

Verizon DC Wants Out of Regulation

How Does Verizon Plan to Become Unregulated and Avoid PSC Regulatory Oversight?

In January and February 2007, Verizon DC asked the Public Service Commission of the District of Columbia (PSC or Commission) for authority to classify its bundled services and business dial tone services as competitive, which would provide the PSC the least amount of regulatory control over the Company's telecommunications services. OPC submits these services make up almost all of Verizon DC's telecommunications offerings in the District. If approved, Verizon DC would be able to raise the cost of bundled packages and business dial tone services on a very short turn around. Thus, the price of bundled packages (which includes basic dial tone) and business dial tone service would be subject to market prices in other words priced at the company's discretion based on what it believes the market will allow. In short, if approved, Verizon DC would essentially be an unregulated company.

Is the D.C. Telecommunications Market Competitive?

NO!!!!!! OPC submits there are no alternative providers of telecommunications services offering telecommunications services, particularly basic telephone service, to all residential and business consumers in the District.

What can the Public do to Stop Verizon DC from Becoming Unregulated?

OPC recently asked the Commission to initiate an investigation to determine the level of competitiveness in the local telecommunications marketplace. The PSC has not yet ruled on OPC's request. OPC will vigorously challenge Verizon DC's applications before the PSC. **OPC encourages the public to submit its comments in Formal Case No. 1005 opposing Verizon DC's reclassification applications.**

If Approved, Would it be Good for DC Consumers?

NO!!!!!! OPC submits that Verizon DC's prices will substantially increase. Verizon DC has been under price cap plan regulation since 1995. The price cap plans were negotiated between Verizon DC and OPC as a modified regulatory approach designed to protect the interests of ratepayers while awaiting the emergence of promised competition in the District's telecommunications marketplace. Before 2006, all of the plans provided a direct benefit to the public and kept a check on Verizon DC's ability to raise its rates. On April 1, 2006, Verizon DC increased local dial tone service by .32¢. In addition, Verizon has increased its rates for basic residential and basic business services by 10% each year. OPC submits that if the reclassification applications are approved, Verizon DC will be able to raise its rates without input from the Commission or the public.

How Do Price Cap Plans Work?

Telephone services offered by Verizon DC, the dominant local telephone provider, are grouped into one of three baskets which receive different levels of Commission regulatory

oversight: basic, discretionary and competitive.

Basic services are essential to telephone service, like dial tone, and are subject to the highest level of Commission oversight. Basic services are limited to a 10% increase each year. Discretionary services are those that are not essential, but nice to have. For example, three-way calling, call waiting, and answer call are discretionary services; they are limited to a 15% increase annually. For both basic and discretionary services, the Commission must provide notice to the public of any proposed rate increase or change in service and allow interested parties to submit comment. Competitive services receive the lightest (if any at all) regulatory oversight. Competitive services are not subject to any increase limitations and are usually approved on an expedited basis, without public notice or comment.

The current price cap plan expires in September 2007. To date, Verizon DC has not filed for an extension or for a new price cap plan.

For more information on how to submit comments to the Commission, contact OPC at 202-727-3071 or www.cceeo@opc-dc.gov.