converted to the month-to-month option unless they choose to convert to another service offered by Verizon or discontinue the service.

* This rate applies to customers who subscribed to the term plan prior to June 1, 2008, and only until the expiration of the term agreement in effect as of that date.

(This Rate Attachment to be filed at the end of this Section.)