

**PENNSYLVANIA  
PUBLIC UTILITY COMMISSION  
Harrisburg, PA 17120**

Public Meeting held December 18, 2025

Commissioners Present:

Stephen M. DeFrank, Chairman  
Kimberly Barrow, Vice Chair  
Kathryn L. Zerfuss  
John F. Coleman, Jr.  
Ralph V. Yanora

Verizon Pennsylvania LLC  
2026 Price Change Opportunity Filing

R-2025-3058259

Verizon Pennsylvania LLC Amended Alternative  
Regulation and Network Modernization Plan

P-00930715F1000

**ORDER**

**BY THE COMMISSION:**

**I. BACKGROUND**

Before us for disposition is Verizon Pennsylvania LLC's ("Verizon PA" or "Company") annual 2026 Price Change Opportunity (PCO) filing and associated revenue increases. The Company's filing was made under the provisions of Act 183 of 2004, P.L. 1398 (66 Pa.C.S. §§ 3011-3019) (Chapter 30) and pursuant to the Company's Amended Alternative Regulation and Network Modernization Plan (Amended Chapter 30 Plan) that this Commission approved at Docket Nos. P-00930715, P-00930715F1000, and R-00051228.<sup>1</sup>

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<sup>1</sup> *Alternative Regulation Plan of Verizon Pennsylvania Inc.*, Docket Nos. P-00930715, P-00930715F1000 and R-00051228. Modified in compliance with the Commission's Opinion and Order entered June 28, 1994, and in compliance with the Commission's Order entered May 20, 2005, and in compliance with the Commission's Orders entered March 22, 2007, April 25, 2007, and May 27, 2008.

As a result of the passage of Act 183 of 2004, companies that had filed Chapter 30 Plans with the Commission were entitled to amend them with significantly lower inflation offset values within their respective price cap formulas in exchange for a commitment to accelerated broadband deployment. Consequently, inflation offsets previously ranging from 2% to 2.93% in those initial Chapter 30 Plans were reduced to either 0% or 0.5%, depending on each company's Amended Chapter 30 Plan. In Verizon PA's case, the inflation offset was reduced from 2.93% to 0.5%. Accordingly, annual PCO filings have the potential for substantial revenue and rate impacts on end-user consumers.

Under the Company's Price Stability Mechanism (PSM), the PCO calculates the allowable change (increase or decrease) in rates for noncompetitive services based on the annual change in the Gross Domestic Product Price Index (GDP-PI). The PSM also contains special provisions for protected services and addresses revenue neutral adjustments to the rates of noncompetitive services. The PSM set forth in Verizon PA's Amended Chapter 30 Plan is a complete substitution of the rate base/rate-of-return regulation. Noncompetitive services are defined as regulated services or business activities that have not been determined or declared to be competitive. Further, the Company's Amended Chapter 30 Plan acknowledges that nothing in its Plan shall be construed to limit the requirement under 66 Pa.C.S. § 1301 that rates shall be just and reasonable.

## **II. COMPANY'S FILING**

On October 31, 2025, Verizon PA made its annual PCO filing using the change in 2024 and 2025 first quarter GDP-PI of 3.00%. After deducting the inflation offset of 0.5%, this equates to a preliminary 2026 PCO amount of \$1,305,000 based on noncompetitive services revenues of \$52,182,550.

Verizon PA states, consistent with its 2016 - 2025 PCO filings, that the Residential Exchange, Business Exchange and Billing Services revenues included in its

2026 PCO base have been adjusted to reflect this Commission’s Order entered March 4, 2015, *In re Joint Petition of Verizon Pennsylvania LLC and Verizon North LLC for Competitive Classification of All Retail Services in Certain Geographic Areas and for a Waiver of Regulations for Competitive Services* at Docket Nos. P-2014-2446303 and P-2014-2446304 (*Reclassification Order*). The *Reclassification Order*, *inter alia*, granted competitive classification of basic local exchange services in 153 of the 194 wire centers included in the Petition. Verizon PA avers that it was able to isolate the revenues associated with the wire centers affected by the *Reclassification Order* and that the Exchange and Billing revenues included in the PCO base calculation reflect only those from noncompetitive wire centers.<sup>2</sup>

Part 1.A.9 of the Company’s Amended Chapter 30 Plan states as follows:

If historical line counts (defined as the actual line counts from a point in time before the rate changes went into effect) are used to determine the magnitude of the rate changes that implement a Price Change Opportunity, then Verizon [PA] will include in its next [PCO] filing . . . an adjustment to noncompetitive revenue representing the difference between the amount of revenue projected to be collected using historical line counts and the amount of revenue projected to be collected using actual lines . . . on the mid-point of the first year of [PCO] implementation. Any changes to rates resulting from this true-up will be reflected in the next [PCO] filing.

For its 2026 PCO filing, the Company’s true-up adjustment shows a revenue shortfall from its 2025 PCO of \$115,000. When added to the preliminary PCO above, this true-up adjustment increases the 2026 PCO to \$1,420,000.

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<sup>2</sup> Verizon PA indicated that this revenue separation was effectuated through the use of the NPA-NXX numbering codes for the competitively-classified wire centers, the development of appropriate data base queries including “an indicator designating each wire center as competitive or noncompetitive,” and the performance of various data tests. Verizon PA 2016 PCO Filing, Docket No. R-2015-2510231, Executive Summary, October 22, 2015, at 1. *See also* Verizon PA 2023 PCO Filing, Docket No. R-2022-3036476, Executive Summary, November 1, 2022.

In its 2026 PCO filing, Verizon PA proposes to implement \$1,251,300 in actual rate increases. Consistent with the Commission-approved Protective Order entered December 15, 2011, at Docket Nos. P-2011-2275803, P-2011-2270788, P-2011-2275730, and P-2011-2270786, and pursuant to 52 Pa. Code § 5.365, the Company has marked specific information in its filing as proprietary.

Verizon PA proposes to implement its 2026 PCO by increasing rates for its Residential Dial Tone Line and Business Dial Tone Line. The proposed tariff revisions to Tariff Telephone Pa. P.U.C. Nos. 180A, 182, 182A, 185B and 185C were filed to become effective January 1, 2026. Verizon PA notified its customers of the proposed rate changes via bill message in November 2025. The table below shows a summary of the current and proposed rates.

	<u>Old Rate</u> (monthly)	<u>New Rate</u> (monthly)	<u>Increase</u> (monthly)
<b><u>RESIDENTIAL</u></b>			
<u>Dial Tone Line</u>			
All Cells	\$9.83	\$10.08	\$0.25
<b><u>BUSINESS</u></b>			
<u>Dial Tone Line</u>			
Cell 1	\$22.75	\$24.75	\$2.00
Cell 2	\$22.75	\$24.75	\$2.00
Cells 3 & 4	\$25.00	\$27.00	\$2.00

Per the Commission’s Order in Docket Nos. P-00930715 and P-0001854 entered October 11, 2005,<sup>3</sup> Verizon PA requests permission to continue in 2026 to use the ongoing negative value of its 2003 PCO to support its payments to the Pennsylvania Universal Service Fund (Pa. USF).

<sup>3</sup> See *Verizon Pennsylvania Inc. 2005 Price Change Opportunity Filing* and *Verizon North Inc. 2005 Price Change Opportunity Filing*, Docket Nos. P-00930715 and P-00001854 (Order entered October 11, 2005).

On October 31, 2025, the Company served a copy of its PCO Report on the Office of Small Business Advocate (OSBA) and the Office of Consumer Advocate (OCA). No complaints were filed and no hearings were held.

### **III. DISCUSSION**

#### **1. Plan Provisions**

Part 1.A.3-4 of Verizon PA's Approved Amended Chapter 30 Plan states, "On or about November 1<sup>st</sup> of each year, Verizon [PA] shall file with the Commission its proposal to implement any required or authorized Price Change Opportunity . . . Verizon [PA's] tariff rate change proposals . . . will be effective within 60 days of filing, subject to refund investigation and recoupment [.]"

#### **2. Calculations**

The annual Verizon PA PCO submissions under Chapter 30 must conform to its Commission-approved Amended Chapter 30 Plan. Our review of the calculations submitted by Verizon PA indicates that they appear to be procedurally consistent with the terms of the Company's Price Stability Mechanism/Price Change Opportunity formula approved in its Amended Chapter 30 Plan at Docket Nos. P-00930715, P-00930715F1000, and R-00051228.

#### **3. Banked Revenues**

Part 1.E of the Company's Amended Chapter 30 Plan outlines the following banking methodology:<sup>4</sup>

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<sup>4</sup> By Commission Order entered March 22, 2006, at Docket Nos. R-00051228, *et al.* for Verizon PA and Docket No. R-00051227, *et al.* for Verizon North LLC (collectively, Verizon), Verizon adopted the banking provisions approved in the Amended Chapter 30 Plan of The United Telephone Company of Pennsylvania, LLC d/b/a CenturyLink per Commission Order entered June 23, 2005, at Docket No. P-00981410F1000. *See also Verizon Pennsylvania, Inc. 2007 Price Change Opportunity Filing, et al.*, Docket Nos. R-00061915, R-00061915C0001, *et al.*, Recommended Decision served September 18, 2007 (Verizon 2007 PCO Settlement), at 10 and Order approving the Verizon 2007 PCO Settlement entered October 12, 2007.

1. After 2001, annual price decreases calculated under the [PCO] filed may be banked for application in future years, not to exceed four (4) consecutive years.<sup>5</sup> Such banking of decreases will be with interest at a rate set forth in 66 Pa.C.S. § 1308.
2. The banked price changes must be implemented no more than four (4) years after the annual price change is applied.
3. If a decrease is greater than \$500,000, the Company will implement the decrease immediately.

The Company's Amended Chapter 30 Plan also mandates that decreases greater than \$500,000 must be implemented immediately rather than banked.

As noted above, Verizon PA requests permission to continue in 2026 to use the ongoing negative value of its 2003 PCO to support its payments to the PA USF. We shall grant this request.

Verizon PA's 2025 PaUSF assessment of \$6,166,515 exceeds the ongoing negative value of its 2003 PCO (negative \$43,283) by \$6,123,232. Accordingly, there is no 2025 PaUSF Gap. We note that Attachment D to Verizon PA's 2026 PCO filing indicates that Verizon PA "is tracking the positive Gap between the Remaining value of its 2003 PCO after each year's PCO" and that "Verizon reserves the right to propose a use for these amounts in the future." Verizon PA is free to engage in tracking these amounts. However, we do not believe that these amounts can be accorded any ratemaking treatment in the future consistent with the Company's Amended Chapter 30 Plan, prior Orders of the Commission, and Verizon PA's annual contribution assessment obligations to the PaUSF.

As noted above, Verizon PA is proposing \$1,251,300 rate increases and after exhausting PaUSF offset and resulting 2003 PCO balance of \$0, Verizon proposes to bank the remaining \$125,417 for future use.

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<sup>5</sup> For annual price increases, the Company may apply them in future years, without limitation as to time.

<u>USF GAP CARRIED FORWARD FROM 2025 PCO FILING</u>	
2003 PCO Filed Amount	(\$17,718,000)
Access Reductions	\$243,517
Unused 2008 PCO	\$31,400
Unused 2009 PCO	\$10,400
Unused 2010 PCO	\$500
Unused 2011 PCO	\$471,000
Unused 2012 PCO	\$2,489,600
Unused 2013 PCO	\$727,100
Unused 2014 PCO	\$1,100
Unused 2015 PCO	\$769,200
Unused 2016 PCO	\$315,100
Unused 2017 PCO	\$947,000
Unused 2018 PCO	\$322,300
Unused 2019 PCO	\$358,300
Unused 2020 PCO	\$1,393,000
Unused 2021 PCO	\$1,060,000
Unused 2022 PCO	\$137,800
Unused 2023 PCO	\$4,584,683
Unused 2024 PCO	\$3,425,000
Unused 2025 PCO	\$ 43,283
2003 PCO Remaining Value prior to 2026 PCO	(\$43,283)
2025 PaUSF Assessment	\$6,166,515
Difference	\$6,123,232
Portion of 2026 PCO used to offset USF	\$43,283
Remaining Value of 2003 PCO after 2026 PCO	\$0

#### 4. 2008 PCO Settlement Agreement

Consistent with the Commission-approved June 6, 2008, Joint Settlement Agreement which resolved certain issues raised in the Verizon companies' 2008 PCO filings,<sup>6</sup> Verizon PA's 2026 PCO supporting data indicates the Company has consistently

<sup>6</sup> See *Verizon Pennsylvania Inc.'s 2008 Price Change Opportunity Filing*, Docket Nos. P-00930715F1000, C-20078513, P-00001854F1000, and C-20078514 (Order entered September 25, 2008).

rounded inputs to the nearest penny and notes that no ITC Settlement Revenue<sup>7</sup> is included in its noncompetitive revenue calculations. Based on the data provided, we are of the opinion that Verizon PA's 2026 PCO calculations are consistent with the Joint Settlement Agreement approved by the Commission on September 25, 2008.

#### **IV. CONCLUSION**

Our review of Verizon PA's 2026 PCO filing indicates that it is in compliance with the terms of the 2008 PCO Settlement Agreement, the 2026 PCO calculations and the proposed rate increases are procedurally consistent with the terms of the Company's Commission-approved Amended Chapter 30 Plan; **THEREFORE,**

#### **IT IS ORDERED:**

1. That Verizon Pennsylvania LLC's 2026 PCO, filed on October 31, 2025, is accepted as being procedurally consistent with its Commission-approved Amended Chapter 30 Plan.
2. That the tariff revisions submitted by Verizon Pennsylvania LLC implementing the \$1,251,300 annual revenue increase shall be permitted to go into effect as filed.
3. That Verizon Pennsylvania LLC's tariff revisions to Tariff Telephone Pa. P.U.C. Nos. 180A, 182, 182A; 185B; and 185C be permitted to go into effect on January 1, 2026.
4. That a copy of this Order be served on the Office of Consumer Advocate, the Office of Small Business Advocate and the Bureau of Investigation and Enforcement.

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<sup>7</sup> ITC Settlement Revenues are those payments made under agreements among Incumbent Local Exchange Carriers to account for services provided between the companies. In each of their previous PCO filings, the Verizon Companies had included these as part of their noncompetitive revenues. The Settlement Petition contains provisions for phasing these revenues out of future PCO calculations.

5. That the case be marked closed.

**BY THE COMMISSION,**

A handwritten signature in black ink that reads "Matthew L. Homsher". The signature is written in a cursive style with a large initial "M".

Matthew L. Homsher  
Secretary

(SEAL)

ORDER ADOPTED: December 18, 2025

ORDER ENTERED: December 18, 2025