

**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.	:	
<u>and</u>	:	
Pennsylvania Public Utility Commission	:	
	:	
	:	
v.	:	R-00061915
Verizon Pennsylvania, Inc.	:	
	:	
Verizon Pennsylvania Inc.	:	P-00930715F1000
2007 Price Change Opportunity Filing	:	

**DOCUMENT
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ORDER CONSOLIDATING PROCEEDINGS

I. BACKGROUND

On November 1, 2006, Verizon Pennsylvania, Inc. (Verizon PA) made its 2007 Price Change Opportunity (PCO) filing with the Commission, at Docket Nos. R-00061915 and P-00930715F1000, pursuant to the terms of its Chapter 30 Plan and the Chapter 30 statute, as amended by Act 183. Under this filing, Verizon PA proposed an annual revenue increase of \$19,829,000 and an actual price increase totaling \$20,314,000, due to an additional \$485,000 relating to the recurring banked increase from its 2006 PCO filing.

Also on November 1, 2006, Verizon North Inc. (Verizon North), a sister company to Verizon PA, made its 2007 PCO filing with the Commission, at Docket Nos. R-00061914 and P-00001854F1000, pursuant to its Chapter 30 Plan and the Chapter 30 statute, as amended by Act 183. Under this filing, Verizon North proposed an annual price increase of \$3,420,000.

On November 9, 2006, the Office of Small Business Advocate (OSBA) filed Formal Complaints against the Verizon PA and Verizon North PCO filings which raised common issues of law and fact. On November 17, 2006, the OCA filed a Notice of Intervention in both the Verizon PA and Verizon North PCO dockets. On November 21, 2006, the Office of Trial Staff filed a Notice of Appearance at each docket.

On December 28, 2006, the Commission entered an Order on Verizon PA's 2007 PCO filing. In its Order, the Commission permitted Verizon PA's proposed rate increases to go into effect, as reduced to reflect a banking adjustment, and incorporated the disputed banking methodology into the OSBA Complaint proceeding. The resulting rates were to remain in effect during the pendency of the Administrative Law Judge (ALJ) adjudication and would be subject to the ALJ findings. The Commission directed the ALJ to issue a Recommended Decision no later than seven (7) months from the Order entry date, or by July 27, 2007.

On January 2, 2007, Verizon PA filed a Petition for Reconsideration in which it contended that the Commission had violated its due process rights and Chapter 30 Plan by the manner in which the banking issue had been addressed in the December 28, 2006 Order. By Order entered January 11, 2007, the Commission granted Verizon PA's Petition for Reconsideration. In so doing, the Commission decided to allow Verizon PA's originally proposed rate increases to go into effect subject to refund, consistent with the approach followed by the Commission in regard to Verizon PA's 2006 PCO filing. The Commission also indicated that it would withhold final judgment on the correctness of Verizon PA's banking methodology until the matter had been fully addressed by the parties and the ALJ.

On January 22, 2007, the Parties were provided notice that I had been assigned to preside over the hearings and render a Recommended Decision in Verizon PA's 2007 PCO filing.

On January 31, 2007, a Prehearing Conference was held in the Verizon PA 2007 PCO proceeding, with all parties in attendance. At the Prehearing Conference, I was informed that all but two of the issues raised by the parties to date in the Verizon PA 2007 PCO proceeding had been previously litigated in the Verizon PA/Verizon North 2006 PCO proceeding (R-00051227, R-00051228), pending before the Commission. Verizon PA and other parties indicated that it would not be an efficient use of party or Commission resources to prepare new testimony or briefing on issues that are already before the Commission from the 2006 proceeding. It was thought that the Commission would likely rule on the issues in 2006 PCO proceeding at its March 1, 2007 Public Meeting, and that this would allow sufficient time for the findings to be incorporated into the 2007 PCO litigation. A second Prehearing Conference was scheduled for March 9, 2007, to discuss further issues relating to the incorporation of the Commission action on the 2006 PCO proceeding into the 2007 proceeding.

A procedural schedule for the Verizon PA 2007 PCO was agreed to by the parties. Pursuant to this schedule, direct testimony of all parties was to be filed by April 2, 2007, rebuttal testimony of all parties was due on April 23, 2007, and surrebuttal testimony was due on May 2, 2007. Hearings were to be held in Harrisburg, PA on May 4, 2007.

In its Prehearing Memorandum, Verizon PA noted an expectation that the OSBA Complaint filed against Verizon North's 2007 PCO filing, which was virtually identical to its Complaint against the Verizon PA filing, would eventually be made a part of the Verizon PA 2007 PCO proceeding.

On February 8, 2007, the Commission entered an Order with respect to Verizon North's 2007 PCO filing. In its Order, the Commission permitted the rate increases proposed by Verizon North to go into effect as filed, subject to the findings of the ALJ regarding the OSBA and subject to refund and recoupment. In addition, the Commission directed that the presiding ALJ in the Verizon North 2007 PCO proceeding issue a Recommended Decision no later than seven (7) months after the Order entry date, or by September 8, 2007.

After receiving notice that I would be assigned to the Verizon North 2007 PCO proceeding, I inquired of the parties as to their position on consolidation of the Verizon PA and Verizon North P2007 PCO proceedings. I further inquired as to whether the parties could accept the litigation schedule previously established for the Verizon PA proceeding, given that the two PCO proceedings had separate Commission deadlines.

All parties agreed that consolidation of the two proceedings would be appropriate. Furthermore, the parties agreed to be bound by the procedural schedule previously established in the Verizon PA 2007 PCO proceeding.

On February 22, 2007, the parties were provided notice that the Prehearing Conference in the Verizon North 2007 PCO would be held at the same time as the Verizon PA 2007 PCO second Prehearing Conference, on March 9, 2007.

On Public Meeting on March 1, 2007, the Commission did not act on the Verizon PA/Verizon North 2006 PCO proceeding, and there is no Public Meeting scheduled until March 22, 2007. At the Prehearing Conference on March 9, 2007, the parties will be provided the opportunity to discuss the implications of this development.

II. DISCUSSION

Commission regulations at 52 Pa. Code §5.81(a) authorize presiding officers to consolidate proceedings, with or without motion, where there are common questions of law or fact. A further consideration in consolidation is the avoidance of unnecessary costs or delay.

I conclude, based upon an examination of the pleadings in these cases and the statements of the parties, that there clearly are common questions of law and fact. Furthermore, while the procedural posture of these cases is less certain because the Commission has not yet addressed the 2006 PCO issues, it still promotes efficiency and economy to consolidate these proceedings. Delays in resolution of the 2006 PCO issues which are common to the 2007 PCO filings, will affect the parties in both the Verizon PA and Verizon North 2007 proceedings.

These matters can be discussed in the consolidated Prehearing Conference to be held telephonically on March 9, 2007, at 10 a.m.

III. ORDERING PARAGRAPHS

THEREFORE,

IT IS ORDERED:

1. That the Verizon North Inc. 2007 Price Change Opportunity proceeding, at Docket Nos. R-00061914, P-00001854F1000 and R-00061914C0001, is consolidated, for purposes of hearing and decision, with the Verizon Pennsylvania, Inc. 2007 Price Change Opportunity proceeding at Docket Nos. R-00061915 and P-00930715F1000.

2. That a common procedural schedule for these consolidated cases will be discussed at the Prehearing Conference; to be held on Friday, March 9, 2007, at 10 a.m.

Date: March 5, 2007

Kandace F. Melillo
Kandace F. Melillo
Administrative Law Judge