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March 7, 2007

Via UPS Overnight Delivery

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

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MAR 07 2007

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Re: Verizon North Inc.'s 2007 PCO Filing
Docket No. R-00061914, et al.

Dear Secretary McNulty:

Enclosed please find the original and three copies of the Prehearing Memorandum of Verizon North Inc., in the above-named matter.

Please do not hesitate to contact me if you have any questions.

Very truly yours,

Suzan D. Paiva

SDP/slb
Enc.

Via E-Mail and UPS Overnight Delivery

cc: The Honorable Kandace Melillo
Attached Certificate of Service

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Verizon North Inc. : R-00061914
2007 Price Change Opportunity Filing : P-00001854F1000

Office of Small Business Advocate :
v. : R-00061914C0001

Verizon North Inc. :

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**PREHEARING MEMORANDUM OF
VERIZON NORTH INC.**

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Verizon North Inc. ("Verizon North") submits this Prehearing Memorandum for purposes of the telephonic prehearing conference scheduled for March 9, 2007.¹

I. HISTORY OF PROCEEDING

On November 1, 2006, Verizon North and its sister company Verizon Pennsylvania Inc. ("Verizon PA") made separate filings to implement their 2007 Price Change Opportunities ("PCO") under the terms of their Commission-approved Chapter 30 Plans and the requirements of the Chapter 30 statute, as amended by Act 183. Because the change in the rate of inflation was greater than the 0.5% inflation offset adopted for those plans under their Act 183 amendments, each filing reported a positive PCO permitting Verizon to increase its revenues from noncompetitive services.

Verizon North's filing detailed the calculations under its price stability mechanism that entitled it to an annual noncompetitive revenue increase of \$3,420,000, and the proposed rate increases that it intended to implement effective February 15, 2007 to recover a portion of that

¹ Verizon North notes that the presiding officer consolidated this case with the case relating to Verizon Pennsylvania Inc.'s ("Verizon PA") 2007 PCO filing on March 5, 2007. Because this prehearing memo was required by a pre-existing order in the Verizon North docket, it is being filed only under the Verizon North caption and docket numbers.

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