

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, DECEMBER 2, 2009

CLERK'S OFFICE

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APPLICATION OF

VERIZON VIRGINIA INC.

CASE NO. PUC-2009-00042

To Expand the Competitive Determination
and Deregulation of Retail Services
Throughout its Incumbent Territory

FINAL ORDER

On August 3, 2009, Verizon Virginia Inc. ("Verizon") filed an application and exhibits with the State Corporation Commission ("Commission"), pursuant to 5 VAC 5-20-80 A of the Commission's Rules of Practice and Procedure and § 56-235.5 I of the Code of Virginia, to expand the competitive determination for retail services to all of its Virginia exchanges and apply the same regulatory treatment adopted in Case No. PUC-2007-00008¹ throughout its incumbent territory ("Application"). The Application lists the exchanges that were determined in the Verizon Competitive Pricing Order to be competitive as of December 14, 2007, as well as additional exchanges that were so classified by administrative process on April 8, 2008; May 30, 2008; July 28, 2008; and August 14, 2008.

The Application sets forth the applicable statute, Virginia Code § 56-235.5 I, which became effective July 1, 2009. Under the terms of this new subsection, if the Commission, pursuant to subsections E and F of the statute, determines that 75% or more of residential households or businesses in Verizon's incumbent territory lie within areas that have previously been determined by the Commission to have competitive telephone service in accordance with

¹ *Application of Verizon Virginia Inc. and Verizon South Inc., For a Determination that Retail Services are Competitive and Deregulation and Detariffing of the Same*, Case No. PUC-2007-00008, Order on Application (Dec. 14, 2007) ("Verizon Competitive Pricing Order").

the Verizon Competitive Pricing Order, then that competitive determination will be expanded to the remainder of Verizon's incumbent territory. The Application asserts that currently 80% of residential households and 81% of businesses in Verizon's incumbent territory fall within areas that have been determined to be competitive and that, consequently, such a determination should be expanded to treat all of Verizon's Virginia incumbent territory as competitive.

On August 20, 2009, the Commission entered an Order for Notice and Inviting Comment ("Order for Notice") associated with Verizon's Application. In the Order for Notice, the Commission scheduled a hearing and required Verizon to publish notice of its Application in newspapers having general circulation throughout the exchanges in which Verizon seeks to extend its competitive determination. The Commission also directed Verizon to provide a copy of its Application to all certificated local exchange carriers in Virginia and to certain governmental officials in the relevant geographical areas. In addition, the Commission provided the opportunity for the filing of public comment associated with the Application, authorized interested persons or entities to become parties to the proceeding and to provide testimony, offered Verizon the opportunity to file testimony in support of its Application, directed Commission Staff to file testimony analyzing the Application, and provided Verizon with the opportunity to submit rebuttal testimony.

A timely notice of participation was filed by the Office of the Attorney General, Division of Consumer Counsel ("Consumer Counsel"). No written public comments were submitted.

Verizon pre-filed the direct testimony of Nicholas Vantzelfde on September 15, 2009, and on October 23, 2009, the Commission's Staff ("Staff") pre-filed the direct testimony of Kathleen A. Cummings, Deputy Director of Rates and Costs within the Commission's Division of Communications. In her pre-filed testimony, Ms. Cummings concluded, based upon her

review of the relevant data, that at least 75% of residential households and businesses in Verizon's incumbent territory lie within areas that have previously been determined by the Commission to have competitive telephone service. Verizon did not pre-file rebuttal testimony.

The Commission held an evidentiary hearing on November 10, 2009. Verizon, Consumer Counsel, and the Staff appeared at the hearing by counsel. By agreement of counsel and with the consent of the Commission, the pre-filed direct testimony of Verizon and the Staff was admitted into the record without cross-examination. One public witness appeared and offered testimony regarding the Application.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that the Application should be granted subject to the continuing safeguards established by the Verizon Competitive Pricing Order.

Accordingly, IT IS ORDERED THAT:

- (1) Verizon's Application is granted subject to the continuing safeguards established by the Verizon Competitive Pricing Order.
- (2) This matter is dismissed.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to: Jennifer L. McClellan, Assistant General Counsel, Mid-Atlantic South, Verizon Virginia Inc., 703 East Grace Street, 7th Floor, Richmond, Virginia 23219; C. Meade Browder, Jr., Senior Assistant Attorney General, Division of Consumer Counsel, Office of the Attorney General, 900 East Main Street, Second Floor, Richmond, Virginia 23219; and a copy shall be delivered to the Commission's Office of General Counsel and Divisions of Communications, Public Utility Accounting, and Economics and Finance.