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September 16, 1996

Mrs. Blanca S. Bayo
Director, Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399

RE: Docket No. 920260-TL

Dear Mrs. Bayo:

Enclosed are an original and fifteen copies of BellSouth Telecommunications, Inc.'s Rebuttal Testimony of Jerry D. Hendrix and Alphonso J. Varner. Please file these documents in the captioned docket.

A copy of this letter is enclosed. Please mark it to indicate that the original was filed and return the copy to me. Copies have been served on the parties shown on the attached Certificate of Service.

Sincerely,

Nancy B. White
(Handwritten signature)

Nancy B. White

ACK _____

AFA _____ Enclosures

APP _____

CAF _____ cc: All Parties of Record

CMU *Norton* A. M. Lombardo

CTR _____ R. G. Beatty

EAG _____ W. J. Ellenberg

LEG _____

LIN *5+org*

OPC _____

RCH _____

SEC *1*

WAS _____

OTH _____

Hendrix 09802-96

Varner 09805-96

CERTIFICATE OF SERVICE

Docket No. 920260-TL
Docket No. 900960-TL
Docket No. 910163-TL
Docket No. 910727-TL

I HEREBY CERTIFY that a copy of the foregoing has been
furnished by United States Mail this 16th day of September, 1996
to:

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Nancy B. White (no)

SEP 16 1996

1 BELLSOUTH TELECOMMUNICATIONS, INC.
2 REBUTTAL TESTIMONY OF JERRY D. HENDRIX
3 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
4 DOCKET NO. 920260-TL
5 SEPTEMBER 16, 1996
6

7 Q. PLEASE STATE YOUR NAME, EMPLOYER, POSITION AND BUSINESS
8 ADDRESS.

9
10 A. My name is Jerry D. Hendrix. I am employed by BellSouth
11 Telecommunications, Inc. ("BellSouth") as Director - Pricing and Regulatory
12 Interconnection Services Marketing in the Interconnection Customer Business
13 Unit. My business address is 675 West Peachtree Street, Atlanta, Georgia
14 30375.

15
16 Q. ARE YOU THE SAME JERRY D. HENDRIX WHO FILED DIRECT
17 TESTIMONY ON BEHALF OF BELLSOUTH ON JULY 31, 1996?

18
19 A. Yes, I am.

20
21 Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY IN THIS
22 DOCKET?

23
24 A. The purpose of my testimony is to rebut direct testimony filed in this case by:
25 Joseph Gillan on behalf of the Florida Interexchange Carriers Association;

1 Michael Guedel on behalf of AT&T Communications; Don J. Wood on behalf
2 of MCI; Daniel Vanderpool on behalf of Sprint; and Jill Butler on behalf of
3 Florida Cable Telecommunications Association, Inc.

4

5 Q. ON PAGE 4, LINES 15-20 OF JOSEPH GILLAN'S TESTIMONY, MR.
6 GILLAN STATES THAT A REDUCTION IN THE CARRIER COMMON
7 LINE CHARGE (CCLC) IS APPROPRIATE "BECAUSE IT IS THIS
8 ELEMENT THAT IS MOST RESPONSIBLE FOR INTRASTATE RATES
9 EXCEEDING INTERSTATE RATES. THE COMMISSION SHOULD
10 THEN USE A PORTION OF THE DISCRETIONARY, UNSPECIFIED
11 REDUCTION TO ELIMINATE THE RESIDUAL INTERCONNECTION
12 CHARGE OR RIC." DO YOU HAVE ANY COMMENTS?

13

14 A. Yes. BellSouth agrees that the CCLC should be reduced, but BellSouth
15 disagrees that the RIC should be eliminated. In 1994 BellSouth filed its first
16 switched access reduction in compliance with the Stipulation and Agreement.
17 At that time, BellSouth also indicated what the rate levels would be for the
18 next two years and proposed them to the Florida Public Service Commission
19 Staff. The switched access reductions filed in the past two years have been
20 approved by this Commission as filed. BellSouth believes it is appropriate to
21 use the remaining \$40 million in 1996 to reduce the CCLCas we indicated in
22 1994.

23

24 BellSouth is also in agreement that a portion of the \$48 million should be used
25 to further reduce switched access rates. In fact, consistent with Mr. Gillan,

1 BellSouth has filed an additional \$16.4 million switched access reduction of
2 which \$12 million or 75% of the reduction is used to reduce the
3 Interconnection (RIC) rate element.
4

5 However, as usual, the Interexchange Carriers (IXCs) have gone to the extreme
6 in their request for switched access reductions. The IXCs are requesting that
7 \$35 million of the \$48 million be applied to eliminate the RIC. BellSouth
8 believes the IXCs requested switched access reductions are excessive.
9 BellSouth's pending \$48 million reduction provides a benefit to a variety of
10 our customers not just the IXCs. It is BellSouth's position that the reductions
11 targeted in this docket should benefit as many of the ratepayers in Florida as
12 possible. It is not appropriate to target \$35 million or 73% of the rate reduction
13 to one class of customer who has seen tremendous benefits to the tune of \$145
14 million since 1994. BellSouth has attempted to consider many types of
15 customers in its rate reduction proposal, including an additional \$16.4 million
16 in switched access charge reductions for the IXCs.
17

18 Q. MR. GUEDEL ON PAGE 7, MR. GILLAN ON PAGE 18, MR.
19 VANDERPOOL ON PAGE 3 AND MR. WOOD ON PAGE 5 ALL STATE
20 THAT THE RIC HAS NO COST BASIS. DOES BELLSOUTH AGREE
21 THAT THERE IS NO COST BASIS FOR THE INTERCONNECTION RATE
22 ELEMENT?
23

24 A. No. In the Federal Communications Commission's (FCC's) Transport Rate
25 Structure and Pricing, Report and Order, CC Docket No. 91-213, released

1 October 16, 1992, the FCC apparently recognized that the RIC recovers
2 common transport costs and tandem switching costs that are not recovered by
3 the transport and tandem switching rates. The RIC was established because the
4 rate paid by users of tandem switching and transport were intentionally set so
5 low as to not recover the full cost of these elements.

6
7 Q. MR. GILLAN, MR. GUEDEL, MR. WOOD AND MR. VANDERPOOL
8 ALL ARGUE THAT SWITCHED ACCESS CHARGES SHOULD BE
9 REDUCED CLOSER TO COST IN ORDER TO, AS MR. VANDERPOOL
10 STATES ON PAGE 3 OF HIS TESTIMONY, "SEND CORRECT
11 ECONOMIC SIGNALS TO POTENTIAL COMPETITORS". SHOULD THE
12 COMMISSION REQUIRE BELLSOUTH TO REDUCE ITS SWITCHED
13 ACCESS RATES TO "COST-BASED" LEVELS AS ADVOCATED BY
14 THESE WITNESSES?

15
16 A. No. BellSouth should not be required to reduce switched access rates to the
17 "cost-based" levels that are being advocated by these witnesses. BellSouth
18 has already reduced switched access rates by nearly 76% since 1984. In
19 today's value, this amounts to over \$590 million annually.

20
21 In addition, since 1994 alone, BellSouth has reduced switched access rates by
22 more than \$145 million. The Florida Statute requires BellSouth to reduce
23 switched access rates by 5% each year until 1994 interstate parity is reached.
24 With the Stipulated \$40 million reduction, plus the \$16.4 million additional
25 switched access reduction, BellSouth will meet this requirement in 1996. As

1 BellSouth has come to expect, the IXCs are continuing to insist on further
2 reductions; nonetheless, it is inappropriate.

3

4 Q. BEGINNING ON PAGE 8 LINE 25 AND CONTINUING ON PAGE 9,
5 LINES 1-7 OF MIKE GUEDEL'S TESTIMONY, HE STATES THAT "HIGH
6 ACCESS CHARGES CAN DISTORT THE ECONOMICS OF
7 COMPETITIVE LOCAL ENTRY - PERHAPS ENCOURAGING
8 POTENTIAL ENTRANTS TO BUILD FACILITIES WHERE OTHER
9 FORMS OF ENTRY SUCH AS RESALE MAY MAKE BETTER
10 ECONOMIC SENSE. IN EITHER CASE, THE END USER RECEIVES
11 LESS THAN THE DESIRED RESULTS OF COMPETITION". IN
12 ADDITION, MR. GILLAN ON PAGE 9 LINES 22 - 23 STATES "THE
13 FULL UTILIZATION OF THESE NETWORKS IS ARTIFICIALLY
14 RETARDED BY THE HIGH PRICES THAT LOCAL TELEPHONE
15 COMPANIES IMPOSE ON LONG DISTANCE CALLING." MR. WOOD
16 ECHOES ON PAGE 4 OF HIS TESTIMONY THAT "IF ACCESS RATES
17 REMAIN EXCESSIVELY HIGH, RETAIL TOLL PRICES WILL
18 LIKEWISE REMAIN HIGH EVEN IF THE MARKETPLACE FOR RETAIL
19 TOLL SERVICES IS EFFECTIVELY COMPETITIVE." WILL YOU
20 PLEASE COMMENT?

21

22 A. BellSouth has reduced intrastate switched access rates by nearly 76% since
23 1984; however, the majority of consumers in Florida have not directly
24 benefited from these intrastate switched access reductions. In other words, the
25 IXCs have not been reducing long distance rates correspondingly. My analysis

1 shows that on average, there have been increases in the IXC's basic toll rates
2 (MTS) from 1991 to the present. During this same period, switched access
3 rates declined by approximately 57%. See JDH-3.

4
5 In fact, as discussed in a previous North Carolina hearing, BellSouth's level of
6 access charges has had little to do with retail toll prices assessed by IXCs. The
7 North Carolina Utilities Commission acknowledged this fact in their recent
8 Price Regulation Order in Docket No. P-55, Sub 1013 in which the
9 Commission directed the IXCs to flow through switched access reductions to
10 their MTS customers. The Commission stated that:

11 those reductions should be flowed through in a way such
12 that as many of the IXCs' customers as practicably possible
13 would receive some direct benefit therefrom. The
14 Commission believes that the foregoing can best be
15 accomplished by directing the IXCs to flow through these
16 reductions to their basic residential and business
17 subscribers through decreased intrastate basic message
18 telephone service (MTS) rates on a dollar-for-dollar basis.

19
20 AT&T, MCI and Worldcom, Inc. filed a Joint Motion with the North Carolina
21 Utilities Commission requesting the Commission to reconsider and amend the
22 Price Regulation Order to allow IXCs to flow through access charge reductions
23 to all of their switched access customers. The Commission denied the IXCs'
24 request to spread the access charge reduction among many services and
25 reaffirmed the original May 2, 1996 Order in Docket No. P-55, Sub 1013. The

1 North Carolina Commission will even monitor flow through because end users
2 were not seeing total benefit of access reductions.

3

4 Q. WHAT CONCLUSION CAN BE DRAWN ABOUT THE FLOW THROUGH
5 OF SWITCHED ACCESS REDUCTIONS FROM PREVIOUS
6 EXPERIENCES?

7

8 A. Unless the Florida Commission orders the IXC's to flow through the switched
9 access reductions to their basic MTS toll rates, there are no guarantees that
10 reduced switched access rates will result in benefits for the majority of
11 consumers in Florida. As we have seen in the past, if not so ordered, the IXC's
12 will target flow through reductions to their high volume markets and not to the
13 basic MTS ratepayers. Section 364.163 of the Florida Statutes requires that
14 "any telecommunications company whose intrastate switched access rate is
15 reduced ... shall decrease its customer long distance rates by the amount
16 necessary to return the benefits of such reduction to its customers." Even
17 though the Florida Statutes require the IXC's to flow through switched access
18 reductions, there is no guarantee that reduced switched access rates would
19 result in benefits for end users in the form of lower basic toll rates.

20

21 Q. MR. GUEDEL STATES ON PAGE 8 THAT "ACCESS CHARGES IN
22 EXCESS OF INCREMENTAL COST PROVIDE THE INCUMBENT
23 MONOPOLIST WITH THE OPPORTUNITY TO EXACT A
24 CONTRIBUTION...FROM ANY POTENTIAL COMPETITOR THAT
25 WOULD "DARE" TO ATTEMPT TO COMPETE WITH AN

1 INCUMBENT'S RETAIL SERVICES." DO YOU AGREE WITH HIS
2 ASSESSMENT?

3
4 A. No, Mr. Guedel's statement is ludicrous. There is already significant
5 competition in the intraLATA toll market, and the lack of "cost-based" access
6 rates has not prevented competitors from entering the market. This
7 Commission has approved numerous IXC tariffs for services with intraLATA
8 capability, such as AT&T's Software Defined Network, MegaCom, MegaCom
9 800, 800 Readyline, and similar services for MCI and Sprint. These services
10 have made significant inroads into the intraLATA business toll market.

11
12 IXCs are also competing for intraLATA calls through the use of 10XXX, 500,
13 700, 800, and 900 access services. IXCs are using these services effectively to
14 take any lucrative high volume customers from BellSouth. These same IXC
15 competitors are now targeting the small to medium business markets and high
16 volume residential users.

17
18 Furthermore, on February 13, 1995, the Florida Public Service Commission in
19 Docket No. 930330-TP ordered the implementation of intraLATA
20 presubscription by the end of 1997. BellSouth's tariff was approved on May 1,
21 1996 and BellSouth is moving forward to implement 1+ intraLATA
22 presubscription. In fact, the IXCs such as AT&T are actively seeking
23 customers in BellSouth to subscribe to AT&T as their only toll provider.

24
25

1 Finally, BellSouth's competitive intraLATA toll rates must cover the cost that
2 an IXC would incur in providing a similar service. These rates satisfy the
3 requirements of the imputation standard addressed in the Florida Statute which
4 provide competitors an advantage in competing with our retail services.

5

6 Q. MR. GILLAN ON PAGE 11, LINES 1-2 OF HIS TESTIMONY STATES
7 THAT "MOST ELEMENTS OF SWITCHED ACCESS SERVICE--
8 PARTICULARLY TERMINATING ACCESS- ARE INVULNERABLE TO
9 COMPETITIVE PRESSURES." PLEASE EXPLAIN WHY HIS
10 ASSESSMENT IS WRONG.

11

12 A. There are competitive pressures in the switched access market, many of which
13 have been fueled by the FCC. In the past few years, the FCC has issued
14 several orders restructuring local transport and allowing expanded
15 interconnection or collocation for the purpose of reducing regulatory and
16 economic barriers to competitive entry into the access transport services
17 market. This Commission approved BellSouth's restructure of local transport
18 with switched transport zone pricing on January 1, 1996 and collocation on
19 February 6, 1996. Those changes in switched access have encouraged new
20 competitors, i.e. Alternate Access Providers (AAVs), to enter the already
21 competitive access markets.

22

23 AAVs, like IXCs, are targeting high volume customers, densely populated
24 areas, and metropolitan business districts. Because revenues are highly
25 concentrated in these areas, they are ideal areas for AAVs to target with

1 facilities and services to high volume customers and IXCs. As of 1996 there
2 are at least 32 AAVs in numerous locations throughout the state, which have
3 either constructed fiber networks in major cities or have expressed an interest
4 in building networks. AAVs are displacing switched access (both originating
5 and terminating) and special access services. Mr. Gillan's assessment is not
6 well thought through.

7

8 Q. ON PAGE 18 OF MR. GILLAN'S TESTIMONY AND ON PAGE 10 OF
9 MR. GUEDEL'S TESTIMONY, BOTH WITNESSES STATE THAT THE
10 COMMISSION SHOULD NOT APPROVE BELLSOUTH'S ZONE
11 PRICING PROPOSAL WITHOUT COST-JUSTIFICATION. WHY IS
12 BELLSOUTH'S ZONE PRICING PROPOSAL APPROPRIATE AS FILED?

13

14 A. On January 1, 1996, the Zone Pricing for Switched Transport tariff became
15 effective in Florida. This filing was made in compliance with the Florida
16 Public Service Commission Order No. PSC-94-0277-PCO-TL in Docket No.
17 921074-TP. BellSouth has not performed cost studies related to zone pricing
18 of the switched access rate elements. However, there may indeed be cost
19 differences in providing switched access between the urban and rural areas.

20

21 Rather than providing cost based zone pricing reductions, BellSouth has zone
22 priced switched access based on market pressures. This is consistent with the
23 actions taken by BellSouth's competitors in the marketplace. The bottom line
24 is simply that BellSouth chose to price its services to reflect market conditions
25 in the various zones. It makes good business sense to lower BellSouth's

1 switched access rates in its most competitive areas. BellSouth's competitors,
2 however, do not want zone pricing because it makes it more difficult for them
3 to "cream skim"/"cherry pick" BellSouth's most valuable customers.

4

5 Q. MR. GILLAN STATES ON PAGE 18 THAT "BELLSOUTH WILL BE
6 INCREASING, NOT REDUCING, ITS SWITCHED ACCESS
7 PRICES...AFTER THIS PROCEEDING." WHAT IS BELLSOUTH'S
8 RESPONSE TO THIS ALLEGATION?

9

10 A. Mr. Gillan has no basis to conclude that BellSouth will increase switched
11 access rates after this proceeding. I am unaware of any plans to raise switched
12 access rates at this time. Section 364.163 of the Florida Statutes mandates that
13 BellSouth's intrastate switched access rates must be decreased by at least 5%
14 annually until December 31, 1994 interstate parity is reached. In addition,
15 switched access rates in Florida are capped at the rates in effect on July 1, 1995
16 and are to remain capped until January 1, 1999.

17

18 Q. JILL NICKEL BUTLER OF THE FLORIDA CABLE
19 TELECOMMUNICATIONS ASSOCIATION (FCTA) ARGUES THAT "A
20 PORTION OF THE \$48 MILLION IN RATE REDUCTIONS SHOULD BE
21 UTILIZED TO ELIMINATE THE NON-RECURRING CHARGES FOR
22 THE INTERCONNECTION TRUNKS THAT ALTERNATIVE LOCAL
23 EXCHANGE TELECOMMUNICATIONS COMPANIES (ALECS) ORDER
24 FROM BELLSOUTH AND NON-RECURRING CHARGES FOR
25 DEDICATED, SWITCHED CIRCUITS ALECS ORDER OUT OF THE

1 BELL SOUTH ACCESS TARIFF.” DOES BELL SOUTH SUPPORT
2 ELIMINATING THESE NON-RECURRING CHARGES?

3

4 A. No. As stated in my direct testimony, the cost of installing interconnection
5 trunks is appropriately recovered through non-recurring charges. The
6 elimination of non-recurring charges would simply line the pockets of new
7 vendors. End Users most likely would never see any benefit from the
8 elimination of such charges. The nonrecurring charges that BellSouth has
9 proposed to reduce in this docket are those charges that are paid by our end
10 user customers, not competing carriers. Furthermore, this is not the
11 appropriate docket to handle this particular issue.

12

13 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

14

15 A. Yes, it does.

16

17

18

19

20

21

22

23

24

25

**RESIDENCE 3 - MINUTE DAY MTS CALL
COMPARED WITH FLORIDA'S COMPOSITE INTRASTATE SWITCHED ACCESS RATES**

| | 1991 | | | CURRENT INTRALATA CALLS | | | % Change | | | | | |
|--|-----------|-----------|-----------|-------------------------|------------|------------|----------|------|--------|--------|--------|-----|
| | Miles | AT&T | MCI | Sprint | AT&T | MCI | Sprint | AT&T | MCI | Sprint | | |
| 3 - Minute Day MTS Call | | | | | | | | | | | | |
| 0 - 10 | \$0.3700 | \$0.3582 | \$0.3700 | \$0.5400 | \$0.5397 | \$0.5400 | 45.9% | (1) | 50.7% | (1) | 45.9% | (1) |
| 11 - 22 | \$0.5850 | \$0.3423 | \$0.5850 | \$0.6000 | \$0.5997 | \$0.6000 | 2.6% | (1) | 75.2% | (1) | 2.6% | (1) |
| 23 - 55 | \$0.7050 | \$0.6931 | \$0.7050 | \$0.6900 | \$0.6297 | \$0.6900 | -2.1% | | -9.1% | | -2.1% | |
| 56 - 124 | \$0.7195 | \$0.7066 | \$0.7134 | \$0.7500 | \$0.6297 | \$0.7500 | 4.2% | (1) | -10.9% | | 5.1% | (1) |
| 125 - 292 | \$0.7355 | \$0.7224 | \$0.7294 | \$0.7800 | \$0.6297 | \$0.7800 | 6.1% | (1) | -12.8% | | 6.9% | (1) |
| 293 - 430 | \$0.7450 | \$0.7339 | \$0.7387 | \$0.7800 | \$0.6297 | \$0.7800 | 4.7% | (1) | -14.2% | | 5.6% | (1) |
| 431 - 624 | \$0.7645 | \$0.7534 | \$0.7580 | \$0.7800 | \$0.6297 | \$0.7800 | 2.0% | (1) | -16.4% | | 2.9% | (1) |
| | | | | | | | | | | | | |
| | 1991 | | | CURRENT* | | | % Change | | | | | |
| 3 - Minute Switched Access Call | \$0.39660 | \$0.39660 | \$0.39660 | \$0.168960 | \$0.168960 | \$0.168960 | -57.4% | | -57.4% | | -57.4% | |

Legend:

* Current composite switched access rate assumes pending switched access reductions are effective

(1) - Increase

**BUSINESS 3 - MINUTE DAY MTS CALL
 COMPARED WITH FLORIDA'S COMPOSITE INTRASTATE SWITCHED ACCESS RATES**

| | 1991 | | | CURRENT INTRALATA CALLS | | | % Change | | | |
|--|-----------|-----------|-----------|-------------------------|------------|------------|----------|-----------|-----------|--------|
| | Miles | AT&T | MCI | Sprint | AT&T | MCI | Sprint | AT&T | MCI | Sprint |
| 3 - Minute Day MTS Call | | | | | | | | | | |
| 0 - 10 | \$0.3700 | \$0.3582 | \$0.3700 | \$0.3700 | \$0.5397 | \$0.5400 | 0.0% | 50.7% (1) | 45.9% (1) | |
| 11 - 22 | \$0.5850 | \$0.3423 | \$0.5850 | \$0.5800 | \$0.5997 | \$0.6000 | -0.9% | 75.2% (1) | 2.6% (1) | |
| 23 - 55 | \$0.7050 | \$0.6931 | \$0.7050 | \$0.7020 | \$0.6297 | \$0.6900 | -0.4% | -9.1% | -2.1% | |
| 56 - 124 | \$0.7195 | \$0.7066 | \$0.7134 | \$0.7100 | \$0.6297 | \$0.7500 | -1.3% | -10.9% | 5.1% (1) | |
| 125 - 292 | \$0.7355 | \$0.7224 | \$0.7294 | \$0.7200 | \$0.6297 | \$0.7800 | -2.1% | -12.8% | 6.9% (1) | |
| 293 - 430 | \$0.7450 | \$0.7339 | \$0.7387 | \$0.7200 | \$0.6297 | \$0.7800 | -3.4% | -14.2% | 5.6% (1) | |
| 431 - 624 | \$0.7645 | \$0.7534 | \$0.7580 | \$0.7200 | \$0.6297 | \$0.7800 | -5.8% | -16.4% | 2.9% (1) | |
| | 1991 | | | CURRENT* | | | % Change | | | |
| 3 - Minute Switched Access Call | \$0.39660 | \$0.39660 | \$0.39660 | \$0.168960 | \$0.168960 | \$0.168960 | -57.4% | -57.4% | -57.4% | |

Legend:

* Current composite switched access rate assumes pending switched access reductions are effective

(1) - Increase

**RESIDENCE 3 - MINUTE DAY MTS CALL
 COMPARED WITH FLORIDA'S COMPOSITE INTRASTATE SWITCHED ACCESS RATES**

| | 1991 | | | CURRENT INTERLATA CALLS | | | % Change | | | |
|--|-----------|-----------|-----------|-------------------------|------------|------------|-----------|-----------|-----------|--------|
| | Miles | AT&T | MCI | Sprint | AT&T | MCI | Sprint | AT&T | MCI | Sprint |
| 3 - Minute Day MTS Call | | | | | | | | | | |
| 0 - 10 | \$0.3700 | \$0.3582 | \$0.3700 | \$0.6000 | \$0.5997 | \$0.5400 | 62.2% (1) | 67.4% (1) | 45.9% (1) | |
| 11 - 22 | \$0.5850 | \$0.3423 | \$0.5850 | \$0.6600 | \$0.6597 | \$0.6000 | 12.8% (1) | 92.7% (1) | 2.6% (1) | |
| 23 - 55 | \$0.7050 | \$0.6931 | \$0.7050 | \$0.7500 | \$0.7497 | \$0.6900 | 6.4% (1) | 8.2% (1) | -2.1% | |
| 56 - 124 | \$0.7195 | \$0.7066 | \$0.7134 | \$0.8100 | \$0.8097 | \$0.7500 | 12.6% (1) | 14.6% (1) | 5.1% (1) | |
| 125 - 292 | \$0.7355 | \$0.7224 | \$0.7294 | \$0.8400 | \$0.8397 | \$0.7800 | 14.2% (1) | 16.2% (1) | 6.9% (1) | |
| 293 - 430 | \$0.7450 | \$0.7339 | \$0.7387 | \$0.8400 | \$0.8397 | \$0.7800 | 12.8% (1) | 14.4% (1) | 5.6% (1) | |
| 431 - 624 | \$0.7645 | \$0.7534 | \$0.7580 | \$0.8400 | \$0.8397 | \$0.7800 | 9.9% (1) | 11.5% (1) | 2.9% (1) | |
| | 1991 | | | CURRENT* | | | % Change | | | |
| 3 - Minute Switched Access Call | \$0.39660 | \$0.39660 | \$0.39660 | \$0.168960 | \$0.168960 | \$0.168960 | -57.4% | -57.4% | -57.4% | |

Legend:

* Current composite switched access rate assumes pending switched access reductions are effective

(1) - Increase

**BUSINESS 3 - MINUTE DAY MTS CALL
COMPARED WITH FLORIDA'S COMPOSITE INTRASTATE SWITCHED ACCESS RATES**

| | 1991 | | | CURRENT INTERLATA CALLS | | | % Change | | | |
|--|-----------|-----------|-----------|-------------------------|------------|------------|----------|-----------|-----------|--------|
| | Miles | AT&T | MCI | Sprint | AT&T | MCI | Sprint | AT&T | MCI | Sprint |
| 3 - Minute Day MTS Call | | | | | | | | | | |
| 0 - 10 | \$0.3700 | \$0.3582 | \$0.3700 | \$0.4036 | \$0.5997 | \$0.5400 | 9.1% (1) | 67.4% (1) | 45.9% (1) | |
| 11 - 22 | \$0.5850 | \$0.3423 | \$0.5850 | \$0.6328 | \$0.6597 | \$0.6000 | 8.2% (1) | 92.7% (1) | 2.6% (1) | |
| 23 - 55 | \$0.7050 | \$0.6931 | \$0.7050 | \$0.7657 | \$0.7497 | \$0.6900 | 8.6% (1) | 8.2% (1) | -2.1% | |
| 56 - 124 | \$0.7195 | \$0.7066 | \$0.7134 | \$0.7743 | \$0.8097 | \$0.7500 | 7.6% (1) | 14.6% (1) | 5.1% (1) | |
| 125 - 292 | \$0.7355 | \$0.7224 | \$0.7294 | \$0.7853 | \$0.8397 | \$0.7800 | 6.8% (1) | 16.2% (1) | 6.9% (1) | |
| 293 - 430 | \$0.7450 | \$0.7339 | \$0.7387 | \$0.7961 | \$0.8397 | \$0.7800 | 6.9% (1) | 14.4% (1) | 5.6% (1) | |
| 431 - 624 | \$0.7645 | \$0.7534 | \$0.7580 | \$0.7961 | \$0.8397 | \$0.7800 | 4.1% (1) | 11.5% (1) | 2.9% (1) | |
| | 1991 | | | CURRENT* | | | % Change | | | |
| 3 - Minute Switched Access Call | \$0.39660 | \$0.39660 | \$0.39660 | \$0.168960 | \$0.168960 | \$0.168960 | -57.4% | -57.4% | -57.4% | |

Legend:

• Current composite switched access rate assumes pending switched access reductions are effective

(1) - Increase