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**VERIZON NEW YORK INC. TARIFF FILING TO INCREASE RATES
REGION-TO-REGION CALLING SERVICES FOR BUSINESS CUSTOMERS**

By the accompanying tariff filing, Verizon New York Inc. (“Verizon”) seeks an increase from 10.5 to 12.5 cents per minute in its rates for Region-to-Region calling service for business customers.¹

The proposed increase is just and reasonable because it will generate much-needed revenues for Verizon, while leaving customers with numerous alternatives, including high-value service bundles offered both by Verizon and its competitors.²

Verizon offers business customers discounted toll calling plans and service bundles that provide alternatives to the standalone toll services that would be affected by this proposed rate increase. The Unlimited Local and Toll Usage Plan for Business,³ for example, offers Individual Message Business and Digital Centrex Plus customers a flat monthly rate for local and toll calling, and also makes two-feature packages available to the customer. Unlimited toll usage is offered under this plan at an incremental charge of \$6.50/month above the charge for unlimited local usage. A business customer that makes only four minutes worth of toll calls per business day would thus pay less for toll service under this plan than it would even under the existing standalone toll rate of 10.5 cents per minute⁴ — and that comparison does not even take account of the added value resulting from the availability of feature packages and unlimited local calling under the plan.

¹ Region-to-Region calling service is provided only in the Metro LATA, and is the functional equivalent of message toll service provided in the upstate LATAs. Since it is a non-basic service, message toll service in the Upstate LATAs was detariffed in 2014. Due to an oversight, the Region-to-Region calling service for Metro LATA was not moved to the Product Guide at that time. Verizon will be making a filing to move Region-to-Region calling to the Product Guide in the near future.

² Indeed, the price change may well encourage customer migration to high-value bundles.

³ Verizon NY Product Guide, Part B, Section 2.

⁴ (4 minutes/day) x (20 business days/month) x (10.5 cents/minute) = \$8.40/month.

Other available plans include Corporate Rewards,⁵ which provides business customers with optional calling plans and various discounts.

Beyond Verizon's offerings, of course, business customers can take advantage of a variety of competitive offerings. Competitive Local Exchange Companies (CLECs) offer bundles of local exchange, local usage, and intraLATA toll usage at attractive rates.⁶ Cable companies and other providers offer VOIP service that are low-priced, flat-rated service packages that include dial-tone service and all-distance usage (frequently including international calling), as well as a variety of calling features.⁷

Wireless calling is being utilized to an increasing extent by business customers. Smaller business customers — particularly small service companies whose owner is frequently out of the office, may rely exclusively on cell phones for their business needs, while other or larger businesses may merely use such phones for a portion of their usage. In either case, whether through “cord-cutting” or usage displacement, cheap all-distance wireless calling is cross-elastic with the wireline toll service at issue here.

⁵ Verizon Product Guide, Part C. Section 1.7.

⁶ *See, e.g.*
<http://att.com>
<http://vonage.com/business/what-we-do/products/essentials/plans>
<http://www.rcn.com/business/solutions/voice>
<http://www.business.comcast.com/phone/index.aspx>

⁷ *See, e.g.*, <http://optimumbusiness.com/business/business-phone>