

Filed Session of April 18, 2007
Approved as Recommended
and so Ordered
By the Commission

JACLYN A. BRILLING
Secretary

Issued and Effective April 20, 2007

STATE OF NEW YORK
DEPARTMENT OF PUBLIC SERVICE

April 3, 2007

TO: THE COMMISSION

FROM: Office of Telecommunications

SUBJECT: CASE 07-C-0297 – Tariff Filing of Verizon New York Inc. to Increase the Maximum Allowance Rate and the Current Rate for National Directory Assistance.

RECOMMENDATION: It is recommended that Verizon New York Inc.’s tariff filing to increase rates for its National Directory Assistance, which became effective April 1, 2007, be allowed to remain in effect.

SUMMARY

On March 8, 2007, Verizon New York Inc. filed tariff revisions to increase the maximum allowable rate and the current rate for their National Directory Assistance Service. The tariff went into effect by operation of law on April 1, 2007.

TARIFF FILING

On March 8, 2007, Verizon New York Inc. (“Verizon”) filed revisions to its PSC NY No. 1 – Communications tariff to provide for rate increases to the maximum allowable rate and the current rate for National Directory Assistance (“NDA”) Service. NDA Service provides customers information on listings outside the customer’s local directory assistance area. NDA Service is accessed by dialing 411 or such number(s) as

the company may designate. The NDA Service charge applies whether or not a number or listing information is provided, including requests for numbers that are non-published, non-listed or not found. Customers are charged for each NDA call. A maximum of two requests for listings are allowed per call. No discounts or allowances apply on charges for NDA Service. NDA Service is available throughout New York State. In support of the increase, Verizon maintains that similar competitive options exist from other telecommunications providers within New York State. To support this claim, Verizon notes that it has experienced a loss in NDA call volumes due to the various competitive alternatives. Additionally, directory assistance can also be obtained from sources other than those provided by competitive telecommunications providers, including various on-line sources.

DISCUSSION

NDA was first introduced in November 1998, under flexible pricing regulations. The maximum rate was tariffed at \$1.25, and the current rate was set then at \$0.95. In May 2001, the current rate was increased to \$1.25, the maximum allowed under the tariff. Verizon's instant filing increases the maximum rate to \$3.00, and increases the current rate by \$.25, to \$1.50.

Staff agrees that NDA is a competitive service. Alternatives to NDA include the use of on-line websites, 1-800-FREE411 and various print directories. Further, numerous other telecommunications carriers charge rates that are comparable to Verizon's proposed rates:

- AT&T charges \$1.99 per number requested for intrastate Directory Assistance. Its maximum rate is tariffed at \$2.50. The rate for AT&T's "00" INFO service, which provides information within the United States, is \$1.99 for up to two listings. The maximum rate is tariffed at \$4.00. For interstate Directory Assistance, AT&T charges \$1.99 for up to two listings.¹

¹ NYPSC No. 2, Section H, 20th Revised Leaf No. 44, and Attachment 9th Revised Rate Schedule; NYPSC No. 2, Section N.16, 1st Revised Leaf No. 129 and Attachment 1st

- Sprint, d/b/a Embarq Communications, charges an intrastate NDA rate of \$1.99 for up to two national listings. Its maximum rate is tariffed at \$7.96. For interstate NDA, the rate is \$3.49.²
- Trinsic Communications charges a NDA rate of \$1.25 for up to two requests. Its maximum rate is tariffed at \$1.50 for residence and \$2.00 for business.³
- Verizon Wireless charges \$1.49 and Time Warner Cable charges \$1.25 for such requests.

Consumers have an increasing number of alternatives to obtain directory listing information. The increase in the NDA rate is modest (\$.25) and the rate (\$1.50) falls within the range that the Commission has approved as just and reasonable for similar services offered by competitive carriers. However, Staff has determined, through its calculations, that the rate year price elasticity implied by this rate increase and Verizon's revenue calculations is fairly inelastic. Nevertheless, Staff believes that Verizon will use the modest revenues from this rate increase to make the investments necessary for ensuring continued reliability and the offering of new and technologically advanced services that are increasingly being demanded by consumers.⁴ Additionally, the number of competing providers of the service, and the array of alternatives available, indicate that

Revised Rate Schedule; AT&T Service Guide, DAS01001DD, September 6, 2006, Page 3.

² NYPSC No. 1, Section 7.3.2, Original Page 4; Embarq Schedule No. 1, Section 6, 1st Revised Page 39.

³ NYPSC No. 2, Section 5.5.4, Original Leaf No. 16 and Attachment A, Rate Schedule Original Leaf No. 48.

⁴ In the Comp III Order, the Commission recognized that an incumbent's need to maintain and invest in its network is a valid basis for allowing a rate increase. See Comp III Order at 57.

many of the disaffected customers will likely switch to alternative providers. Thus, Staff finds that Verizon's increase in the maximum rate is reasonable.

Finally, Staff has reviewed Verizon's estimates as to the additional revenues that the tariff changes would generate in the context of previous increases allowed within the past twelve months and has determined that the changes would not constitute a major rate change under Section 92(2) of the Public Service Law.

CONCLUSION AND RECOMMENDATION

Given the competitive alternatives available, Staff finds that the rate changes to Verizon's National Directory Assistance are just and reasonable. Staff recommends that the Commission allow the revised tariff pages listed in Appendix A to remain in effect. Since the company has already informed their customers of these rate changes via bill inserts, it is also recommended that the newspaper notification regarding these rate changes be waived.

Respectfully submitted,

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CASE 07-C-0297

Chief, Carrier Performance
Office of Telecommunications

ADMINISTRATIVE DETAILS

Filing by: Verizon New York Inc.

Revisions to: P.S.C. NY No. 1 – Communications

Section 30

1st Revised Page 257

Rate Attachment, 1st Revised Page 64

Issued: March 8, 2007

Effective: April 1, 2007