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Keefe B. Clemons
General Counsel – Northeast Region



April 18, 2013

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

Re: ISDN Basic Service – Price Increase

Dear Acting Secretary Cohen:

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 May 18, 2013:

PSC NY No. 1--COMMUNICATIONS

Section 30

8th Revised Page 52

7th Revised Page 53

~~4th Revised Page 55~~ removed per [signature]

5th Revised Pages 56-57

Rate Attachment

5th Revised Pages 16-17

Verizon is proposing to increase the price of ISDN Basic Service for business customers by \$3.00 per line. ISDN BRI is in the declining stage of its life cycle. This increase will focus customers' attention on their use of this service and encourage migration to new services with improved functionality. There are fixed costs associated with providing this service that begin to impose an unreasonable burden on Verizon as the number of customers becomes very small.

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 ISDN BRI lines in service has decreased by 56% since 2008.

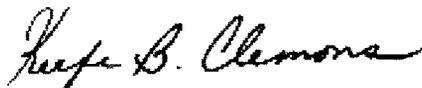
Moreover, the loss of access lines and revenues, coupled with the high fixed costs associated with maintaining a ubiquitous network within its service area and the heavy capital investments that Verizon has made in order to modernize that network, have had an extremely detrimental effect on the company's financial position in the State. This is demonstrated by the following financial metrics, derived from Verizon's Annual Report to the Commission for 2011.

- Net operating income: *negative* \$1.74 billion
- Net income: *negative* \$2.06 billion (net of earnings in affiliated companies)
- Cash flow from investment activities (*i.e.*, net capital investments): *negative* \$1.11 billion
- Cash flow from investment activities plus cash flow from operations: *negative* \$1.23 billion (dividends from affiliates excluded)

In short, Verizon is sustaining substantial net losses in the State, even while continuing to make significant capital investments in its network. 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 as does the robust competitive environment that exists in this State. By the same rationale, these compelling policy considerations warrant the increase in the rates identified in this filing.

Customers were notified of the price increases for these services via bill messages in March 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.

RATES AND CHARGES

30.2 INDIVIDUAL, PARTY AND AUXILIARY LINE SERVICE AND STATION SERVICE (Cont'd)

Y. ISDN BASIC SERVICE

(ISDN BASIC SERVICE IS NO LONGER AVAILABLE TO CERTAIN SUBSCRIBERS. SEE NOTES Y.1. AND Y.3. IN SECTION 2 OF THIS TARIFF.)

(C)(1)
(N)(1)

D. Rates and Charges

Monthly Rates – The following monthly rates and charges are in addition to the appropriate Digital Centrex Services for business subscribers, Individual Message Business Service, Individual Message Residence Service and Individual Flat Rate Residence Service rates and charges.

Nonrecurring Charges - Apply for the preparation and entry of translations that activate initially, or subsequently change or rearrange features. The following nonrecurring charges apply in addition to other applicable non-recurring charges and one or more may apply at the same time. Service connection charges apply for ISDN Basic Service as specified in Section 30.14 of this Tariff.

	Monthly Bus Rate	Nonrecurring Charges*		USOC	
		Initial Installation	Subsequent Installation		
a. <u>Central Office Connections Digital Service Line</u> - Per ISDN Basic Exchange Service Line @	\$15.10	-	-	SDS	(C)
b. <u>Basic Service Capabilities</u>					
(1) <u>Business Subscribers to Digital Centrex Svcs##</u>	<u>Max Bus Rate</u>				
Circuit Switched Voice (First)	No Charge	\$ 15.00	\$ 15.00	LTH5X	J
Circuit Switched Data Only (64 kbps), each	9.68	15.00	15.00	LTH6X	
Alternate Circuit Switched Voice or Circuit Switched Data (64 kbps), each	9.68	20.00	20.00	LTH1X	
High Speed Packet Switched Data only (64 kbps), each	78.65	40.00	40.00	LTH3X	
Low Speed Packet Switched Data** only (9.6 kbps), each	6.05	40.00	40.00	LTH4X	
Circuit Switched Voice (Second)	8.47	15.00	15.00	LTH5A	

* In addition, a Service Charge applies as specified in Section 30.14 of this Tariff.

@ The rates for this service for residential customers are subject to the Flexible Pricing regulations set forth in Tariff PSC NY No. 1--COMMUNICATIONS, Section 1, Paragraph A.9. For monthly residential rate currently in effect, see corresponding Rate Attachment following all pages that are a part of this Section.

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

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

** As of February 15, 2008, Low Speed Packet Switched Data (9.6 kbps) and Low Speed Packet Switching Service features will not be provided to new subscribers. Existing customers may continue to subscribe to this service. Additions, changes and/or moves are not permitted.

(1) Reissued material schedule to become effective May 18, 2013.

PSC NY No.1--COMMUNICATIONS

Verizon New York Inc.

Section 30
7th Revised Page 53
Superseding 4th and 5th Revised Pages 53
(6th Revised Page 53 Pending)

RATES AND CHARGES

30.2 INDIVIDUAL, PARTY AND AUXILIARY LINE SERVICE AND STATION SERVICE (Cont'd)

Y. ISDN BASIC SERVICE (Cont'd)

(ISDN BASIC SERVICE IS NO LONGER AVAILABLE TO CERTAIN SUBSCRIBERS. SEE NOTES Y.1. AND Y.3. IN SECTION 2 OF THIS TARIFF.)

(C)(1)
(N)(1)

D. Rates and Charges (Cont'd)

b. Basic Service Capabilities (Cont'd)

	Monthly Rate # Max Bus Rate	Nonrecurring Charges*		USOC
		Initial Installation	Subsequent Installation	
(2) <u>Subscribers to: @</u>				
<u>Individual Message Business Service</u>				
<u>Individual Message Residence Service</u>				
<u>Individual Flat Rate Residence Service</u>				
Circuit Switched Voice (First)	No Charge	\$ 15.00	\$ 15.00	LTH5X
Circuit Switched Data Only (64 kbps), each	2.42	15.00	15.00	LTH6X
Alternate Circuit Switched Voice or Circuit Switched Data (64 kbps), each	2.42	20.00	20.00	LTH1X
High Speed Packet Switched Data only (64 kbps), each	24.20	40.00	40.00	LTH3X
Low Speed Packet** Switched Data only (9.6 kbps), each	2.42	40.00	40.00	LTH4X
Circuit Switched Voice (Second)	Monthly Rate 11.47	15.00	15.00	LTH5A
Circuit Switched Voice (Second-Flat Rate)	Rates apply as specified in Para B. of PSC NY No. 3--COMMUNICATIONS	-	-	LTF5A
(3) ISDN Basic Service Virtual Serving Arrangement, -per line	\$0.00	-	-	VF3

* In addition, a Service Charge applies as specified in Section 30.14 of this Tariff.

@ The rates for this service for residential customers are subject to the Flexible Pricing regulations set forth in Tariff PSC NY No. 1--COMMUNICATIONS, Section 1, Paragraph A.9. The rates for this service for business customers are subject to the Flexible Pricing regulations set forth in Tariff PSC NY No. 1--COMMUNICATIONS, Section 1, Paragraph A.10.

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

** As of February 15, 2008, Low Speed Packet Switched Data (9.6 kbps) and Low Speed Packet Switching Service features will not be provided to new subscribers. Existing customers may continue to subscribe to this service. Additions, changes and/or moves are not permitted.

(1) Reissued material schedule to become effective May 18, 2013.

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(C)
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(T)

Issued: April 18, 2013

Effective: May 18, 2013

By Keefe B. Clemons, General Counsel
140 West Street, New York, N.Y. 10007

RATES AND CHARGES

30.2 INDIVIDUAL, PARTY AND AUXILIARY LINE SERVICE AND STATION SERVICE (Cont'd)

Y. ISDN BASIC SERVICE (Cont'd)

**(ISDN BASIC SERVICE IS NO LONGER AVAILABLE TO CERTAIN SUBSCRIBERS. SEE NOTES (C)(1)
 Y.1. AND Y.3. IN SECTION 2 OF THIS TARIFF.) (N)(1)**

D. Rates and Charges (Cont'd)

	<u>Monthly Rate</u>	<u>Nonrecurring Charge*</u>	<u>USOC</u>	
	<u>Max Bus Rate</u>			
d. <u>Optional Feature Packages @, #</u>				(T)(1)
(1) Internet Access Feature Package	\$ 3.58	\$20.00	OFFPX	
(2) Home Office Feature Package	4.13	20.00	OFFWX	
(3) Deluxe Feature Package	4.68	20.00	OFF9X	
e. <u>Optional Local Data Usage Packages @</u>		<u>Bus Rate</u>		(C)(1)
(1) 20 Hour Package		\$14.70	UMKAF	(C)
Each Additional Minute or fraction thereof of overtime usage		.01		(C)
(2) 60 Hour Package		34.93	UMKAG	(C)
Each Additional Minute or fraction thereof of overtime usage		.008		
(3) 140 Hour Package		61.19	UMKAH	(C)
Each Additional Minute or fraction thereof of overtime usage		.006		
f. <u>All Digital Centrex Data Usage **</u>				
Per Minute or fraction thereof		.006		

* In addition, a Service Charge applies as specified in Section 30.14 of this Tariff.

@ The rates for this service for residential customers are subject to the Flexible Pricing regulations set forth in Tariff PSC NY No. 1--COMMUNICATIONS, Section 1, Paragraph A.9. The rates for this service for business customers are subject to the Flexible Pricing regulations set forth in Tariff PSC NY No. 1--COMMUNICATIONS, Section 1, Paragraph A.10. (C)(1)

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

** This rate is subject to the Flexible Pricing regulations set forth in Tariff PSC NY No. 1--COMMUNICATIONS, Section 1, Paragraph A.10.

(1) Reissued material scheduled to become effective May 18, 2013. (T)

RATES AND CHARGES

30.2 INDIVIDUAL, PARTY AND AUXILIARY LINE SERVICE AND STATION SERVICE (Cont'd)

Y. ISDN BASIC SERVICE (Cont'd)

(ISDN BASIC SERVICE IS NO LONGER AVAILABLE TO CERTAIN SUBSCRIBERS. SEE NOTES (C)(1) Y.1. AND Y.3. IN SECTION 2 OF THIS TARIFF.) (N)(1)

E. Virtual Office ISDN @ (T)(1)

The following rates and charges are in addition to the applicable Individual Message Business Service rates and charges and Service Connection charges. (T)(1)

The total monthly rate applies whether or not all of the optional features in the package are activated or utilized.

<u>Element</u>	<u>Recurring Charge</u>	<u>Nonrecurring Charge</u> <u>Max Bus Rate#</u>	<u>USOC</u>	(T)(1) (C)
Per Line, Month-to-Month*	\$77.00	\$110.00	BAKYN	(C)
		<u>Nonrecurring Charge</u>		(N)
Per Line, 24 months	55.00	100.00	BAKYN	
Per Line, 36 months	55.00	75.00	BAKYN	
Per Line, 60 months	51.70	75.00	BAKYN	

@ 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. (N)(1)
(N)(1)

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

* No minimum termination liability.

(1) Reissued material scheduled to become effective May 18, 2013. (T)

RATE SCHEDULE
(Effective May 18, 2013)

SECTION 2 - INDIVIDUAL, PARTY AND AUXILIARY LINE SERVICE AND STATION SERVICE (Cont'd)

Y. ISDN BASIC SERVICE (C)(1)
(ISDN BASIC SERVICE IS NO LONGER AVAILABLE TO CERTAIN SUBSCRIBERS. SEE NOTES Y.1. (C)(1)
AND Y.3. IN SECTION 2 OF THIS TARIFF.) (N)(1)

D. Rates and Charges * (C)
Monthly Rate* USOC (C)

a. Central Office Connections Digital Service Line
- Per ISDN Basic Exchange Service Line
Residence \$12.10 SDS (C)

b. Basic Service Capabilities

(1) Business Subscribers to Digital Centrex Svcs

Circuit Switched Voice (First)	No Charge	LTH5X
Circuit Switched Data Only (64 kbps), each	9.68	LTH6X
Alternate Circuit Switched Voice or Circuit Switched Data (64 kbps), each	9.68	LTH1X
High Speed Packet Switched Data only (64 kbps), each	78.65	LTH3X
Low Speed Packet Switched Data only (9.6 kbps), each	6.05	LTH4X
Circuit Switched Voice (Second)	8.47	LTH5A

(2) Subscribers to:
Individual Message Business Service
Individual Message Residence Service
Individual Flat Rate Residence Service

Circuit Switched Voice (First)	No Charge	LTH5X
Circuit Switched Data Only (64 kbps), each	2.42	LTH6X
Alternate Circuit Switched Voice or Circuit Switched Data (64 kbps), each	2.42	LTH1X
High Speed Packet Switched Data only (64 kbps), each	24.20	LTH3X
Low Speed Packet Switched Data only (9.6 kbps), each	2.42	LTH4X
Circuit Switched Voice (Second)	*	LTH5A (C)

* For current rates not shown on the Rate Attachment, see Section 30.2.Y. preceding. (N)
(1) Reissued material scheduled to become effective May 18, 2013. (T)

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

RATE SCHEDULE
(Effective May 18, 2013)

SECTION 2 - INDIVIDUAL, PARTY AND AUXILIARY LINE SERVICE AND STATION SERVICE (Cont'd)

Y. <u>ISDN BASIC SERVICE</u>			(C)(1)
(ISDN BASIC SERVICE IS NO LONGER AVAILABLE TO CERTAIN SUBSCRIBERS. SEE NOTES Y.1. AND Y.3. IN SECTION 2 OF THIS TARIFF.)			(C)(1)
D. <u>Rates and Charges*</u> (Cont'd)			(N)(1)
	<u>Monthly Rate</u>	<u>USOC</u>	(C)
d. <u>Optional Feature Packages</u> (Bus and Res)			
(1) Internet Access Feature Package	\$ 3.58	OFPPX	
(2) Home Office Feature Package	4.13	OFPWX	
(3) Deluxe Feature Package	4.68	OFP9X	
e. <u>Optional Local Data Usage Packages</u>			
		<u>Residence Rate</u>	(C)
(1) 20 Hour Package		\$13.20	UMKAF
(2) 60 Hour Package		31.68	UMKAG
(3) 140 Hour Package		55.44	UMKAH
E. <u>Virtual Office ISDN*</u>			
	<u>Element</u>	<u>Nonrecurring Bus Rate</u>	
	Per Line, Month-to-Month	\$110.00	BAKYN (C)

* For current rates not shown on the Rate Attachments, see Section 30.2.Y. preceding. (N)

(1) Reissued material scheduled to become effective May 18, 2013. (T)

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