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**Keefe B. Clemons**  
General Counsel – Northeast Region

July 22, 2013

Honorable Jeffrey Cohen  
Acting Secretary, Public Service Commission  
State of New York  
Three Empire State Plaza  
Albany, New York 12223

RECEIVED  
PUBLIC SERVICE  
COMMISSION  
EXEC-FILES-ALBANY

2013 JUL 22 AM 11:22

Re: Unlimited Local Usage for Business – Rate Increase

Dear Acting Secretary Cohen:

The following 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 September 21, 2013:

PSC NY No. 1--COMMUNICATIONS  
Section 30  
12<sup>th</sup> Revised Page 75

The proposed tariff revisions provide for a rate increase of \$4.00 for the Unlimited Local Usage (ULU) for Business offering. This is an optional business usage plan that provides customers with unlimited local voice usage for one flat monthly rate.

ULU is designed to be the equivalent of flat rate business service. Because this unlimited offering would only be used by customers for whom the flat rate is less than the timed rate for the relevant usage, it is in effect a discount plan off Verizon's tariffed local usage charges. Since the Commission has already found that the timed rate is just and reasonable, the proposed increase in the unlimited rate, which would in effect simply reduce the amount of an available discount, should also be found to be just and reasonable.<sup>1</sup>

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<sup>1</sup> See Case 07-C-0030, Memorandum to the Commission from the Office of Telecommunications (February 21, 2007), approved as recommended and so ordered by the Commission (issued and effective February 27, 2007) (approving price change for Corporate Rewards plan).

Moreover, customers have numerous alternatives to this service. Verizon offers business customers the alternative of standalone local usage at a rate of \$0.0825 for the first three minutes and \$0.0176 for each additional minute. Verizon also offers discounted service bundles that provide alternatives to the unlimited local usage offering that would be affected by this proposed rate increase. For example, Solutions for Business, provides a network access line, usage, and certain calling features, when the customer also subscribes to certain additional services.

Beyond Verizon's offerings, business customers can take advantage of a variety of competitive offerings. Robust intermodal competition has led to offerings of facilities-based and application-based VoIP services by cable companies and other providers. Such providers generally offer low-priced, flat-rated service packages that include dial-tone service and all-distance usage (frequently including international calling), as well as a variety of calling features. Cablevision offers unlimited local and long distance bundled with Internet for \$29.95 per month for the first year.<sup>2</sup> Vonage offers small businesses a VoIP service that includes unlimited local, unlimited long distance and multiple features with a free fax line for \$49.99<sup>3</sup>. Time Warner Cable Business Class (TWCBC) sells voice service with unlimited local, in-state and national calling on a stand-alone basis<sup>4</sup>.<sup>5</sup> RCN Business offers stand-alone voice lines with unlimited local, instate and/or long distance calling.<sup>6</sup> New York City based Q-Tel also promotes stand-alone voice services with unlimited local, instate and/or long distance calling plans.<sup>7</sup>

Another intermodal service — wireless calling — is being utilized to an increasing extent by business customers. Smaller business customers, particularly small service companies whose owners are frequently out of the office, may rely exclusively on cell phones for their business needs, while other or larger businesses may merely use such phones for a portion of their usage. In either case, whether through wireless substitution or usage displacement, cheap all-distance wireless calling is cross-elastic with the wireline unlimited local service at issue here. Therefore, customers impacted by this proposed rate increase have numerous alternatives.

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.

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<sup>2</sup> <http://optimumbusiness.aitrk1.com/business-phone/>

<sup>3</sup> [http://www2.vonage.com/us-canada-calling-plans/small-business-voip-unlimited/?id=footer\\_sb\\_unlimited](http://www2.vonage.com/us-canada-calling-plans/small-business-voip-unlimited/?id=footer_sb_unlimited)

<sup>4</sup> <sup>4</sup> <http://www.timewarnercable.com/en/business-home/services/voice/business-class-phone/overview.html>

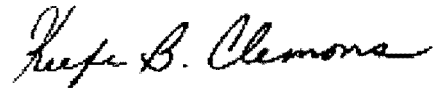
<sup>5</sup> [http://www.twcbc.com/northeast/LeadGen/Q212/acq2\\_hero2.html](http://www.twcbc.com/northeast/LeadGen/Q212/acq2_hero2.html)

<sup>6</sup> <http://www.rcnbusiness.com/products-and-solutions/voice/traditional-phone-lines>

<sup>7</sup> <http://www.qtelsolutions.com/Products.htm>

Customers were notified of the proposed rate increase in a May 2013 Bill Message. Accordingly, we respectfully request that the Commission waive newspaper publication requirements for this filing.

Very truly yours,

A handwritten signature in black ink, reading "Jeffrey B. Clemons". The signature is written in a cursive style with a large, stylized initial "J".

Attachment

## Attachment

Estimated Verizon New York Inc. Revenue Effect  
Unlimited Local Usage for Business

(Effective September 21, 2013)

State	Product Description	Rate Increase Per Unit	Average Units Per Month	Revenue Effect Per Month	Annual Revenue Effect
New York					(November 3, 2012 - November 2, 2013)
	Unlimited Local Usage for Business Month to Month	\$4.00			
	Unlimited Local Usage for Business One-Year Term	\$4.00			
	Total				

RATES AND CHARGES**30.2 INDIVIDUAL, PARTY AND AUXILIARY LINE SERVICE AND STATION SERVICE (Cont'd)****XX. UNLIMITED LOCAL USAGE FOR BUSINESS\***

4. <u>Rates and Charges</u>	<u>Monthly Rate</u>		<u>USOC</u>
	<u>Month-to Month</u>	<u>1 Year Term</u>	
Unlimited Local Usage			
Per Exchange Access Line	33.50	\$29.15	(C)
Per Digital Centrex Plus Access Line	33.50	29.15	(C)

Service Connection Charges apply except when Unlimited Local Usage is added to an existing account and no other work is requested.

- \* Rates for Unlimited Local and Toll Usage for Business appear on Rate Attachment, Original Page 35.5 following all pages that are a part of this Section.