

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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(717) 783-5048
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December 18, 2015

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17105-3265

Re: Verizon Pennsylvania LLC 2016 Price Change Opportunity Filing
Docket No. R-2015-2510231

Office of Small Business Advocate v. Verizon Pennsylvania LLC
Docket No. C-2015-2512860

Verizon North LLC 2016 Price Change Opportunity Filing
Docket No. R-2015-2510233

Office of Small Business Advocate v. Verizon North LLC
Docket No. C-2015-2512883

Dear Secretary Chiavetta:

Enclosed please find the Office of Consumer Advocate's Prehearing Memorandum in the above-referenced proceeding.

Copies have been served as indicated on the enclosed Certificate of Service.

Sincerely,

A handwritten signature in black ink, appearing to read "Barrett C. Sheridan".

Barrett C. Sheridan
Assistant Consumer Advocate
PA Attorney I.D. # 61138

Enclosures

cc: Honorable Joel H. Cheskis, ALJ
Certificate of Service

215139

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Verizon Pennsylvania LLC's	:	R-2015-2510231
2008 Price Change Opportunity Filing	:	
Office of Small Business Advocate	:	
	:	
v.	:	C-2015-2512860
	:	
Verizon Pennsylvania LLC	:	
Verizon North LLC's	:	R-2015-2510233
2008 Price Change Opportunity Filing	:	
Office of Small Business Advocate	:	
	:	
v.	:	C-2015-2512883
	:	
Verizon North LLC	:	

**PREHEARING MEMORANDUM
OF THE
OFFICE OF CONSUMER ADVOCATE**

Pursuant to Section 333 of the Public Utility Code, 66 Pa.C.S. §333, and the Prehearing Order of Administrative Law Judge Joel H. Cheskis dated January 11, 2015, the Pennsylvania Office of Consumer Advocate ("OCA") hereby submits this Prehearing Memorandum:

I. PROCEDURAL HISTORY

On October 22, 2015, Verizon Pennsylvania LLC (Verizon PA) and Verizon North LLC (Verizon North) each filed separately with the Commission a 2016 Price Change Opportunity (PCO) pursuant to the respective Price Stability Mechanisms (PSM) in their Chapter 30 Plans. Per Verizon PA's Chapter 30 Plan, Verizon PA's calculated allowed annual revenue increase is

\$1,422,000. Verizon PA proposes to increase residential basic local service rates by \$0.12 per month and increase business dial tone rates between \$0.65 and \$2.00 per month and business local usage rates between \$0.30 to \$1.35 per month. Verizon North has calculated an allowed annual increase of \$206,000. Verizon North proposes to increase residential basic local service rates by \$0.12 per month and to increase business local dial tone rates by \$0.65 per month and business local usage rates between \$0.25 and \$0.60 per month.

After preliminary review of the materials filed by the Companies in support of their 2016 PCO filings, the Office of Small Business Advocate (OSBA) filed a Formal Complaint in response to each filing on November 10, 2015. In its Formal Complaints, the OSBA averred that the materials filed in support of the PCO filings may be insufficient to justify the rate increases requested, and that the proposed rates, rules, and conditions of services may be unjust, unreasonable, unduly discriminatory, and otherwise contrary to law. OSBA further averred that the filings may violate Section 1301 and 3015(g) of the Public Utility Code. The OSBA has further alleged that the adjustments in the filings are not sufficiently documented and must be thoroughly investigated.

On December 18, 2015, the OCA filed a Notice of Intervention and Public Statement formally entering the proceedings involving OSBA's Formal Complaints. The OCA determined that the OSBA has raised important issues in its Formal Complaints and intervened into the proceeding to protect the interest of the Companies' residential consumers. The OCA has conducted preliminary discovery.

On December 9, 2015, the Commission sent Notice of an Initial Pre-hearing Conference for December 21, 2015 before Administrative Law Judge Joel H. Cheskis. On December 11, 2015, the ALJ issued a Prehearing Conference Order directing the parties, among other things, to

prepare and distribute a prehearing memo. In response to the Prehearing Conference Order, the OCA submits as follows:

II. ISSUES

The OCA has identified the following list of issues:

1. Whether the rates charged by Verizon North and Verizon PA are just and reasonable and in accordance with all applicable laws, including any banked amounts;
2. Whether Verizon PA and Verizon North's PCO filings are consistent with the Companies' Chapter 30 plans as well as applicable precedent;
3. Whether Verizon PA and Verizon North's proposed increases for non-competitive services will result in rates which are just and reasonable and within the Federal Communications Commission's benchmark; and
4. Whether the 2016 PCO filings line count adjustments are reasonable, accurate, and applied consistent with prior Commission orders, including the Commission's March 4, 2015 Reclassification Order.

The OCA reserves the right to address or respond to whatever issues may be raised by other parties in this proceeding. The OCA intends to participate in this investigation. If any additional issues arise as a result of this investigation, the OCA will address them at that time.

III. WITNESSES

The OCA does not anticipate that it will require expert testimony to address the issues raised above. If it is determined that a witness is necessary, the OCA is able to present testimony from Dr. Robert Loube. Dr. Loube's contact information is:

Robert Loube
Vice President

Rolka Loube
10601 Cavalier Drive
Silver Spring, MD 20901

Tel. 301 681-0338
Fax 301 681-0339

bobloube@earthlink.net

Dr. Loube will address the issues articulated above as well as any other issues that may arise throughout this proceeding. In order to expedite the resolution of this proceeding, the OCA requests that copies of all interrogatories, testimony, and answers to interrogatories be served directly upon Dr. Loube, both in electronic and hard copy form, in addition to serving a copy of such documents on counsel for the OCA.

The OCA specifically reserves the right to call additional witnesses, as necessary. As soon as the OCA has determined whether an additional witness or witnesses will be necessary for any portion of its case, all parties of record will be notified.

IV. PROPOSED SCHEDULE

The OCA will cooperate with the ALJ and other parties in establishing a schedule for this proceeding.

V. MISCELLANEOUS

The OCA will be represented in this case by Assistant Consumer Advocate Barrett C. Sheridan. The OCA requests one copy of all documents be served on the OCA as follows:

Barrett C. Sheridan, Assistant Consumer Advocate
Office of Consumer Advocate
555 Walnut Street, Forum Place, 5th Floor
Harrisburg, PA 17101-1923
Telephone: (717) 783-5048
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VI. SETTLEMENT

The OCA is amenable to settlement discussions and will participate in such settlement discussions as may be scheduled or convened by the parties.

Respectfully Submitted,



Barrett C. Sheridan
Assistant Consumer Advocate
PA Attorney I.D. # 61138
E-Mail: BSheridan@paoca.org

Counsel for:
Tanya J. McCloskey
Acting Consumer Advocate

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December 18, 2015
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CERTIFICATE OF SERVICE

Verizon Pennsylvania LLC's	:	R-2015-2510231
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Verizon North LLC's	:	R-2015-2510233
2008 Price Change Opportunity Filing	:	
Office of Small Business Advocate	:	
	:	
v.	:	C-2015-2512883
	:	
Verizon North LLC	:	

I hereby certify that I have this day served a true copy of the foregoing, the Office of Consumer Advocate's Prehearing Memorandum, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code Section 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 18th day of December 2015.

SERVICE BY E-MAIL and INTEROFFICE MAIL

Johnnie Simms, Esq.
Bureau of Investigation & Enforcement
Pa. Public Utility Commission
Commonwealth Keystone Building
400 North Street, P.O. Box 3265
Harrisburg, PA 17105-3265

SERVICE BY E-MAIL and FIRST CLASS MAIL

Suzan D. Paiva, Esq.
Verizon
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Philadelphia, PA 19103

Steven C. Gray, Esq.
Office of Small Business Advocate
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Harrisburg, PA 17101



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