

## Response to Questions on the FY 2012 Budget

**Request By:** Supervisor Foust

**Question:** Has the final dismissal order been entered in the Public Service Corporation Litigation?

**Response:** On August 3, 2011, Verizon Virginia, Inc. and Verizon South, Inc. filed motions and notices to withdraw from further prosecution their 2009 and 2010 Applications for Correction of Erroneous Tax Assessment currently pending before the Virginia State Corporation Commission. The Board was notified of this information on August 4, 2011.

On August 23, 2011, the Virginia State Corporation Commission entered the final Orders of Dismissal with Prejudice for the 2009 and 2010 Verizon tax appeals. From a legal standpoint, now that the Commission has granted Verizon's motions and entered the final Orders of Dismissal, these cases are now deemed concluded. Copies of these final orders will be sent to the Department of Tax Administration for its records.

As part of the *FY 2011 Carryover Review*, a Public Service Corporation (PSC) Litigation Reserve was included in the County Executive's proposal to cover for the potential lost revenue and ancillary costs in the Office of the County Attorney. Had Verizon prevailed on all its claims against Fairfax County in these appeals, the revenue loss to the County would have been approximately \$7.8 million dollars, and when combined with an estimated \$225,000 in other related costs such as accrued interest, expert fees, and ancillary litigation costs, the total impact was estimated at \$8,025,000. The PSC reserve was funded by an increase of \$8,025,000 in Business Professional and Occupational Licenses (BPOL) revenue above the amount originally estimated in the FY 2012 Adopted Budget Plan.

As a result of this final action, an amount of \$8.0 million is available and is recommended to be allocated to the reserve for FY 2013 which currently totals \$24.44 million.