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February 15, 2013

***VIA* OVERNIGHT DELIVERY**

Ms. Debra A. Howland
Executive Director and Secretary
New Hampshire Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, NH 03301

Re: IR 13-038, Stakeholder Review of New Hampshire's Utility Assessment System

Dear Ms. Howland:

Enclosed please find the Responses of Verizon Enterprise Solutions LLC, Verizon Long Distance LLC, Verizon Select Services Inc., MCI Communications Services Inc. d/b/a Verizon Business Services, MCImetro Access Transmission Services LLC d/b/a Verizon Access Transmission Services, Teleconnect Long Distance Systems and Services Company, and TTI National to the Staff's First Set of Information Requests in the above-mentioned proceeding.

Confidential Attachment Staff-VZ 1-4 contains confidential information of Verizon. Verizon has a good faith basis for seeking confidential treatment of this attachment pursuant to Puc 203.08 and intends to submit a motion for confidential treatment of the attachment at or before the commencement of the hearing in this proceeding. A public, redacted version of this attachment is enclosed herewith, along with 7 copies of the unredacted, confidential document.

Thank you for your attention to this matter.

Very truly yours,

Alexander W. Moore (JMOH-C)

Alexander W. Moore

Enclosure

cc: Service List (electronic delivery)
Office of the Consumer Advocate (electronic delivery)

Verizon Enterprise Solutions LLC, Verizon Long Distance LLC, Verizon Select Services Inc., MCI Communications Services Inc. d/b/a Verizon Business Services, MCImetro Access Transmission Services LLC d/b/a Verizon Access Transmission Services, Teleconnect Long Distance Systems and Services Company, and TTI National, Inc.

IR 13-038 Stakeholder Review of New Hampshire's Utility Assessment System

Respondent: Lisa M. Thorne
Title: Vice President

REQUEST: NH PUC Staff, Set #1

DATED: January 31, 2013

ITEM: Staff 1-1 The current allocation method is based on a utility's revenues as a percent of the total revenues of all New Hampshire utilities.
(a) Do you believe that the allocation method currently specified in statute is fair and reasonable?
(b) Why or why not?
(c) If not, what different method(s) of allocation would you propose and why is that method(s) more fair and reasonable?
(d) What statutory and/or rule changes would be required to utilize the method you propose?

REPLY:

(a) RSA 363-A:2 does not specify whether the "gross utility revenue" to be used in the allocation includes interstate revenue, so the statutory method itself is not unfair or unreasonable. As interpreted to include such revenue, however, the statutory allocation method is not fair or reasonable in practice.

(b) The Public Utilities Commission does not have regulatory authority over interstate services offered by telephone companies. It is not fair or reasonable for a state regulatory agency to assess a tax (or license fee) on services that are beyond its regulatory authority.

(c) The allocation method should use only gross intrastate revenue and exclude interstate revenue of telephone companies. This should apply to other regulated companies

as well, to the extent they provide interstate services that are beyond the Commission's regulatory authority.

(d) No statutory change is necessarily required, but it might be advisable to clarify RSA 363-A: 2 to specify gross utility revenue from intrastate services.

Staff - VZ 1-1

Verizon Enterprise Solutions LLC, Verizon Long Distance LLC, Verizon Select Services Inc., MCI Communications Services Inc. d/b/a Verizon Business Services, MCImetro Access Transmission Services LLC d/b/a Verizon Access Transmission Services, Teleconnect Long Distance Systems and Services Company, and TTI National, Inc.

IR 13-038 Stakeholder Review of New Hampshire's Utility Assessment System

Respondent: Lisa M. Thorne
Title: Vice President

REQUEST: NH PUC Staff, Set #1

DATED: January 31, 2013

ITEM: Staff 1-2 Do you believe that the allocation method currently specified in statute is legal and constitutional?
(a) Why or why not?
(b) If not, what different method(s) of allocation would you propose?
(c) What statutory and/or rule changes would be required to utilize the method(s) you propose?

REPLY: As noted above, RSA 363-A:2 itself does not require that the allocation method include interstate gross utility revenue. As a result, the allocation method specified in the statute is not necessarily unlawful or unconstitutional. As currently applied to include interstate revenues, however, the allocation methodology is unlawful. It may also be constitutionally infirm. With that in mind, it bears noting that the Commission could avoid any constitutional question by using only intrastate revenue in calculating the annual assessments.

(a) The allocation as applied in practice is unlawful because it is not authorized by the state statute and because, at least with respect to telephone service, it imposes on the exclusive federal jurisdiction over interstate services.

(b) See response to Staff-VZ 1-1(c), above.

(c) See response to Staff-VZ 1-1(d), above.

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ITEM: Staff 1-3 Do you believe that entities that are not public utilities under RSA 3 62:2 should be required to fund the Commission's expenses in some way? If so: (a) What non-public utilities should be required to fund the expenses and why?
(b) What amount of the expenses should non-utilities be required to fund?
(c) By what mechanism(s) should the monies be collected?
(d) What is the legal basis for imposing the obligation?
(e) What statutory and/or rule changes would be required to implement your proposals?

REPLY: No.

Verizon Enterprise Solutions LLC, Verizon Long Distance LLC, Verizon Select Services Inc., MCI Communications Services Inc.d/b/a Verizon Business Services, MCImetro Access Transmission Services LLC d/b/aVerizon Access Transmission Services, Teleconnect Long Distance Systems and Services Company, and TTI National, Inc.

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Respondent: Lisa M. Thorne
Title: Vice President

REQUEST: NH PUC Staff, Set #1

DATED: January 31, 2013

ITEM: Staff 1-4 The Commission has historically implemented the calculation of "gross utility revenue" under RSA 363-A:2 to include all of a utility's revenues associated with operations within the State of New Hampshire, whether or not the revenues are derived from an activity that is directly regulated by the Commission. For example, Public Service Company of New Hampshire reports revenue from transmission facilities located in New Hampshire that transmit electricity generated in and/or consumed in New Hampshire, even though the rates, terms of service and safety of transmission facilities are regulated by the Federal Energy Regulatory Commission. Telephone utilities must include revenue from interstate telephone calls that originate, or are placed to a location, in New Hampshire and travel over wires in New Hampshire, even though interstate telephone calls are regulated by the Federal Communications Commission. Please provide:
(a) Your company's total revenues associated with operations within New Hampshire for your fiscal years 2010, 2011, and, as soon as available, 2012. Please also state where this information may be found in publicly available sources other than reports filed with the Commission (e.g., SEC filings, FERC filings, FCC filings, publicly available annual reports, etc.).
(b) Your company's total revenues associated with interstate operations within New Hampshire for your fiscal years 2010, 2011 and 2012, as soon as available. Please also state where this information may be found in publicly available sources (e.g., SEC filings, FERC filings, FCC filings, annual reports, etc.).
(c) Your company's total revenues associated with operations

regulated by the Commission for fiscal years 2010, 2011 and 2012.
(d) Your company's total revenues for fiscal years 2010, 2011 and 2012 associated with operations within the State of New Hampshire that are regulated wholly by a federal agency and upon which the Commission is preempted from taking any regulatory action, including without limitation, an investigation or participation in regional or federal proceedings.
(e) If your answer to subsection (d) is anything greater than $0, please describe the operations upon which you base your answer, and briefly summarize your legal analysis.
(f) Your company's total revenues for fiscal years 2010, 2011 and 2012 collected on behalf of and paid to, another entity. Please describe the related service(s) and amount of revenue related to each service. Are those revenues reflected in gross revenues as reported to the Commission?

REPLY: a. through c.) See Confidential Attachment Staff-VZ 1-4. None of this information is found in publically available sources.

d.) The Verizon companies listed above have no revenue from services in New Hampshire concerning which the Commission would be preempted even from participating in any regional or federal proceeding. Verizon does not believe that such consideration is material to the Commission's inquiry in this proceeding.

e.) Not applicable.

f.) There are no such revenues.

NEW HAMPSHIRE IR 13-038

Data Request Responses: Verizon Enterprise Solutions, LLC; Verizon Long Distance, LLC; Verizon Select Services Inc.

		2010	2011	2012	
4(a) - Total revenues associated with operations within NH					Assessment Report / Annual Report ; "Total" Revenue
VES	BEGIN CONFIDENTIAL [				
VLD					
VSSI					
MCICSI					
MCImetro					
Teleconnect					
TTI				] END CONFIDENTIAL	
4(b) - Total revenues associated with interstate operations within NH					Annual Report, L2 + L7
VES	BEGIN CONFIDENTIAL [				
VLD					
VSSI					
MCICSI					
MCImetro					
Teleconnect					
TTI				] END CONFIDENTIAL	
4(c) - Total revenues associated with operations regulated by NH Commission					Annual Report, L1 + L6
VES	BEGIN CONFIDENTIAL [				
VLD					
VSSI					
MCICSI					
MCImetro					
Teleconnect					
TTI				] END CONFIDENTIAL	

Official Company Names:
VES: Verizon Enterprise Solutions LLC
VLD: Verizon Long Distance LLC
VSSI: Verizon Select Services Inc.
MCICSI: MCI Communications Services, Inc. d/b/a Verizon Business Services
MCImetro: MCImetro Access Transmission Services LLC d/b/a Verizon Access Transmission Services
Teleconnect: Teleconnect Long Distance Systems & Services Company
TTI: TTI National, Inc.

Verizon Enterprise Solutions LLC, Verizon Long Distance LLC, Verizon Select Services Inc., MCI Communications Services Inc. d/b/a Verizon Business Services, MCImetro Access Transmission Services LLC d/b/a Verizon Access Transmission Services, Teleconnect Long Distance Systems and Services Company, and TTI National, Inc.

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ITEM: Staff 1-5 As to any interstate operations of your company within New Hampshire, please state whether such operations rely to any extent on facilities or service providers whose rates, terms of service and/or safety are regulated by the Commission, and if so, identify any and all such facilities and how they relate to such operations.

REPLY: Verizon's interstate operations rely on facilities and/or services of unaffiliated entities. Interstate calls are routinely handed off to a local service provider for termination to its end users, and such call completion functions typically involve one or more of the following facilities: transmission, switching, and common line. Such local service providers are subject to some degree of regulation by the Commission.

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ITEM: Staff 1-6 Please provide any further thoughts that you think may be useful in consideration of the issues raised in Docket no. DM12-276 and Commission Order No. 25,451.

REPLY: At this time, Verizon has no further thoughts on the issues.