

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Verizon Florida Inc. to Reform Its)
Intrastate Network Access and Basic Local)
Telecommunications Rates in Accordance with)
Florida Statutes, Section 364.164)
_____)

Docket No. 030867-72

**DIRECT TESTIMONY OF
ORVILLE D. FULP
ON BEHALF OF
VERIZON FLORIDA INC.**

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INTRODUCTION AND WITNESS BACKGROUND

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Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, EMPLOYER AND TITLE.

A. My name is Orville D. Fulp. My business address is 600 Hidden Ridge Drive, Irving, Texas 75038. I am employed by Verizon as Director-Regulatory.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND WORK EXPERIENCE IN THE TELECOMMUNICATIONS INDUSTRY.

A. I have a Bachelor of Arts degree in Economics from the University of California, San Diego, and a Master of Science degree in Economics from the University of Wyoming.

In 1981, I began working at the Illinois Commerce Commission in the Economics and Rates Department as Senior Economist, where I analyzed filings and testified in utility rate proceedings in the areas of pricing, cost of service, and demand analysis. In January of 1984, I transferred to the Policy Analysis and Research Division as Director of the Pricing Program. My responsibilities included developing policy concerning pricing in the telecommunications and energy fields.

In 1985, I joined Contel as Manager-Revenue Requirements/Pricing for the company's eastern region, and was responsible for rate case activity, tariff maintenance, surveillance of regulatory activities, and pricing of local

1 exchange, toll and access services in six states.

2

3 In 1991, I became a Manager-Access Pricing for GTE Telephone
4 Operations, and was responsible for the development of access pricing
5 plans and rates for interstate and intrastate purposes in 40 states. Since
6 that time I have held various positions in GTE and Verizon involving pricing
7 and product management and operations. In December 2001, I assumed
8 my current position of Director -- Regulatory. My current responsibilities
9 include national public policy and pricing matters.

10

11 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE STATE REGULATORY**
12 **COMMISSIONS?**

13 A. Yes, I have testified on national public policy and pricing matters, including
14 several generic access charge dockets and other pricing related dockets
15 over the last 15 years, on behalf of various Verizon telephone companies
16 before state commissions in California, Florida, Illinois, North Carolina,
17 South Carolina, Georgia, Alabama, Maine, Vermont, New Hampshire,
18 Pennsylvania, and Washington.

19

20

II.

21

OVERVIEW OF TESTIMONY

22 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

23 A. The purpose of my testimony is fourfold. First, I provide an overview of the
24 relevant aspects of the legislation that governs Verizon's rate rebalancing
25 plan. Second, I provide a detailed explanation of Verizon's plan. Third, I

1 demonstrate that the plan meets certain criteria in the Act.¹ Fourth, I
2 explain how Verizon will implement its plan.

3

4 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

5 A. Verizon's Access Rebalancing Plan results in the removal of support from
6 basic local services through a \$76.8 million reduction in intrastate switched
7 access revenue with a corresponding increase in basic business and
8 residential local (recurring and non-recurring) rates by the same amount.
9 Verizon's Plan is to be accomplished over a two-year period and is
10 revenue neutral each year and in total. Upon Commission approval of the
11 Plan, Verizon will file tariffs and give 45 days customer notice of the rate
12 changes to take place in the first year of the Plan.

13

14 **Q. WHAT OTHER VERIZON WITNESSES ARE SPONSORING TESTIMONY**
15 **IN THIS PROCEEDINGS?**

16 A. Three other witnesses are sponsoring testimony on behalf of Verizon.
17 Although their testimony speaks for itself, these witnesses and their
18 primary areas of testimony are as follows:

- 19 ▪ Dr. Carl Danner explains how Verizon's Plan meets the first two
20 criteria established by the Access Rebalancing legislation which are
21 (1) to move current support for basic local telecommunications
22 services that adversely impact competition for residential customers
23 and (2) how the Plan enhances the competitive market for basic
24 local services. Dr. Danner also discusses economic principles that

¹ Verizon witness Danner demonstrates that Verizon's rate rebalancing plan meets the remaining criteria that I do not address.

1 demonstrate that Verizon's Plan will have beneficial effects on
2 customers and the Florida economy.

3 ■ Dr. Kenneth Gordon provides an economic and policy analysis of
4 Verizon's Plan and discusses why he believes that the proposed
5 Plan meets the criteria contained in the legislation.

6 ■ Mr. Evan Leo discusses the state of local telephone competition in
7 Verizon's Florida territory including the report he authored entitled
8 *Local Competition in Florida*.

9

10

III.

11

THE LEGISLATION

12

**Q. PLEASE PROVIDE AN OVERVIEW OF THE RELEVANT ASPECTS OF
13 THE RECENTLY ENACTED LEGISLATION THAT AUTHORIZES
14 VERIZON TO PETITION TO REBALANCE ITS INTRASTATE ACCESS
15 AND BASIC LOCAL RATES.**

16

A. On May 23, 2003, Governor Jeb Bush signed into law the Tele-
17 Competition and Infrastructure Enhancement Act (Act).

18

19

The Act provides that the competitive provision of telecommunications
20 service is in the public interest and provides customers with freedom of
21 choice, encourages the introduction of new technologies and services, and
22 encourages investment in our telecommunications infrastructure.²

23

24

To enhance competition and benefit ratepayers, the Act authorizes Verizon

1 to petition the Commission to offset, over a period of two to four years, a
2 reduction in intrastate access revenues with an increase in basic local
3 exchange revenues.³ The reduction in intrastate access revenues,
4 however, cannot be offset entirely against basic monthly recurring
5 revenues – an unspecified amount must be offset against basic non-
6 recurring revenues.⁴

7
8 The offset must be revenue neutral.⁵ Under the Act, the term “revenue
9 neutral” means that the total revenues from price changes to intrastate
10 access services and basic local exchange services must offset one
11 another.⁶

12
13 The Act provides that revenues shall be calculated using the most recent
14 12 months demand units and multiplying that number by the price of the
15 service.⁷

16
17 Lifeline billing units shall not be included in the revenue neutral
18 calculation.⁸ This is because Lifeline customers are not subject to any
19 residential basic local rate increases arising from Verizon’s petition.⁹

² Florida Statutes, Section 364.01 (hereinafter, all statutory references are to the Florida Statutes).

³ Section 364.164.

⁴ Section 364.164(2).

⁵ Section 364.164(2).

⁶ Section 364.164(7).

⁷ Id.

⁸ Id.

⁹ Section 364.10(3)(c).

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Verizon must petition the Commission to receive authorization to rebalance its rates. In evaluating the petition, the Commission shall consider whether granting the petition will:

1. remove current support for basic local telecommunications services that prevents the creation of a more attractive competitive local exchange market for the benefit of residential consumers;
2. induce enhanced market entry;
3. require intrastate switched network access rate reductions to be at parity over a period of not less than two years nor more than four years; and
4. be revenue neutral, as that term is defined in the statute.¹⁰

For purposes of the Act, the term “parity” (as used in subsection three above) means that Verizon’s “intrastate switched network access rate is equal to its interstate switched network access rate in effect on January 1, 2003.”¹¹ The term “intrastate switched network access rate,” as used in the definition of “parity,” means “the composite of the originating and terminating network access rate for carrier common line, local channel/entrance facility, switched common transport, access tandem switching, interconnection charge, signaling, information surcharge, and local switching.”¹² The term “interstate switched network access rate” is not defined in the Act.

¹⁰ Section 364.164(1).
¹¹ Section 364.164(5).
¹² Section 364.164(6).

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When the Commission grants Verizon's petition, the Company can commence the rebalancing process. According to the Act, the revenue neutral rate adjustments shall take place on 45 days' notice and shall be made once in any 12-month period.¹³

Because the revenue neutral rate adjustments must take place once each year and must be made using the most recent 12 months demand units, the actual rate increases made after the first year will have to be updated to account for the difference between the current units in Verizon's proposal and the actual updated units, which will become available only at the end of year one.

IV.

VERIZON'S RATE REBALANCING PLAN

Q. PLEASE PROVIDE A BROAD OVERVIEW OF VERIZON'S RATE REBALANCING PLAN.

A. Verizon will reduce its intrastate access total average revenue per minute (ARPM) composite rate from \$.0485047 to \$.0112453 over two-years.¹⁴ This reduction will bring the Company's intrastate access ARPM composite rate to parity with its interstate access ARPM composite rate as defined by the statute.

¹³ 364.164(2).

¹⁴ See Exhibit ODF-1.

1 By reducing its intrastate access ARPM composite rate to parity, Verizon
2 will reduce its intrastate access revenues by approximately \$76.8 million.¹⁵
3 Verizon will offset this reduction – as prescribed by the Act – by increasing
4 its basic service revenues by approximately the same amount over two-
5 years.¹⁶

6

7 **Q. PLEASE EXPLAIN WHY VERIZON’S RATE REBALANCING PLAN**
8 **EMPLOYS COMPOSITE ACCESS RATES.**

9 A. Verizon’s rate rebalancing plan is based on composite access rates for a
10 number of reasons.

11

12 First, Section 364.264(6) of the Act expressly defines the intrastate
13 switched access rate as a “composite of the originating and terminating
14 network access rate for carrier common line, local channel/entrance
15 facility, switched common transport, access tandem switching,
16 interconnection charge, signaling, information surcharge, and local
17 switching.”¹⁷

18

19 Second, the use of composite rates follows Commission precedent. In
20 1995, the legislature made revisions to Chapter 364, Florida Statutes, that
21 required local exchange companies to reduce their intrastate switched
22 access rates to interstate levels (as of December 31, 1994). To determine

¹⁵ See Exhibit ODF-1.

¹⁶ See Exhibit ODF-2. As this exhibit makes clear, the amounts of the proposed basic local rate increases are slightly less than the amount of the proposed access reductions.

¹⁷ Emphasis added.

1 which carriers were required to reduce their interstate rates, the
2 Commission needed to compare each carrier's intra- and interstate access
3 rates. The Commission used composite rates to make the comparisons:

4 Since switched access rates are composed of
5 multiple elements, we believe that a meaningful
6 comparison can only be made by calculating the
7 current intrastate composite rate per minute and the
8 December 31, 1994 interstate composite rate per
9 minute.¹⁸

10

11 Third, the use of composite rates is the only way to meaningfully compare
12 intra- and interstate access rates because these rates have different rate
13 structures and different demand characteristics.

14

15 The conversion of various rate elements that comprise intra- and interstate
16 access services into composite per-minute amounts is required by statute
17 and is a reasonable means of comparing these rates.

18

19 **Q. YOU STATED PREVIOUSLY THAT VERIZON'S INTRASTATE ACCESS**
20 **ARPM IS \$.0485047. HOW DID YOU CALCULATE THIS AMOUNT?**

¹⁸ In re Switched Access Charges, Docket No. 960910-TP; Order No. PSC-96-1265-FOF-TP (October 8, 1996). The Commission re-affirmed the use of composite rates to calculate reductions in later orders: "By Order No. PSC-96-1265-FOF-TP, issued October 8, 1996, we ordered a composite approach to calculating a LEC's intrastate and interstate rates, because switched access comprises several rate elements. In order to maintain consistency for year-to-year comparison purposes, we find it appropriate to order the LECs to use the same methodology required in 1996 and 1997 to calculate the 1998 reductions." In Re: Flow-Through Of 1998 LEC Switched Access Reductions By IXCS, Pursuant To Section 364.163(6), F. S., Docket No. 980459-TP; Order No. PSC-98-0795-FOF-TP (June 8, 1998).

1 A. I summed the intrastate access revenues for the 12 months ending
2 May 31, 2003 for each of the intrastate access rate elements. I then
3 divided the total intrastate access revenues by the total end office
4 switching minutes of use (MOU) for the same time period. This calculation
5 results in the intrastate access ARPM of \$.0485047.¹⁹

6

7 **Q. YOU STATED PREVIOUSLY THAT VERIZON'S INTERSTATE ACCESS**
8 **ARPM IS \$.0112453. HOW DID YOU CALCULATE THIS AMOUNT?**

9 A. The process that I used to calculate the interstate ARPM is similar to (but
10 slightly more complicated than) the process that I used to calculate the
11 intrastate access ARPM.

12

13 First, I calculated the traffic sensitive (TS) portion of the interstate access
14 ARPM, by summing the total TS interstate access revenues for the 12
15 months ending May 31, 2003. I then divided the TS interstate access
16 revenues by the total interstate end office switching MOU for the same
17 time period. This calculation produced a TS interstate ARPM of
18 \$.0055187.

19

20 Next, I calculated the non-traffic sensitive (NTS) portion of the interstate
21 access ARPM. I multiplied the interstate presubscribed interexchange
22 carrier charge (PICC) rates in effect on January 1, 2003 by the intrastate
23 demand (which is the same as the interstate demand for multiline
24 business, ISDN-PRI, and Centrex access lines) for the 12 months ending

¹⁹ See Exhibit ODF-1.

1 May 31, 2003. I then divided the total interstate PICC revenues by the
2 intrastate end office switching MOU for the same time period to develop an
3 Intrastate PICC equivalent ARPM.²⁰ This calculation produced a NTS
4 interstate ARPM of \$.0057265.

5

6 Finally, I added the TS interstate ARPM and the NTS interstate ARPM.
7 This produced a composite interstate access ARPM of \$.0112453.²¹

8

9 **Q. WHY DOES VERIZON'S INTERSTATE ACCESS ARPM INCLUDE THE**
10 **PICC REVENUES?**

11 A. Interstate access rates contain both traffic sensitive and non-traffic
12 sensitive charges. The PICC is the non-traffic sensitive charge²² and the
13 revenues derived from this rate element are therefore appropriately
14 included in the interstate access ARPM.

15

16 Moreover, including the PICC in Verizon's interstate access rate is
17 consistent with the Act. As stated above, the Act defines the term
18 "intrastate switched network access rate" to include common line charges,
19 but does not define the term "interstate switched network access rate."²³

²⁰ Because the PICC is applied to intrastate rate elements (i.e., multiline business, ISDN-PRI, and centrex access lines), it is appropriate to use intrastate demand (i.e., access lines and end office switching MOU) when calculating the PICC equivalent ARPM.

²¹ See Exhibit ODF-1.

²² The PICC is an interstate access rate that was developed to shift NTS costs out of TS access rate elements to end users on a per line basis. Like other access charge rate elements, the PICC is charged to interexchange carriers (IXCs) with the expectation that they will recover this cost from their end users.

²³ Section 364.164(6).

1 The PICC is a federal common line charge.²⁴ Because the Act includes
2 common line charges in Verizon's intrastate access rate, the analogous
3 PICC federal common line charge must be included in Verizon's
4 calculation of the interstate ARPM for a consistent comparison.

5

6 **Q. YOU STATED PREVIOUSLY THAT VERIZON WOULD HAVE TO**
7 **REDUCE ITS INTRASTATE ACCESS REVENUES BY**
8 **APPROXIMATELY \$76.8 MILLION TO REDUCE ITS INTRASTATE**
9 **ACCESS RATE TO PARITY. PLEASE EXPLAIN HOW YOU**
10 **CALCULATED THIS AMOUNT.**

11 A. As explained above, I calculated intrastate and interstate ARPMs of
12 \$.0485047 and \$.0112453, respectively, using rates in effect on January 1,
13 2003 and units for the 12 months ending May 31, 2003. I then subtracted
14 the interstate ARPM from the intrastate ARPM, and multiplied the
15 difference (\$.0372594) by the intrastate demand (**REDACTED**
16 MOUs). This produced a required access revenue reduction of
17 \$76,819,250.²⁵

18

19 **Q. PLEASE DESCRIBE THE RATE ELEMENTS THE COMPANY WILL**
20 **ADJUST TO EFFECTUATE THE \$76.8 MILLION REDUCTION.**

21 A. Verizon will make four principal intrastate access rate adjustments to
22 achieve the necessary revenue reduction. Specifically, it will: (1) eliminate
23 the interconnection charge the first year; (2) eliminate the information

²⁴ See Footnote 22.

²⁵ See Exhibit ODF-1.

1 surcharge in the first year; (3) decrease the originating carrier common line
2 charge (CCL) from \$.0159409 to \$.0109461 in the first year, and eliminate
3 the originating CCL in the second year; and (4) decrease the terminating
4 CCL from \$.0246950 to \$.0023635 in the second year. These access rate
5 reductions will result in revenue reductions of \$40 million the first year and
6 \$36.8 million the second year.²⁶

7

8 **Q. WHY DID VERIZON CHOOSE TO REDUCE OR ELIMINATE THE**
9 **INTERCONNECTION CHARGE, THE INFORMATION SURCHARGE,**
10 **AND THE CCL CHARGE?**

11 A. The interconnection charge was established to recover non-traffic sensitive
12 costs previously recovered from transport rates. This permitted separate
13 rates to be set for dedicated and common transport, while shifting recovery
14 of support previously included in transport rates to the interconnection
15 rates. The interconnection charge has been eliminated at the federal level
16 and it is appropriate to take this opportunity to do the same at the state
17 level.

18

19 The information surcharge was initially established by the FCC in response
20 to concerns about the rules for recovering the costs of interstate directory
21 assistance. The FCC's access charge rules permitted local exchange
22 carriers (LECs) to recover the interstate portion of their directory
23 assistance costs through an "information" rate element. This element was
24 assessed on a per-call basis to all interexchange carriers (IXCs) requesting

²⁶ See Exhibit ODF-1.

1 access to directory assistance boards through IXC directory assistance
2 trunks. Although the FCC stated that information costs are non-traffic
3 sensitive and that collecting these costs over traffic-sensitive rate elements
4 would depart from cost-causation (and thus constitute another form of
5 support collected through access charges), it allowed ILECs to establish
6 this per-minute-of-use charge on an interim basis. Verizon eliminated this
7 charge at the federal level as of September 1999 and it is now appropriate
8 to do the same at the state level.

9
10 The CCL charge is another method that has been used to obtain support
11 from access charges. Verizon previously eliminated the CCL charge on
12 originating traffic at the federal level, and it is now appropriate to reduce
13 this charge in the first year and eliminate the originating CCL in the second
14 year at the state level. After taking into account the reductions to the other
15 rate elements described above, reducing the terminating CCL rate in the
16 second year from \$.0246950 to \$.0023635 brings Verizon to parity.

17
18 **Q. PLEASE DESCRIBE THE BASIC LOCAL RATES THAT WILL BE**
19 **ADJUSTED TO ENSURE THAT THE REBALANCING PROCESS IS**
20 **REVENUE NEUTRAL.**

21 **A.** As discussed above, to achieve revenue neutrality, Verizon will have to
22 increase its basic local service revenues by approximately \$76.8 million to
23 offset the decreases in its intrastate access revenues. The Company will
24 accomplish this offset by increasing basic local residential revenues by
25 approximately \$71.4 million and basic local business revenues by

1 approximately \$5.4 million over two years.²⁷

2

3 On the consumer side, Verizon will raise the basic monthly recurring
4 charges in each of its five rate groups by \$4.61.²⁸ These increases will
5 take place over two years in increments of \$2.25 the first year and \$2.36
6 the second year. Verizon will also raise the residence non-recurring
7 network establishment charge from \$20.00 to \$25.00, and the non-
8 recurring central office connection charge from \$35.00 to \$40.00. Both of
9 these increases will take place in the first year.

10

11 On the business side, Verizon will raise the basic monthly recurring
12 charges in each of its five rate groups to \$32.00.²⁹ The rate increase up to
13 \$32.00 in Rate Group 5 (the most dense rate group) will take place in the
14 first year, while the rate increases in the other four rate groups will take
15 place over two years. Verizon will also raise the business non-recurring
16 network access establishment charge from \$33.90 to \$34.00.

17

18 **Q. WHY IS VERIZON INCREASING ITS BASIC LOCAL RESIDENTIAL**
19 **RATES BY A UNIFORM AMOUNT AND ITS BASIC LOCAL BUSINESS**
20 **RATES BY DIFFERING AMOUNTS?**

21 A. Verizon's objective is to comply with the statute and remove support
22 flowing from access rates to basic local rates. The Company will do this by

²⁷ See Exhibit ODF-2 for a summary of the present and proposed rates.

²⁸ Residential rates currently range from \$10.12 in Rate Group 1 (the least dense rate group) to \$12.10 in Rate Group 5 (the most dense rate group).

²⁹ Single-line business rates currently range from \$24.47 in Rate Group 1 (the least dense rate group) to \$30.35 in Rate Group 5 (the most dense rate group).

1 increasing basic local rates that are not covering (or barely covering) their
2 incremental costs, and thus making little or no contribution to common
3 overhead costs.

4
5 Verizon is increasing all basic local residential rates by a uniform amount
6 due to the legislative constraint that prohibits residential Lifeline rate
7 increases during the rebalancing period. Today, Lifeline customers
8 receive a monthly credit for the Subscriber Line Charge (SLC) of \$6.50 and
9 other Lifeline credits totaling \$7.00, for a total Lifeline credit of \$13.50.
10 This is a uniform credit across all rate groups. If Verizon were to increase
11 residential rates by differing amounts (as we are proposing to do for the
12 business rates), different Lifeline credits would have to be established for
13 each rate group. Establishing different Lifeline credits for each rate group
14 would require Verizon to make complex and costly changes to its billing
15 system. Verizon has determined that it does not make economic sense to
16 undertake these changes, especially given that a uniform increase in
17 residential local rates for the two years of the rebalancing plan moves all
18 rates toward their underlying costs.³⁰

19
20 Verizon's plan to move all basic local business rates to \$32.00 will also
21 move prices towards their appropriate cost, including some contribution to

³⁰ Additionally, Verizon is establishing Transitional Lifeline credits, in addition to the existing 30% discount, that will ensure that no transitional lifeline customers will realize a rate increase in their basic residential rate. Transition Lifeline Assistance is a state program that provides discounts to the basic local residential rates, for a period of 12 months, for customers who no longer qualify for the traditional Lifeline Assistance Program.

1 overhead, thereby promoting more economically rational pricing. Verizon's
2 business pricing product managers chose to establish a uniform rate
3 across all business rate groups to: (1) create a uniform price, which they
4 believe will respond to the desire for simplicity in the Florida marketplace;
5 (2) provide some additional contribution from these services; and (3) to
6 help limit price increases on other services in this process. As Dr. Danner
7 explains, Verizon is at competitive risk for these pricing adjustments, and
8 deserves deference for its business decisions in how to price these
9 services in a competitive environment.³¹

10

11 **Q. THE ACT PERMITS VERIZON TO PETITION TO REBALANCE RATES**
12 **OVER TWO TO FOUR YEARS. WHY DID VERIZON CHOOSE TO**
13 **REBALANCE RATES OVER TWO YEARS?**

14 A. Verizon chose to rebalance rates over two years to bring the benefits of
15 rate rebalancing to ratepayers in the shortest period allowed by the Act.
16 As long as residential basic local rates remain substantially below their
17 costs, competing carriers will be reluctant to enter the residential market.
18 Bringing rates more in line with costs will provide the incentive for
19 companies to enter the market, thereby providing customers with freedom
20 of choice, encouraging the introduction of new technologies and services,
21 and encouraging investment in our telecommunications infrastructure.

22

23 **Q. ARE THE INTRASTATE ACCESS AND BASIC LOCAL RATE**
24 **ADJUSTMENTS, WHICH VERIZON PROPOSES TO MAKE IN THE**

³¹ Danner Direct Testimony, Footnote No. 4.

1 **SECOND YEAR, ESTIMATES THAT MAY HAVE TO UPDATED?**

2 A. Yes. As stated above, given that the revenue neutral rate adjustments
3 must take place once each year and must be made using the most recent
4 12 months demand units, the actual rate increases made in the second
5 year will have to be adjusted to account for the difference between the
6 current units in Verizon's plan and the actual units, which become
7 available only at the end of year one.

8

9 **Q. HAS VERIZON DEVELOPED ILLUSTRATIVE TARIFFS FOR THE**
10 **PROPOSED ADJUSTMENTS TO ITS INTRASTATE ACCESS AND**
11 **BASIC LOCAL RATES?**

12 A. Yes. These illustrative tariffs are attached hereto as Exhibit 4.

13

14

V.

15

VERIZON'S RATE REBLANCING PLAN

16

SHOULD BE APPROVED BECAUSE

17

IT MEETS THE CRITERIA IN THE ACT

18

A. The Rate Rebalancing Plan Removes Current Support For Basic
19 **Local Telecommunications Services.**

20

Q. DOES VERIZON'S PLAN REMOVE CURRENT SUPPORT FLOWING
21 **FROM ITS ACCESS RATES TO ITS BASIC LOCAL**
22 **TELECOMMUNICATIONS SERVICES?**

23

A. Yes. Verizon's basic local residential telecommunications services receive
24 **support, and Verizon's plan removes this support by increasing the rates of**
25 **these services.**

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Q. WHAT METHODOLOGY DID VERIZON EMPLOY TO DEMONSTRATE THAT ITS BASIC LOCAL TELECOMMUNICATIONS SERVICES RECEIVE SUPPORT?

A. Verizon used the unbundled network element (UNE) rates established by this Commission in Order No. PSC-02-1574-FOF-TP, issued November 15, 2002 (November 15 Order), to develop composite UNE rates that conservatively estimate the total service long-run incremental costs (TSLRICs) of basic local services. Verizon then compared those composite UNE rates to the rates of basic local residential and business services to demonstrate the level of support received.³²

Q. WHY DID VERIZON USE THE UNE RATES ESTABLISHED IN THE NOVEMBER 15 ORDER AS A SURROGATE FOR TOTAL ELEMENT LONG-RUN INCREMENTAL COSTS (TELRICS)?

A. Verizon relied on the Commission-approved UNE rates for three reasons. First, the Commission has already approved these rates, and so it will not have to entertain any controversy about their level in this proceeding. The Commission only has 90 days to issue an order, and these rates will let the Commission meet the terms of the statute. Of course, Verizon has appealed these rates and costs to the Florida Supreme Court because

³² See Exhibit ODF-3.

1 they understate Verizon's cost to render service.³³ Verizon's appeal
2 demonstrates that these rates are conservative and set a value that is
3 below the true cost of residential basic service. Otherwise stated, the
4 subsidy flows to local services are actually higher when the correct costs
5 are used. However, using these rates more than satisfies the statutory
6 requirement that support to local rates be removed to enhance market
7 entry.

8
9 Second, the composite UNE rates are a conservative estimate of the cost
10 of provisioning basic local residential services because they do not reflect
11 true TSLRICs. They exclude retailing costs (e.g. marketing and
12 advertising) and retail directory listings costs that Verizon actually incurs to
13 provision these services, thus understating the estimated TSLRIC. They
14 also reflect other TELRIC assumptions with which Verizon disagrees.

15
16 Third, the composite UNE rates do not include features.

17
18 Fourth, the Commission approved UNE rates are readily available. It
19 would be less resource intensive for the Commission and the parties to
20 analyze these rates, which have already been subject to considerable
21 scrutiny, than it would be to develop and analyze a new cost study.

22

³³ Verizon has filed an appeal with the Florida Supreme Court challenging the rates established in the November 15 Order. That appeal is pending. Verizon's use of these artificially low rates, solely for purposes of demonstrating that its basic residential services receive support, does not waive any claims in Verizon's pending appeal.

1 Q. DO THE COMMISSION ORDERED UNE RATES PROVIDE SOME
2 MARKUP FOR JOINT AND COMMON COST?

3 A. Yes, the Commission used a common cost allocator of 12.1156 percent.
4

5 Q. WHY DID VERIZON LOOK AT THE COMMISSION ORDERED UNE
6 RATES AT A RATE GROUP LEVEL VERSUS AN EXCHANGE LEVEL?

7 A. It was proper to estimate the cost at the rate group level because the rate
8 rebalancing plan establishes prices at that level. It would be inappropriate
9 for Verizon to use estimated costs at the exchange level or the total
10 company level, because current and proposed rates in the rate
11 rebalancing plan do not set prices at those levels. Moreover, establishing
12 prices at the exchange level would cause ratepayers in the higher-cost
13 exchanges to pay higher basic local rates than those established in the
14 rate rebalancing plan. For example a customer in Indian Lake, a zone 3
15 exchange would experience rates in excess of the conservative \$35.75
16 estimated UNE-P rate if an exchange level basis was utilized for pricing
17 purposes.³⁴
18

19 Q. PLEASE DESCRIBE THE PROCESS YOU USED TO DEVELOP THE
20 COMPOSITE UNE RATE.

21 A. I first identified the specific ordered UNEs that would be used to provide
22 basic local residential or business service. These UNEs include the loop,

³⁴ Based on Verizon's filed UNE cost in docket number 990649B-TP, Indian Lake is 75% higher than the average Zone 3 cost. Therefore Indian Lake's exchange level estimated UNP-P cost would be \$62.56 (UNE-P based on ordered rates: \$35.75 x 1.75).

1 port, switching and transport. Next, given that the UNE loop rate is
 2 deaveraged into three zones in Florida, I mapped the deaveraged loop rate
 3 for each exchange to its appropriate rate group. This allowed me to
 4 develop a composite UNE rate for each rate group. I then compared the
 5 current local exchange rates for residence and business services,
 6 including the subscriber line charge of \$6.50, with the composite UNE rate
 7 for each rate group. The estimated amount of support is the difference
 8 between the current basic rates and the UNE composite rate for each rate
 9 group. For example, the basic residential rate in Rate Group 5 (the most
 10 dense rate group), including the \$6.50 SLC, is \$18.60. The composite
 11 UNE rate for this rate group is \$23.90. Therefore, based on this
 12 conservative analysis, the estimated support provided to the basic
 13 residential customer in Rate Group 5 is \$5.30, or 22.18%.³⁵

14
 15 The following table shows the business and residence contribution
 16 analysis by rate group:

17

18 **CURRENT ESTIMATED SUPPORT**

19 **RESIDENCE**

20	Annualized	Present	Present Rate	Ordered	Estimated
21 <u>Service Description</u>	<u>Units</u>	<u>Rate</u>	<u>w/EUCL</u>	<u>UNE-P*</u>	<u>Support</u>
22 Basic Local Exchange Service					
23 Flat Rate – 1 Party Service/Business					
24 Rate Group 1	REDACTED	\$10.12	\$16.62	\$35.75	-53.51%
25 Rate Group 2	REDACTED	\$10.95	\$17.45		
26 Rate Group 3	REDACTED	\$11.33	17.83	\$31.27	-42.98%

³⁵ See Exhibit ODF-3.

1	Rate Group 4	REDACTED	\$11.70	\$18.20	\$28.72	-36.63%
2	Rate Group 5	REDACTED	\$12.10	\$18.60	\$23.90	-22.18%

3

4 **CURRENT ESTIMATED SUPPORT**

5 **BUSINESS**

6

7 Annualized Present Present Ordered Estimated

8 Service Description Units Rate Rate w/EUCL UNE-P* Support

9 Basic Local Exchange Service

10 Flat Rate – 1 Party Service/Business

11 Rate Group 1 REDACTED \$24.47 \$30.97 \$35.75 -13.37%

12 Rate Group 2 REDACTED \$26.82 \$33.32

13 Rate Group 3 REDACTED \$28.05 \$34.55 \$31.27 10.49%

14 Rate Group 4 REDACTED \$28.85 \$35.35 \$28.72 23.08%

15 Rate Group 5 REDACTED \$30.35 \$36.85 \$23.90 54.18%

16

17 **Q. HOW DID YOU DETERMINE WHAT ELEMENTS TO INCLUDE IN THE**
 18 **COMPOSITE RATE, AND WHAT ASSUMPTIONS DID YOU MAKE**
 19 **REGARDING SWITCHING AND TRANSPORT USAGE?**

20 A. I used the network elements that are typically used to provide basic local
 21 residential and business telephone service. These elements are the loop,
 22 port, switching and transport. The loop and port elements are priced on a
 23 flat rate basis, and switching and transport are priced on a minute-of-use
 24 basis. I determined, based on typical usage patterns, that 2,376 switching
 25 minutes and 618 transport minutes are typically used to provision basic
 26 local service in Florida.

27

28 **Q. WHAT ARE THE RESULTS OF YOUR COMPOSITE UNE ANALYSIS**
 29 **AND WHAT CONCLUSIONS DO YOU REACH?**

1 A. Basic local residential rates are subsidized and receive substantial
2 support. In all five basic residential rate groups, the current rates are
3 below the ordered UNE rates. The estimated shortfall ranges from
4 ****REDACTED**** in Rate Group 1 to ****REDACTED**** in Rate Group 5. The
5 two-year rebalancing effort will make significant progress in eliminating
6 support in residential rates, but a level of subsidy will remain in all
7 exchanges even after residential rates are rebalanced.³⁶

8
9 With regard to business rates, there is currently a subsidy being provided
10 to rates in Rate Group 1 (the least dense rate group) only. Rates
11 (including the SLC) in Rate Groups 2 through 5 exceed their comparable
12 composite UNE rates.³⁷ Even using the conservative composite UNE rates,
13 this analysis confirms that basic local residential rates receive significant
14 support from switched access rates, and the more competitive business
15 services cover their composite UNE rates (albeit with small contributions to
16 covering Verizon's common costs) in all but the least dense rate group.

17
18 **B. The Rate Rebalancing Plan Requires Intrastate Switched Network**
19 **Access Rate Reductions To Parity Over A Period Of Not Less Than**
20 **Two Years.**

21 **Q. DOES VERIZON'S RATE REBALANCING PLAN REQUIRE**
22 **INTRASTATE SWITCHED NETWORK ACCESS RATE REDUCTIONS**
23 **TO PARITY OVER A PERIOD OF NOT LESS THAN TWO YEARS NOR**

³⁶ See Exhibit ODF-3.

³⁷ See Exhibit ODF-3.

1 **MORE THAN FOUR YEARS?**

2 A. Yes. As explained above, Verizon will reduce its intrastate access
3 composite rate from \$.0485047 to \$.0112453 over two-years. As required
4 by the statute, this reduction will bring the Company's intrastate access
5 composite rate to parity with its interstate access composite rate in effect
6 on January 1, 2003.

7

8 C. The Rate Rebalancing Plan Is Revenue Neutral, As That Term Is
9 Defined In The Act.

10 Q. **IS VERIZON'S RATE REBALANCING PLAN REVENUE NEUTRAL?**

11 A. Yes. As explained above, the plan calls for Verizon to reduce its intrastate
12 access ARPM composite rate to parity, which will require the Company to
13 reduce its intrastate access revenues by approximately \$76.8 million. It
14 further calls for the Company to offset this amount by increasing basic
15 local residential revenues by approximately \$71.4 million and basic local
16 business revenues by approximately \$5.4 million.

17

18

VI.

19

IMPLEMENTATION OF THE

20

RATE REBALANCING PLAN

21 Q. **HOW WILL THE COMPANY IMPLEMENT EACH YEAR'S PRICING**
22 **ADJUSTMENTS?**

23 A. First, consistent with the statute and prior to any price adjustment, Verizon
24 will immediately create a revenue category mechanism that includes basic
25 local telecommunications service revenues and intrastate switched

1 network access revenues.³⁸ This revenue category mechanism will allow
2 the Commission to verify that Verizon's pricing adjustments are revenue
3 neutral. Second, and also consistent with the statute, no later than 45
4 days in advance of the year-one price adjustment, Verizon will ensure that
5 all affected basic local service customers are notified of the date and
6 amount of the pending pricing adjustments. In addition to customer notice,
7 no later than 45 days in advance of the desired effective date for its year
8 one-pricing adjustments, Verizon will make a formal tariff filing with the
9 Commission that mirrors the attached illustrative tariff.³⁹ No sooner than 12
10 months following the effective date of Verizon's year-one price
11 adjustments, this tariff filing process will be followed again to implement the
12 remaining year-two pricing adjustments.

13
14 **Q. YOU STATED PREVIOUSLY THAT VERIZON'S YEAR-ONE TARIFF**
15 **FILING WILL MIRROR THE ATTACHED ILLUSTRATIVE TARIFF. WILL**
16 **VERIZON'S YEAR-TWO TARIFF FILING PRECISELY MIRROR THE**
17 **ILLUSTRATIVE TARIFF?**

18 **A.** No. Verizon's formal year-two tariff filing will not precisely mirror the
19 attached illustrative tariff because the statute requires the Company to
20 base its filing on its most recent 12-months pricing units. Therefore, for its
21 formal tariff filing in year-two, Verizon will update its proposed rates using

³⁸ A "revenue category mechanism" is simply the establishment of a revenue category that includes basic local residential and business rates and intrastate switched access rates for the sole purpose of ensuring that all rate changes, when multiplied by current units, produce revenue changes that are, in total, revenue neutral, in accordance with Section 364.164(2) of the statute.

³⁹ See Fulp Exhibit ODF-4

1 the most recent 12 months units.

2

3 **Q. WHAT ACTION IS THE COMMISSION REQUIRED TO TAKE UPON**
4 **RECEIVING THE FORMAL TARIFF FILINGS YOU DESCRIBED**
5 **ABOVE?**

6 A. Section 364.164(3) states, “[t]he commission shall have the authority only
7 to verify the pricing units for the purpose of ensuring that the company’s
8 specific adjustments, as authorized by this section, make the revenue
9 category revenue neutral for each filing.”⁴⁰ Further, the statute states that,
10 “[t]he commission shall, within 45 days after the rate adjustment filing,
11 issue a final order confirming compliance with this section, and such an
12 order shall be final for all purposes.” Thus, when the Commission
13 approves Verizon’s petition, and Verizon files its formal tariff, the
14 Commission must within 45 days: (1) verify that each of Verizon’s annual
15 tariff filings are revenue neutral within the revenue category mechanism
16 created for this purpose; and (2) issue a final order confirming a revenue
17 neutral finding.

18

19

VII.

20

CONCLUSION

21 **Q. PLEASE SUMMARIZE YOUR CONCLUSIONS.**

22 A. Verizon’s Plan accomplishes access rate rebalancing in a revenue neutral
23 manner over a two-year period as required by the Act. Further, the Plan
24 removes support from basic local rates thus inducing market entry by

⁴⁰ Emphasis added.

1 creating a more attractive competitive environment for these customers.
2 Verizon's Plan meets all the criteria contained in the Act and should be
3 approved by the Commission

4

5 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

6 A. Yes, it does.

7

8

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VERIZON Communications Florida

Calculation of the Interstate ATS ARPM

Element	Rate Application	Jun '02 - May '03 Intrastate Demand	1/1/03	1/1/03
			Interstate Rates	Interstate Revenues
Switching				
End Office Switching - Bundled				
Premium	Per MOU		\$ 0.0032869	
Information Surcharge	Per MOU		\$0	
End Office Trunk Port				
Dedicated Voiceband	Per Month		\$ 25.00	
Dedicated DS1	Per Month		\$ 9.65	
Shared	Per MOU		\$ 0.0002324	
Transport				
Tandem Switching				
Tandem Switched Facility	Per MOU/Mile			
Zone 1			\$ 0.0000627	
Zone 2			\$ 0.0000752	
Zone 3			\$ 0.0000875	
Tandem Switched Termination	Per MOU/Term			
Zone 1			\$ 0.0001731	
Zone 2			\$ 0.0002077	
Zone 3			\$ 0.0002250	
Tandem Switching Rate	Per MOU			
Zone 1			\$ 0.0017800	
Zone 2			\$ 0.0022253	
Zone 3			\$ 0.0024106	
Shared Multiplexng	Per MOU			
Zone 1			\$ 0.0000459	
Zone 2			\$ 0.0000459	
Zone 3			\$ 0.0000459	
Dedicated Tandem Trunk Port				
Voiceband	Per Month		\$ 15.28	
DS1	Per Month		\$ 5.97	
Interconnection Charge	Per MOU		\$0	
Direct Trunk Transport:				
Voicegrade	Per Mile/Month			
Zone 1			\$4.30	
Zone 2			\$4.30	
Zone 3			\$4.30	
DS1 Facility	Per Mile/Month			
Zone 1			\$7.10	
Zone 2			\$8.03	
Zone 3			\$8.70	
DS1 Termination	Per Month			
Zone 1			\$21.30	
Zone 2			\$24.09	
Zone 3			\$26.10	
DS3 Facility	Per Mile/Month			

**VERIZON Communications
Florida**

Calculation of the Interstate ATS ARPM

Element		Rate Application	Jun '02 - May '03 Intrastate Demand	1/1/03 Interstate Rates	1/1/03 Interstate Revenues
	Zone 1			\$34.52	
	Zone 2			\$36.50	
	Zone 3			\$44.00	
	DS3 Termination	Per Month			
	Zone 1			\$346.88	
	Zone 2			\$370.00	
	Zone 3			\$444.25	
	Entrance Facility:				
	Two Wire	Per Month			
	Zone 1			\$31.40	
	Zone 2			\$31.40	
	Zone 3			\$31.40	
	Four Wire	Per Month			
	Zone 1			\$48.99	
	Zone 2			\$48.99	
	Zone 3			\$48.99	
	DS1	Each DS1, Per Month			
	Zone 1 - per system			\$165.00	
	Zone 2 - per system			\$250.00	
	Zone 3 - per system			\$250.00	
	DS3 Electrical	Each DS3, Per Month			
	Zone 1			\$1,000.00	
	Zone 2			\$1,055.12	
	Zone 3			\$1,055.12	
	DS1 to Voice Multiplexing	Each, Per Month			
	Zone 1			\$250.00	
	Zone 2			\$250.00	
	Zone 3			\$250.00	
	DS3 to DS1 Multiplexing	Each, Per Month			
	Zone 1			\$346.88	
	Zone 2			\$370.00	
	Zone 3			\$444.25	
			Total ATS Revenue		
			ATS ARPM		

REDACTED

**VERIZON Communications
Florida**

Calculation of PICC Equivalent ARPM and Total Composite ARPM

Element		Rate Application	Jun '02 - May '03 Intrastate Demand	1/1/03 Interstate Rates	1/1/03 Interstate Revenues
Presubscribed Interexchange Carrier Charge					
Multiline Business		Per Line, Per Month		\$3.20	
ISDN - PRI		Per Line, Per Month		\$16.00	
Centrex *		Per Line, Per Month		\$0.36	
1 Line				\$3.20	
2 Line				\$1.60	
3 Line				\$1.07	
4 Line				\$0.80	
5 Line				\$0.64	
6 Line				\$0.53	--
7 Line				\$0.46	
8 Line				\$0.40	
9 + Lines				\$0.36	
			Total PICC Revenue		
			Intrastate Demand		
			PICC Equivalent ARPM		
* During the study period Centrex was billed a composite rate of \$0.36 per line.					
Interstate ATS ARPM		\$	-		
PICC Equivalent ARPM		\$	-		
Composite ARPM		\$	-		

REDACTED

VERIZON Communications

Florida

Intrastate Rate Reductions to Reach Interstate Composite

Element	Rate Application	Jun '02 - May '03 Intrastate Demand	Current Intrastate Rates	Proposed Intrastate Rates	Current Intrastate Revenue	Proposed Intrastate Revenue	Difference
Switching							
End Office Switching - Bundled							
Premium	Per MOU		\$ 0.0089000	\$ 0.0089000			
Information Surcharge	Per MOU		\$ 0.0072000	\$0			
Transport *							
Tandem Switching							
Tandem Switched Facility	Per MOU/Mile		\$ 0.0000135	\$ 0.0000135			
Tandem Switched Termination	Per MOU/Term		\$ 0.0001344	\$ 0.0001344			
Tandem Switching Rate	Per MOU		\$ 0.0007500	\$ 0.0007500			
Interconnection Charge	Per MOU		\$ 0.0102494	\$0			
Direct Trunk Transport:							
Voicegrade	Per Mile/Month		\$5.08	\$5.08			
DS1 Facility	Per Mile/Month		\$5.00	\$5.00			
DS1 Termination	Per Month		\$30.00	\$30.00			
DS3 Facility	Per Mile/Month		\$70.00	\$70.00			
DS3 Termination	Per Month		\$500.00	\$500.00			
Entrance Facility:							
Two Wire	Per Month		\$33.08	\$33.08			
Four Wire	Per Month		\$52.93	\$52.93			
DS1 - First system	Each DS1, Per Month		\$260.00	\$260.00			
DS1 - Additional systems	Each DS1, Per Month		\$130.00	\$130.00			
DS3 Electrical	Each DS3, Per Month		\$1,400.00	\$1,400.00			
DS1 to Voice Multiplexing	Each, Per Month		\$250.00	\$250.00			
DS3 to DS1 Multiplexing	Each, Per Month		\$581.63	\$581.63			
Carrier Common Line							
Originating Carrier Common Line Access	Per MOU		\$ 0.0159409	\$0			
Terminating Carrier Common Line Access	Per MOU		\$ 0.0246950	\$ 0.0023635			
Total Revenue							
Total ARPM							
* Intrastate Transport in FL has 3 pricing zones. In the instances where the rates for zones within a rate element were different, the lowest price was applied.							

VERIZON Communications							
Florida							
Switched Access Reductions - Year 1							
			Current	Year 1	Current	Year 1	
Element	Rate Application	Jun '02 - May '03 Intrastate Demand	Intrastate Rates	Intrastate Rates	Intrastate Revenue	Intrastate Revenue	Difference
Switching							
End Office Switching - Bundled							
Premium	Per MOU		\$ 0.0089000	\$0.0089000			
Information Surcharge	Per MOU		\$ 0.0072000	\$0			
Transport*							
Tandem Switching							
Tandem Switched Facility	Per MOU/Mile		\$ 0.0000135	\$0.0000135			
Tandem Switched Termination	Per MOU/Term		\$ 0.0001344	\$0.0001344			
Tandem Switching Rate	Per MOU		\$ 0.0007500	\$0.0007500			
Interconnection Charge	Per MOU		\$ 0.0102494	\$0			
Direct Trunk Transport:							
Voicegrade	Per Mile/Month		\$5.08	\$5.08			
DS1 Facility	Per Mile/Month		\$5.00	\$5.00			
DS1 Termination	Per Month		\$30.00	\$30.00			
DS3 Facility	Per Mile/Month		\$70.00	\$70.00			
DS3 Termination	Per Month		\$500.00	\$500.00			
Entrance Facility:							
Two Wire	Per Month		\$33.08	\$33.08			
Four Wire	Per Month		\$52.93	\$52.93			
DS1 - First system	ch DS1, Per Month		\$260.00	\$260.00			
DS1 - Additional systems	ch DS1, Per Month		\$130.00	\$130.00			
DS3 Electrical	ch DS3, Per Month		\$1,400.00	\$1,400.00			
DS1 to Voice Multiplexing	Each, Per Month		\$250.00	\$250.00			
DS3 to DS1 Multiplexing	Each, Per Month		\$581.63	\$581.63			
Carrier Common Line							
Originating Carrier Common Line Access	Per MOU		\$ 0.0159409	\$0.0109461			
Terminating Carrier Common Line Access	Per MOU		\$ 0.0246950	\$0.0246950			
Total Revenue							
Total ARPM							
* Intrastate Transport in FL has 3 pricing zones. In the instances where the rates for zones within a rate element were different, the lowest price was applied.							

REDACTED

**VERIZON Communications
Florida**

Switched Access Reductions - Year 2

Element	Rate Application	Jun '02 - May '03 Intrastate Demand	Year 1	Year 2	Year 1	Year 2	Difference
			Intrastate Rates	Intrastate Rates	Intrastate Revenue	Intrastate Revenue	
Switching							
End Office Switching - Bundled							
Premium	Per MOU		\$0 0089000	\$0 0089000			
Information Surcharge	Per MOU		\$0	\$0			
Transport *							
Tandem Switching							
Tandem Switched Facility	Per MOU/Mile		\$0 0000135	\$0.0000135			
Tandem Switched Termination	Per MOU/Term		\$0 0001344	\$0.0001344			
Tandem Switching Rate	Per MOU		\$0 0007500	\$0 0007500			
Interconnection Charge	Per MOU		\$0	\$0			
Direct Trunk Transport:							
Voicegrade	Per Mile/Month		\$5 08	\$5 08			
DS1 Facility	Per Mile/Month		\$5.00	\$5.00			
DS1 Termination	Per Month		\$30 00	\$30.00			
DS3 Facility	Per Mile/Month		\$70 00	\$70 00			
DS3 Termination	Per Month		\$500 00	\$500 00			
Entrance Facility:							
Two Wire	Per Month		\$33 08	\$33 08			
Four Wire	Per Month		\$52 93	\$52 93			
DS1 - First system	Each DS1, Per Month		\$260 00	\$260 00			
DS1 - Additional systems	Each DS1, Per Month		\$130 00	\$130 00			
DS3 Electrical	Each DS3, Per Month		\$1,400 00	\$1,400 00			
DS1 to Voice Multiplexing	Each, Per Month		\$250 00	\$250.00			
DS3 to DS1 Multiplexing	Each, Per Month		\$581 63	\$581.63			
Carrier Common Line							
Originating Carrier Common Line Access	Per MOU		\$0 0109461	\$0			
Terminating Carrier Common Line Access	Per MOU		\$0 0246950	\$0 0023635			
Total Revenue							
Total ARPM							
* Intrastate Transport in FL has 3 pricing zones. In the instances where the rates for zones within a rate element were different, the lowest price was applied.							

SUMMARY

BUSINESS BASIC EXCHANGE RATES

<u>Basic Flat Rate 1-party</u>	<u>Present Rate</u>	<u>Proposed Yr-1</u>	<u>Proposed Yr-2</u>
Rate Group 1	\$24.47	\$28.50	\$32.00
Rate Group 2	\$26.82	\$29.50	\$32.00
Rate Group 3	\$28.05	\$30.00	\$32.00
Rate Group 4	\$28.85	\$30.50	\$32.00
Rate Group 5	\$30.35	\$32.00	\$32.00
Service Charges (NRC)			
Network Access	\$33.90	\$34.00	\$34.00
Established charges			

RESIDENTIAL BASIC EXCHANGE RATES

<u>Basic Flat Rate 1-party</u>	<u>Present Rate</u>	<u>Proposed Rate Yr-1</u>	<u>Proposed Rate Yr-2</u>
Rate Group 1	\$10.12	\$12.37	\$14.73
Rate Group 2	\$10.95	\$13.20	\$15.56
Rate Group 3	\$11.33	\$13.58	\$15.94
Rate Group 4	\$11.70	\$13.95	\$16.31
Rate Group 5	\$12.10	\$14.35	\$16.71
Service Charges (NRC)			
Network Access	\$20.00	\$25.00	\$25.00
Establishment Charge			
Central Office Connection	\$35.00	\$40.00	\$40.00

**FLORIDA RATE REBALANCING
 BUSINESS BASIC EXCHANGE ACCESS
 Summary of 1 and 2 year Impacts**

26-Aug-03

FLORIDA RATE REBALANCING		Year 1			
Summary				Total Switched Access Reduction	\$ 76,819,250
	Present	Proposed			
	Revenue	Revenue - Year 1	Increase - Year 1		
Residential			\$35,527,950		
Business			\$4,469,022		
Total			\$39,996,972	\$	39,996,972
Total Basic Res and Bus Recovered - over (under)				\$	(36,822,278)

FLORIDA RATE REBALANCING		Year 2			
Summary				Total Switched Access Reduction	\$ -
	Present	Proposed			
	Revenue	Revenue - Year 2	Increase - Year 2	Cummulative	Revenue Years 1 & 2
Residential			\$35,881,209		\$71,409,158
Business			\$919,307		\$5,388,329
Total			\$36,800,516	\$	76,797,488
Total Basic Res and Bus Recovered - over (under)				\$	(21,762)

REDACTED

**FLORIDA RATE REBALANCING
BUSINESS BASIC EXCHANGE ACCESS**

26-Aug-03

Year 1 - Impact

Row	Service Description	Billing Type	Annualized Units	Present Rate **	Proposed Rate-Year1	Inc. (Dec.)	Annual Present Revenue **	Annual Proposed Revenue - Year 1	Annual Revenue Change - Year 1
1									
2	Basic Local Exchange Service								
3	Flat Rate - 1 Party Service/Business								
4	Rate Group 1	MRC		\$ 24.47	\$ 28.50	\$4.03			
5	Rate Group 1 - RESALE	MRC		\$ 21.28	\$ 24.78	\$3.50			
6									
7	Rate Group 2	MRC		\$ 26.82	\$ 29.50	\$2.68			
8	Rate Group 2 - RESALE	MRC		\$ 23.32	\$ 25.65	\$2.33			
9									
10	Rate Group 3	MRC		\$ 28.05	\$ 30.00	\$1.95			
11	Rate Group 3 - RESALE	MRC		\$ 24.39	\$ 26.09	\$1.70			
12									
13	Rate Group 4	MRC		\$ 28.85	\$ 30.50	\$1.65			
14	Rate Group 4 - RESALE	MRC		\$ 25.09	\$ 26.52	\$1.43			
15									
16	Rate Group 5	MRC		\$ 30.35	\$ 32.00	\$1.65			
17	Rate Group 5 - RESALE	MRC		\$ 26.39	\$ 27.83	\$1.43			
18									
19	Total Business Rategroups								
20									
21									
22	ECS Usage for Routes Established Before 7/1/95								
23	Business 1-Party Extended Calling Service								
24	- Call Connection	Usage		\$ 0.04	\$ 0.04	\$0.00			
25	Detail Billing								
26	- Charge Per Page of Billing Detail	Usage		\$ 0.11	\$ 0.14	\$0.03			
27									
28	Total ECS Usage								
29									
30									
31	Service Charges for Basic Business								
32	Network Access Establishment Charge	NRC		\$ 33.90	\$ 34.00	\$0.10			
33	Network Access Establishment Charge - RESALE	NRC		\$ 29.48	\$ 29.57	\$0.09			
34									
35	Total Service Charges								
36									
37	Total Basic Business Service								

** Note.
Present rate reflects 2003 Price Plan filing with anticipated effective date of September 1, 2003

FLORIDA RATE REBALANCING		Year 1	
Summary			
		Total Switched Access Reduction	\$ 76,819,250
	Present Revenue	Proposed Revenue - Year 1	Increase - Year 1
Residential			\$35,527,950
Business			\$4,469,022
Total			\$39,996,972
		Total Basis Res and Bus Recovered - over (under)	\$ (36,822,278)

REDACTED

**FLORIDA RATE REBALANCING
BUSINESS BASIC EXCHANGE ACCESS**

26-Aug-03

Year 2 - Impact

Row	Service Description	Billing Type	Annualized Units	Present Rate **	Proposed Rate-Year 2	Inc. (Dec.)	Annual Present Revenue **	Annual Proposed Revenue - Year 2	Annual Revenue Change - Year 2
1									
2	Basic Local Exchange Service								
3	Flat Rate - 1 Party Service/Business								
4	Rate Group 1	MRC		\$ 28.50	\$ 32.00	\$3.50			
5	Rate Group 1 - RESALE	MRC		\$ 24.78	\$ 27.83	\$3.04			
6									
7	Rate Group 2	MRC		\$ 29.50	\$ 32.00	\$2.50			
8	Rate Group 2 - RESALE	MRC		\$ 25.65	\$ 27.83	\$2.17			
9									
10	Rate Group 3	MRC		\$ 30.00	\$ 32.00	\$2.00			
11	Rate Group 3 - RESALE	MRC		\$ 26.09	\$ 27.83	\$1.74			
12									
13	Rate Group 4	MRC		\$ 30.50	\$ 32.00	\$1.50			
14	Rate Group 4 - RESALE	MRC		\$ 26.52	\$ 27.83	\$1.30			
15									
16	Rate Group 5	MRC		\$ 32.00	\$ 32.00	\$0.00			
17	Rate Group 5 - RESALE	MRC		\$ 27.83	\$ 27.83	\$0.00			
18									
19	Total Business Rategroups								
20									
21									
22	ECS Usage for Routes Established Before 7/1/95								
23	Business 1-Party Extended Calling Service								
24	- Call Connection	Usage		\$ 0.04	\$ 0.04	\$0.00			
25	Detail Billing								
26	- Charge Per Page of Billing Detail	Usage		\$ 0.14	\$ 0.14	\$0.00			
27									
28	Total ECS Usage								
29									
30									
31	Service Charges for Basic Business								
32	Network Access Establishment Charge	NRC		\$ 34.00	\$ 34.00	\$0.00			
33	Network Access Establishment Charge - RESALE	NRC		\$ 29.57	\$ 29.57	\$0.00			
34									
35	Total Service Charges								
36									
37	Total Basic Business Service								

** Note

Present rate reflects 2003 Price Plan filing with anticipated effective date of September 1, 2003

FLORIDA RATE REBALANCING		Year 2	
Summary			
	Total Switched Access Reduction		\$ 76,819,250
	Present Revenue	Proposed Revenue - Year 2	Cumulative Revenue Years 1 & 2
Residential		\$35,881,209	\$71,409,158
Business		\$919,307	\$5,388,329
Total		\$36,800,516	\$76,797,488
Total Basis Res and Bus Recovered - over (under)			\$ (21,762)

REDACTED

**FLORIDA RATE REBALANCING
RESIDENCE BASIC EXCHANGE ACCESS**

26-Aug-03

Year 1 Impact

Row	Service Description	Billing Type	Annualized Units	Present Rate **	Proposed Rate-Year 1	Inc. (Dec.)	Annual Present Revenue **	Annual Proposed Revenue - Year 1	Annual Revenue Change - Year 1
1	Basic Local Exchange Service								
2	Flat Rate - 1 Party Service/Residence								
3	Rate Group 1	MRC		\$10.12	\$12.37	\$2.25			
4	Rate Group 1 - 50% Emp Concession	MRC		\$5.06	\$6.19	\$1.13			
5	Rate Group 1 - RESALE	MRC		\$8.80	\$10.76	\$1.96			
6									
7	Rate Group 2	MRC		\$10.95	\$13.20	\$2.25			
8	Rate Group 2 - 50% Emp Concession	MRC		\$5.48	\$6.60	\$1.13			
9	Rate Group 2 - RESALE	MRC		\$9.52	\$11.48	\$1.96			
10									
11	Rate Group 3	MRC		\$11.33	\$13.58	\$2.25			
12	Rate Group 3 - 50% Emp Concession	MRC		\$5.67	\$6.79	\$1.13			
13	Rate Group 3 - RESALE	MRC		\$9.85	\$11.81	\$1.96			
14									
15	Rate Group 4	MRC		\$11.70	\$13.95	\$2.25			
16	Rate Group 4 - 50% Emp Concession	MRC		\$5.85	\$6.98	\$1.13			
17	Rate Group 4 - RESALE	MRC		\$10.17	\$12.13	\$1.96			
18									
19	Rate Group 5	MRC		\$12.10	\$14.35	\$2.25			
20	Rate Group 5 - 50% Emp Concession	MRC		\$6.05	\$7.18	\$1.13			
21	Rate Group 5 - RESALE	MRC		\$10.52	\$12.48	\$1.96			
22									
23	Total Residential Rategroups								
24									
25	Vacation Service - Residence								
26	Vacation Service/Residence	MRC		\$5.77	\$6.00	\$0.23			
27									
28	Total Basic Residential Vacation Service								
29									
30	ECS Usage for Routes Established Before 7/1/95								
31	Residence 1-Party Extended Calling Service								
32	- Call Connection	Usage		\$0.25	\$0.25	\$0.00			
33									
34	Total ECS Usage								
35									
36	Service Charges for Basic Residence								
37	Network Access Establishment Charge	NRC		\$ 20.00	\$25.00	\$5.00			
38	Network Access Establishment Charge - RESALE	NRC		\$ 17.39	\$ 21.74	\$4.35			
39	Central Office Line Connection	NRC		\$ 35.00	\$40.00	\$5.00			
40	Central Office Line Connection - RESALE	NRC		\$ 30.44	\$ 34.78	\$4.35			
41									
42	Total Service Charges								
43									
44	Total Basic Residential Service								

** Note

Present rate reflects 2003 Price Plan filing with anticipated effective date of September 1, 2003

FLORIDA RATE REBALANCING		Year 1	
Summary			
		Total Switched Access Reduction	\$ 76,819,250
	Present	Proposed	
	Revenue	Revenue - Year 1	Increase - Year 1
Residential			\$ 35,527,950
Business			\$ 4,469,022
Total			\$ 39,996,972.06
		Total Basis Res and Bus Recovered - over (under)	\$ (36,822,278)

REDACTED

**FLORIDA RATE REBALANCING
RESIDENCE BASIC EXCHANGE ACCESS**

26-Aug-03

Year 2 Impact

Row	Service Description	Billing Type	Annualized Units	Present Rate	Proposed Rate - Year 2	Inc. (Dec.)	Annual Present Revenue	Annual Proposed Revenue - Year 2	Annual Revenue Change - Year 2
1	Basic Local Exchange Service								
2	Flat Rate - 1 Party Service/Residence								
3	Rate Group 1	MRC	0	\$12.37	\$14.73	\$2.36			
4	Rate Group 1 - 50% Emp Concession	MRC	0	\$6.19	\$7.37	\$1.18			
5	Rate Group 1 - RESALE	MRC	0	\$10.78	\$12.81	\$2.05			
6									
7	Rate Group 2	MRC	0	\$13.20	\$15.56	\$2.36			
8	Rate Group 2 - 50% Emp Concession	MRC	0	\$6.60	\$7.78	\$1.18			
9	Rate Group 2 - RESALE	MRC	0	\$11.48	\$13.53	\$2.05			
10									
11	Rate Group 3	MRC	0	\$13.58	\$15.94	\$2.36			
12	Rate Group 3 - 50% Emp Concession	MRC	0	\$6.79	\$7.97	\$1.18			
13	Rate Group 3 - RESALE	MRC	0	\$11.81	\$13.86	\$2.05			
14									
15	Rate Group 4	MRC	0	\$13.95	\$16.31	\$2.36			
16	Rate Group 4 - 50% Emp Concession	MRC	0	\$6.98	\$8.16	\$1.18			
17	Rate Group 4 - RESALE	MRC	0	\$12.13	\$14.18	\$2.05			
18									
19	Rate Group 5	MRC	0	\$14.35	\$16.71	\$2.36			
20	Rate Group 5 - 50% Emp Concession	MRC	0	\$7.18	\$8.36	\$1.18			
21	Rate Group 5 - RESALE	MRC	0	\$12.48	\$14.53	\$2.05			
22									
23	Total Residential Rategroups		0						
24									
25	Vacation Service - Residence								
26	Vacation Service/Residence	MRC	0	\$6.00	\$6.00	\$0.00			
27									
28	Total Basic Residential Vacation Service								
29									
30	ECS Usage for Routes Established Before 7/1/95								
31	Residence 1-Party Extended Calling Service								
32	- Call Connection	Usage	55,477,202	\$0.25	\$0.25	\$0.00			
33									
34	Total ECS Usage								
35									
36	Service Charges for Basic Residence								
37	Network Access Establishment Charge	NRC	0	\$25.00	\$25.00	\$0.00			
38	Network Access Establishment Charge - RESALE	NRC	0	\$21.74	\$21.74	\$0.00			
39	Central Office Line Connection	NRC	0	\$40.00	\$40.00	\$0.00			
40	Central Office Line Connection - RESALE	NRC	0	\$34.78	\$34.78	\$0.00			
41									
42	Total Service Charges								
43									
44	Total Basic Residential Service								

** Note
Present rate reflects 2003 Price Plan filing with anticipated effective date of September 1, 2003

FLORIDA RATE REBALANCING		Year 2	
Summary			
Total Switched Access Reduction		\$	76,819,250
Present Revenue	Proposed Revenue - Year 2		Cummulative Revenue Years 1 & 2
Residential		\$	35,881,209
Business		\$	919,307
Total		\$	36,800,515.82
Total Basis Res and Bus Recovered - over (under)		\$	(21,762)

REDACTED

FLORIDA RATE REBALANCING BASIC EXCHANGE ACCESS SUMMARY UNE-P IMPACT - With Usage

Row	Service Description	Annual Present Revenue	Annual Estimated Costs at Ordered UNE-P* Rates	Estimated Contribution Margin*	Contribution Margin %
1					
2	Total Basic Business Service				
3	Current View		\$ 70,422,878		
4	Year 1		\$ 70,909,087		
5	Year 2		\$ 70,909,087		
6					
7					
8	Total Basic Residential Service				
9	Current View		\$ 417,720,071		
10	Year 1		\$ 418,940,500		
11	Year 2		\$ 418,940,500		
12					
13					
14	Total Basic Service				
15	Current View		\$ 488,142,949		
16	Year 1		\$ 489,849,586		
17	Year 2		\$ 489,849,586		

*UNE-P calculated as Loop, Port & estimated Usage as ordered in Dkt. 990649-B-TP and are used in this analysis only as a cost indicator. VZ does not believe ordered UNE rates are a valid approximation of cost and are provided only to prove the validity of VZ's proposed rate design.

FLORIDA RATE REBALANCING
BUSINESS BASIC EXCHANGE ACCESS
UNE-P IMPACT - CURRENT - With Usage

	(A)	(B)	(C)	(D)	(E)	(F)=(D)+(E)	(G)	(H)=(F)-(G)	(I)=(C)*(F)	(J)=(C)*(G)	(K)=(I)-(J)	(L)=(K)/(J)
Row	Service Description	Billing Type	Annualized Units	Proposed Rate	EUCL	Proposed Rate w/EUCL	Estimated Costs at Ordered UNE-P* Rates	Unit Contribution	Annual Present Revenue	Annual Estimated Costs at Ordered UNE P* Rates	Estimated Contribution Margin*	Contribution Margin %
1												
2	Basic Local Exchange Service											
3	Flat Rate - 1 Party Service/Business											
4	Rate Group 1	MRC		\$ 24.47	\$ 6.50	\$ 30.97	\$ 35.75					
5	Rate Group 1 - RESALE	MRC		\$ 21.28	\$ 6.50	\$ 27.78	\$ 35.75					
6												
7	Rate Group 2	MRC		\$ 26.82	\$ 6.50	\$ 33.32						
8	Rate Group 2 - RESALE	MRC		\$ 23.32	\$ 6.50	\$ 29.82						
9												
10	Rate Group 3	MRC		\$ 28.05	\$ 6.50	\$ 34.55	\$ 31.27					
11	Rate Group 3 - RESALE	MRC		\$ 24.39	\$ 6.50	\$ 30.89	\$ 31.27					
12												
13	Rate Group 4	MRC		\$ 28.85	\$ 6.50	\$ 35.35	\$ 28.72					
14	Rate Group 4 - RESALE	MRC		\$ 25.09	\$ 6.50	\$ 31.59	\$ 28.72					
15												
16	Rate Group 5	MRC		\$ 30.35	\$ 6.50	\$ 36.85	\$ 23.90					
17	Rate Group 5 - RESALE	MRC		\$ 26.39	\$ 6.50	\$ 32.89	\$ 23.90					
18												
19	Total Business Rategroups											
20												
21												
22	ECS Usage for Routes Established Before 7/1/95											
23	Business 1-Party Extended Calling Service											
24	- Call Connection	Usage		\$ 0.04		\$ 0.04	\$ 0.04					
25	Detail Billing											
26	- Charge Per Page of Billing Detail	Usage		\$ 0.11		\$ 0.11	\$ 0.11					
27												
28	Total ECS Usage											
29												
30												
31	Service Charges for Basic Business											
32	Network Access Establishment Charge	NRC		\$ 33.90		\$ 33.90	\$ 33.90					
33	Network Access Establishment Charge - RESALE	NRC		\$ 29.48		\$ 29.48	\$ 29.48					
34												
35	Total Service Charges											
36												
37	Total Basic Business Service											

*UNE-P calculated as Loop, Port & estimated Usage as ordered in Dkt. 990649-B-TP and are used in this analysis only as a cost indicator. VZ does not believe ordered UNE rates are a valid approximation of cost and are provided only to prove the validity of VZ's proposed rate design.

**FLORIDA RATE REBALANCING
BUSINESS BASIC EXCHANGE ACCESS
UNE-P IMPACT - YEAR 1 PROPOSED - With Usage**

	(A)	(B)	(C)	(D)	(E)	(F)=(D)+(E)	(G)	(H)=(F)-(G)	(I)=(C)*(F)	(J)=(C)*(G)	(K)=(I)-(J)	(L)=(K)/(J)
Row	Service Description	Billing Type	Annualized Units	Proposed Rate	EUCL	Proposed Rate w/EUCL	Estimated Costs at Ordered UNE-P* Rates	Unit Contribution	Annual Present Revenue	Annual Estimated Costs at Ordered UNE-P* Rates	Estimated Contribution Margin*	Contribution Margin %
1												
2	Basic Local Exchange Service											
3	Flat Rate - 1 Party Service/Business											
4	Rate Group 1	MRC		\$ 28.50	\$ 6.50	\$ 35.00	\$ 35.75					
5	Rate Group 1 - RESALE	MRC		\$ 24.78	\$ 6.50	\$ 31.28	\$ 35.75					
6												
7	Rate Group 2	MRC		\$ 29.50	\$ 6.50	\$ 36.00						
8	Rate Group 2 - RESALE	MRC		\$ 25.65	\$ 6.50	\$ 32.15						
9												
10	Rate Group 3	MRC		\$ 30.00	\$ 6.50	\$ 36.50	\$ 31.27					
11	Rate Group 3 - RESALE	MRC		\$ 26.09	\$ 6.50	\$ 32.59	\$ 31.27					
12												
13	Rate Group 4	MRC		\$ 30.50	\$ 6.50	\$ 37.00	\$ 28.72					
14	Rate Group 4 - RESALE	MRC		\$ 26.52	\$ 6.50	\$ 33.02	\$ 28.72					
15												
16	Rate Group 5	MRC		\$ 32.00	\$ 6.50	\$ 38.50	\$ 23.90					
17	Rate Group 5 - RESALE	MRC		\$ 27.83	\$ 6.50	\$ 34.33	\$ 23.90					
18												
19	Total Business Rategroups											
20												
21												
22	ECS Usage for Routes Established Before 7/1/95											
23	Business 1-Party Extended Calling Service											
24	- Call Connection	Usage		\$ 0.04		\$ 0.04	\$ 0.05					
25	Detail Billing											
26	- Charge Per Page of Billing Detail	Usage		\$ 0.14		\$ 0.14	\$ 0.14					
27												
28	Total ECS Usage											
29												
30												
31	Service Charges for Basic Business											
32	Network Access Establishment Charge	NRC		\$ 34.00		\$ 34.00	\$ 34.00					
33	Network Access Establishment Charge - RESALE	NRC		\$ 29.57		\$ 29.57	\$ 29.57					
34												
35	Total Service Charges											
36												
37	Total Basic Business Service											

*UNE-P calculated as Loop, Port & estimated Usage as ordered in Dkt 990649-B-TP and are used in this analysis only as a cost indicator VZ does not believe ordered UNE rates are a valid approximation of cost and are provided only to prove the validity of VZ's proposed rate design

**FLORIDA RATE REBALANCING
BUSINESS BASIC EXCHANGE ACCESS
UNE-P IMPACT - YEAR 2 PROPOSED - With Usage**

	(A)	(B)	(C)	(D)	(E)	(F)=(D)+(E)	(G)	(H)=(F)-(G)	(I)=(C)*(F)	(J)=(C)*(G)	(K)=(I)-(K)	(L)=(K)/(J)
Row	Service Description	Billing Type	Annualized Units	Proposed Rate	EUCL	Proposed Rate w/EUCL	Estimated Costs at Ordered UNE-P* Rates	Unit Contribution	Annual Present Revenue	Annual Estimated Costs at Ordered UNE-P* Rates	Estimated Contribution Margin*	Contribution Margin %
1												
2	Basic Local Exchange Service											
3	Flat Rate - 1 Party Service/Business											
4	Rate Group 1	MRC		\$ 32.00	\$ 6.50	\$ 38.50	\$ 35.75					
5	Rate Group 1 - RESALE	MRC		\$ 27.83	\$ 6.50	\$ 34.33	\$ 35.75					
6												
7	Rate Group 2	MRC		\$ 32.00	\$ 6.50	\$ 38.50						
8	Rate Group 2 - RESALE	MRC		\$ 27.83	\$ 6.50	\$ 34.33						
9												
10	Rate Group 3	MRC		\$ 32.00	\$ 6.50	\$ 38.50	\$ 31.27					
11	Rate Group 3 - RESALE	MRC		\$ 27.83	\$ 6.50	\$ 34.33	\$ 31.27					
12												
13	Rate Group 4	MRC		\$ 32.00	\$ 6.50	\$ 38.50	\$ 28.72					
14	Rate Group 4 - RESALE	MRC		\$ 27.83	\$ 6.50	\$ 34.33	\$ 28.72					
15												
16	Rate Group 5	MRC		\$ 32.00	\$ 6.50	\$ 38.50	\$ 23.90					
17	Rate Group 5 - RESALE	MRC		\$ 27.83	\$ 6.50	\$ 34.33	\$ 23.90					
18												
19	Total Business Rategroups											
20												
21												
22	ECS Usage for Routes Established Before 7/1/95											
23	Business 1-Party Extended Calling Service											
24	- Call Connection	Usage		\$ 0.04		\$ 0.04	\$ 0.05					
25	Detail Billing											
26	- Charge Per Page of Billing Detail	Usage		\$ 0.14		\$ 0.14	\$ 0.14					
27												
28	Total ECS Usage											
29												
30												
31	Service Charges for Basic Business											
32	Network Access Establishment Charge	NRC		\$ 34.00		\$ 34.00	\$ 34.00					
33	Network Access Establishment Charge - RESALE	NRC		\$ 29.57		\$ 29.57	\$ 29.57					
34												
35	Total Service Charges											
36												
37	Total Basic Business Service											

*UNE-P calculated as Loop, Port & estimated Usage as ordered in Dkt 990649-B-TP and are used in this analysis only as a cost indicator. VZ does not believe ordered UNE rates are a valid approximation of cost and are provided only to prove the validity of VZ's proposed rate design.

**FLORIDA RATE REBALANCING
RESIDENCE BASIC EXCHANGE ACCESS
UNE-P IMPACT - CURRENT - With Usage**

	(A)	(B)	(C)	(D)	(E)	(F)=(D)+(E)	(G)	(H)=(F)-(G)	(I)=(C)*(F)	(J)=(C)*(G)	(K)=(I)-(J)	(L)=(K)/(J)
Row	Service Description	Billing Type	Annualized Units	Present Rate	EUCL	Present Rate w/EUCL	Estimated Costs at Ordered UNE-P* Rates	Unit Contribution	Annual Present Revenue	Annual Estimated Costs at Ordered UNE-P* Rates	Estimated Contribution Margin*	Contribution Margin %
1	Basic Local Exchange Service											
2	Flat Rate - 1 Party Service/Residence											
3	Rate Group 1	MRC		\$ 10 12	\$ 6 50	\$ 16 62	\$ 35 75					
4	Rate Group 1 - 50% Emp Concession	MRC		\$ 5 06	\$ 6 50	\$ 11 56	\$ 35 75					
5	Rate Group 1 - RESALE	MRC		\$ 8 80	\$ 6 50	\$ 15 30	\$ 35 75					
6												
7	Rate Group 2	MRC		\$ 10 95	\$ 6 50	\$ 17 45						
8	Rate Group 2 - 50% Emp Concession	MRC		\$ 5 48	\$ 6 50	\$ 11 98						
9	Rate Group 2 - RESALE	MRC		\$ 9 52	\$ 6 50	\$ 16 02						
10												
11	Rate Group 3	MRC		\$ 11 33	\$ 6 50	\$ 17 83	\$ 31 27					
12	Rate Group 3 - 50% Emp Concession	MRC		\$ 5 67	\$ 6 50	\$ 12 17	\$ 31 27					
13	Rate Group 3 - RESALE	MRC		\$ 9 85	\$ 6 50	\$ 16 35	\$ 31 27					
14												
15	Rate Group 4	MRC		\$ 11 70	\$ 6 50	\$ 18 20	\$ 28 72					
16	Rate Group 4 - 50% Emp Concession	MRC		\$ 5 85	\$ 6 50	\$ 12 35	\$ 28 72					
17	Rate Group 4 - RESALE	MRC		\$ 10 17	\$ 6 50	\$ 16 67	\$ 28 72					
18												
19	Rate Group 5	MRC		\$ 12 10	\$ 6 50	\$ 18 60	\$ 23 90					
20	Rate Group 5 - 50% Emp Concession	MRC		\$ 6 05	\$ 6 50	\$ 12 55	\$ 23 90					
21	Rate Group 5 - RESALE	MRC		\$ 10 52	\$ 6 50	\$ 17 02	\$ 23 90					
22												
23	Total Residential Rategroups											
24												
25	Vacation Service - Residence											
26	Vacation Service/Residence	MRC		\$ 5 77	\$ 6 50	\$ 12 27	\$ 25 27					
27												
28	Total Basic Residential Vacation Service											
29												
30												
31												
32												
33												
34												
35												
36												
37												
38												
39												
40	ECS Usage for Routes Established Before 7/1/95											
41	Residence 1-Party Extended Calling Service											
42	- Call Connection	Usage		\$ 0 25		\$ 0 25	\$ 0 25					
43												
44	Total ECS Usage											
45												
46	Service Charges for Basic Residence											
47	Network Access Establishment Charge	NRC		\$ 20 00		\$ 20 00	\$ 20 00					
48	Network Access Establishment Charge - RESALE	NRC		\$ 17 39		\$ 17 39	\$ 17 39					
49	Central Office Line Connection	NRC		\$ 35 00		\$ 35 00	\$ 35 00					
50	Central Office Line Connection - RESALE	NRC		\$ 30 44		\$ 30 44	\$ 30 44					
51												
52	Total Service Charges											
53												
54	Total Basic Residential Service											

*UNE-P calculated as Loop, Port & estimated Usage as ordered in Dkt 990649-B-TP and are used in this analysis only as a cost indicator. VZ does not believe ordered UNE rates are a valid approximation of cost and are provided only to prove the validity of VZ's proposed rate design.

**FLORIDA RATE REBALANCING
RESIDENCE BASIC EXCHANGE ACCESS
UNE-P* IMPACT - YEAR 1 PROPOSED - With Usage**

	(A)	(B)	(C)	(D)	(E)	(F)=(D)+(E)	(G)	(H)=(F)-(G)	(I)=(C)*(F)	(J)=(C)*(G)	(K)=(I)-(J)	(L)=(K)/(J)
Row	Service Description	Billing Type	Annualized Units	Proposed Rate	EUCL	Proposed Rate w/EUCL	Estimated Costs at Ordered UNE-P* Rates	Unit Contribution	Annual Present Revenue	Annual Surrogate Costs at UNE-P Rates	Contribution Margin	Contribution Margin %
1	Basic Local Exchange Service											
2	Flat Rate - 1 Party Service/Residence											
3	Rate Group 1	MRC		\$ 12 37	\$ 6 50	\$ 18 87	\$ 35 75					
4	Rate Group 1 - 50% Emp Concession	MRC		\$ 6 19	\$ 6 50	\$ 12 69	\$ 35 75					
5	Rate Group 1 - RESALE	MRC		\$ 10 76	\$ 6 50	\$ 17 26	\$ 35 75					
6												
7	Rate Group 2	MRC		\$ 13 20	\$ 6 50	\$ 19 70						
8	Rate Group 2 - 50% Emp Concession	MRC		\$ 6 60	\$ 6 50	\$ 13 10						
9	Rate Group 2 - RESALE	MRC		\$ 11 48	\$ 6 50	\$ 17 98						
10												
11	Rate Group 3	MRC		\$ 13 58	\$ 6 50	\$ 20 08	\$ 31 27					
12	Rate Group 3 - 50% Emp Concession	MRC		\$ 6 79	\$ 6 50	\$ 13 29	\$ 31 27					
13	Rate Group 3 - RESALE	MRC		\$ 11 81	\$ 6 50	\$ 18 31	\$ 31 27					
14												
15	Rate Group 4	MRC		\$ 13 95	\$ 6 50	\$ 20 45	\$ 28 72					
16	Rate Group 4 - 50% Emp Concession	MRC		\$ 12 10	\$ 6 50	\$ 18 60	\$ 28 72					
17	Rate Group 4 - RESALE	MRC		\$ 12 13	\$ 6 50	\$ 18 63	\$ 28 72					
18												
19	Rate Group 5	MRC		\$ 14 35	\$ 6 50	\$ 20 85	\$ 23 90					
20	Rate Group 5 - 50% Emp Concession	MRC		\$ 7 18	\$ 6 50	\$ 13 68	\$ 23 90					
21	Rate Group 5 - RESALE	MRC		\$ 12 48	\$ 6 50	\$ 18 98	\$ 23 90					
22												
23	Total Residential Rategroups											
24												
25	Vacation Service - Residence											
26	Vacation Service/Residence	MRC		\$ 6 00	\$ 6 50	\$ 12 50	\$ 25 27					
27												
28	Total Basic Residential Vacation Service											
29												
30												
31												
32												
33												
34												
35												
36												
37												
38												
39												
40	ECS Usage for Routes Established Before 7/1/95											
41	Residence 1-Party Extended Calling Service											
42	- Call Connection	Usage		\$ 0 25		\$ 0 25	\$ 0 25					
43												
44	Total ECS Usage											
45												
46	Service Charges for Basic Residence											
47	Network Access Establishment Charge	NRC		\$ 25 00		\$ 25 00	\$ 25 00					
48	Network Access Establishment Charge - RESALE	NRC		\$ 21 74		\$ 21 74	\$ 21 74					
49	Central Office Line Connection	NRC		\$ 40 00		\$ 40 00	\$ 40 00					
50	Central Office Line Connection - RESALE	NRC		\$ 34 78		\$ 34 78	\$ 34 78					
51												
52	Total Service Charges											
53												
54	Total Basic Residential Service											

*UNE-P calculated as Loop, Port & estimated Usage as ordered in Dkt 990649-B-TP and are used in this analysis only as a cost indicator. VZ does not believe ordered UNE rates are a valid approximation of cost and are provided only to prove the validity of VZ's proposed rate design.

**FLORIDA RATE REBALANCING
RESIDENCE BASIC EXCHANGE ACCESS
UNE-P IMPACT - YEAR 2 PROPOSED - With Usage**

	(A)	(B)	(C)	(D)	(E)	(F)=(D)+(E)	(G)	(H)=(F)-(G)	(I)=(C)*(F)	(J)=(C)*(G)	(K)=(I)-(K)	(L)=(K)/(J)
Row	Service Description	Billing Type	Annualized Units	Proposed Rate	EUCL	Proposed Rate w/EUCL	Estimated Costs at Ordered UNE-P* Rates	Unit Contribution	Annual Present Revenue	Annual Estimated Costs at Ordered UNE-P* Rates	Estimated Contribution Margin*	Contribution Margin %
1	Basic Local Exchange Service											
2	Flat Rate - 1 Party Service/Residence											
3	Rate Group 1	MRC		\$ 14 73	\$ 6 50	\$ 21 23	\$ 35 75					
4	Rate Group 1 - 50% Emp Concession	MRC		\$ 7 37	\$ 6 50	\$ 13 87	\$ 35 75					
5	Rate Group 1 - RESALE	MRC		\$ 12 81	\$ 6 50	\$ 19 31	\$ 35 75					
6												
7	Rate Group 2	MRC		\$ 15 56	\$ 6 50	\$ 22 06						
8	Rate Group 2 - 50% Emp Concession	MRC		\$ 7 78	\$ 6 50	\$ 14 28						
9	Rate Group 2 - RESALE	MRC		\$ 13 53	\$ 6 50	\$ 20 03						
10												
11	Rate Group 3	MRC		\$ 15 94	\$ 6 50	\$ 22 44	\$ 31 27					
12	Rate Group 3 - 50% Emp Concession	MRC		\$ 7 97	\$ 6 50	\$ 14 47	\$ 31 27					
13	Rate Group 3 - RESALE	MRC		\$ 13 86	\$ 6 50	\$ 20 36	\$ 31 27					
14												
15	Rate Group 4	MRC		\$ 16 31	\$ 6 50	\$ 22 81	\$ 28 72					
16	Rate Group 4 - 50% Emp Concession	MRC		\$ 8 16	\$ 6 50	\$ 14 66	\$ 28 72					
17	Rate Group 4 - RESALE	MRC		\$ 14 18	\$ 6 50	\$ 20 68	\$ 28 72					
18												
19	Rate Group 5	MRC		\$ 16 71	\$ 6 50	\$ 23 21	\$ 23 90					
20	Rate Group 5 - 50% Emp Concession	MRC		\$ 8 36	\$ 6 50	\$ 14 86	\$ 23 90					
21	Rate Group 5 - RESALE	MRC		\$ 14 53	\$ 6 50	\$ 21 03	\$ 23 90					
22												
23	Total Residential Rategroups											
24												
25	Vacation Service - Residence											
26	Vacation Service/Residence	MRC		\$ 6 00	\$ 6 50	\$ 12 50	\$ 25 27					
27												
28	Total Basic Residential Vacation Service											
29												
30												
31												
32												
33												
34												
35												
36												
37												
38												
39												
40	ECS Usage for Routes Established Before 7/1/95											
41	Residence 1-Party Extended Calling Service											
42	- Call Connection	Usage		\$ 0 25		\$ 0 25	\$ 0 25					
43												
44	Total ECS Usage											
45												
46	Service Charges for Basic Residence											
47	Network Access Establishment Charge	NRC		\$ 25 00		\$ 25 00	\$ 25 00					
48	Network Access Establishment Charge - RESALE	NRC		\$ 21 74		\$ 21 74	\$ 21 74					
49	Central Office Line Connection	NRC		\$ 40 00		\$ 40 00	\$ 40 00					
50	Central Office Line Connection - RESALE	NRC		\$ 34 78		\$ 34 78	\$ 34 78					
51												
52	Total Service Charges											
53												
54	Total Basic Residential Service											

*UNE-P calculated as Loop, Port & estimated Usage as ordered in Dkt 990649-B-TP and are used in this analysis only as a cost indicator VZ does not believe ordered UNE rates are a valid approximation of cost and are provided only to prove the validity of VZ's proposed rate design

3. CARRIER COMMON LINE SERVICE

TARIFF REVISIONS
LEGISLATIVE FORMAT

3.5 Rates and Charges

The rate for Carrier Common Line service is:

Per Originating Access Minute .0159409 .0109461
Per Terminating Access Minute .0246950

(R)
(R)

3.6 (Reserved for Future Use)

3.7 (Reserved for Future Use)

3.8 (Reserved for Future Use)

6. SWITCHED ACCESS

6.6 Rates and Charges (Continued)

TARIFF REVISIONS
 LEGISLATIVE FORMAT

6.6.2 Switched Transport

(A) Tandem-Switched Transport-Facility

Per Access
 Minutes of Use

Per Access Minute/Mile

Zone 1	.0000135	(G)
Zone 2	.0000141	(G)
Zone 3	.0000149	(G)

(B) Tandem Switched Transport - Termination

Per Access Minute
 Per Termination

Zone 1	.0001344	(G)
Zone 2	.0001344	(G)
Zone 3	.0001344	(G)

(C) Tandem Switching

Per Access Minute

Zone 1	.0007500	(G)
Zone 2	.0007500	(G)
Zone 3	.0007500	(G)

(D) Interconnection

Per Access Minute

~~01024940~~ 0.0

(R)

Monthly
 Rate

USOC

(E) Direct-Trunked Transport Facility-Voiceband

Per Airline Mile

Zone 1	\$ 5.08	1YTXS	(G)
Zone 2	5.08	1YTXS	(G)
Zone 3	5.08	1YTXS	(G)

(F) Direct-Trunked Transport Facility-DS1

Per Airline Mile

Zone 1	5.00	1YTXS	(G)
Zone 2	5.63	1YTXS	(G)
Zone 3	6.25	1YTXS	(G)

Termination, per month

Zone 1	30.00	TRL	(G)
Zone 2	30.00	TRL	(G)
Zone 3	30.00	TRL	(G)

(G) Direct-Trunked Transport Facility-DS3

Per Airline Mile

Zone 1	70.00	1YTXS	(G)
Zone 2	89.81	1YTXS	(G)
Zone 3	109.63	1YTXS	(G)

Termination, per month

Zone 1	500.00	TRL	(G)
Zone 2	500.00	TRL	(G)
Zone 3	500.00	TRL	(G)

JOHN P. BLANCHARD, PRESIDENT
 TAMPA, FLORIDA

EFFECTIVE: June 1, 2002
 ISSUED: May 17, 2002

6. SWITCHED ACCESS

TARIFF REVISIONS
LEGISLATIVE FORMAT

6.6 Rates and Charges (Continued)

6.6.4 Information Surcharge

The rates for Information Surcharge are based on an originating and terminating Access Minutes.

Per Access Minute

\$-.0072 0.0

(R)

6.6.5 FGA or BSA-A Usage Sensitive Credit Allowance

Credit Per Originating FGA or BSA-A Access Minute

\$.0014

6.6.6 (Reserved for Future Use)

(D)(T)

(D)

6.6.7 Switched Access Cross Connect

(A) Rates and Charges

Monthly Rate

Per DS0 Connection
Per DS1 Connection
Per DS3 Connection

\$ 1.60
4.00
31.00

A2. GENERAL REGULATIONS

A2.3 Establishment and Furnishing of Service (Continued)

TARIFF REVISIONS
 LEGISLATIVE FORMAT

.15 Vacation Service (Continued)

a. General (Continued)

- (5) No outward or inward service is provided during the period of Vacation Service. At the request of the subscriber, inward calls to a station at which service is suspended may be referred to the call number of another station in the same or a distant exchange. (C)
- (6) Monthly bills for line service are rendered at the Vacation Service rate during the Vacation Service period and are to be paid in accordance with regular collection practices. (C)
- (7) During the period of Vacation Service, no installations, moves, changes or maintenance will be provided. Changes to billing address will be allowed. (D)
- (8) The customer may request a restoration date in advance of the maximum allowable vacation period, otherwise complete service and billing will be restored on the last day of the maximum allowable vacation period of nine (9) months. (N)

b. Application of Charges

(1) Residence Service

(a)(b) The charge for residence main station service during the period of suspension is as follows:

	<u>Monthly</u>
Residential	\$ 6.77 6.00 (I)
Residential Rotary	7.82

(2) Business Service

(a)(b) The charge for business service during the period of suspension is as follows:

Business	\$ 14.81
Business Rotary	20.12

- (3) During the period the customer is furnished Vacation Service, Miscellaneous Calling Services directly associated with the line service will not be charged.
 Any Miscellaneous Services not directly associated with the line service, such as Directory Listing or Operator Service, will continue at the standard tariff rates. (N)
- (4) A Seasonal Service Establishment Charge as specified in Section A4.3.9 of this Tariff shall apply at the time a business or residence customer requests Vacation Service.
 No service order charges apply to restore service at the completion of the Vacation Service period. (F)
- (5) The federal End User Access Charge specified in Tariff FCC No. 14 is applicable during Vacation Service. (N)

JOHN P. BLANCHARD ALAN F. CIAMPORCERO, PRESIDENT
 TAMPA, FLORIDA

EFFECTIVE: ~~September 13, 2002~~
 ISSUED: August 29, 2002

Docket No. _____
 Direct Testimony of Orville D. Fulp
 Exhibit No. ODF-4
 Illustrative Tariff
 Page 4 of 13
 FPSC Exhibit No. _____

A3. BASIC LOCAL EXCHANGE SERVICE

A3.1 General

- .1 This Tariff specifies rate schedules applicable for grades and classes of local exchange service ordered.
- .2 Exchange rate schedules are applied according to the total number of main station lines and PBX trunks in the local service area.
- .3 Exchange Service Areas for each exchange are identified on maps filed in Section A200, Local Exchange Service Area Maps and Descriptions, of this Tariff.
- .4 The rates for service and equipment not specifically shown in this section are presented in other sections of this Tariff.
- .5 Service charges, as covered in Section A4., are applicable to the provision of basic local exchange service.
- .6 Pursuant to passage of the Telecommunications Access Systems Act of 1991 by the Florida Legislature during the 1991 session, a monthly surcharge shall be imposed on all local exchange telecommunications company customers on an individual access line basis, except that such surcharge shall not be imposed upon more than 25 basic telecommunications access lines per account bill rendered. The Commission shall determine the amount of the surcharge; however, in no case shall the amount exceed 25 cents per line per month. The surcharge shall appear on the initial bill to the customer and itemized at least once annually.

A3.2 Rate Schedules

.1 Flat Rate Schedule

a The following schedule of rates is applicable for main station line service.

Rate Group	Main Station Lines and PBX Trunks	Monthly Rates One-Party			Main Stations Arranged with Rotary Service, each		
		Business	Residence	Business Extended Calling Service (43700)	Business	Residence	Business Extended Calling Service (43701)
1	0- 50,000	\$24.47	\$28.50 (I)	\$ 32.20 (H)	\$35.30 (H)	\$13.85 (H)	\$43.00 (H)
2	50,001- 90,000	26.82	29.50 (I)	34.50 (H)	37.55 (H)	14.76 (H)	45.27
3	90,001-170,000	28.05	30.00 (I)	35.70 (H)	39.25 (H)	15.21 (H)	46.47
4	170,001-300,000	28.85	30.50 (I)	36.70	39.72	15.71 (H)	47.72
5	Over 300,000	30.35	32.00 (I)	37.90	40.92	16.17 (H)	48.92

Flat Rate Business Extended Calling Service-All Rate Groups¹

Number of Main Station Lines and Trunks	One-Party		Main Stations Arranged with Rotary Service, each	
	1-Year Term ²	3-Year Term ²	1-Year Term ²	3-Year Term ²
3-24	\$ 35.00 (R)	\$ 32.00 (R)	\$ 45.00 (R)	\$ 40.00 (R)
25+	30.00 (R)	27.00 (R)	43.00 (R)	38.00 (R)

¹ Flat Rate Business ECS 1- and 3-year term rates apply only to Business One-Party Lines, Main Stations Arranged with Rotary, and/or PBX trunks; does not apply to CentraNet® NARs.

² In the even the customer terminates the service prior to the completion of the term commitment, the Termination Liability in Section A2.3.17 of this tariff will apply.

® - Registered Trademark

**JOHN P. BLANCHARD
TAMPA, FLORIDA**

**EFFECTIVE: September 1, 2003
ISSUED: August 1, 2003**

A3. BASIC LOCAL EXCHANGE SERVICE

A3.4 Exceptions to Basic Local Exchange Service (Continued)

.3 Interstate Subscriber Line Charge Waiver and Matching Program (Continued)

b. Rules and Regulations (Continued)

(1) (Continued)

(d) Lifeline Service can only be associated with the primary residential connection.

(e) Lifeline Toll Restriction Service (IOSC: 40696) is available on a voluntary basis where technically feasible to Florida Lifeline Assistance Plan customers at no charge. Lifeline Toll Restriction Service prevents 0+, 00-, 1+NPA-NXX-XXXX, 1010XXXX, International (01+), Directory Assistance (411, 1+411, 0+411, 555-1212, 1+/0+ 555-1212, 1+/0+ NPA-555-1212), 1+900 calls, 1+700, 976 calls and IntraLATA toll while allowing access to local, 611, 911, 0-, 1+800/888 etc., 950-XXXX and 1+950-XXXX calls and EAS calls. Access to Directory Assistance is available to Lifeline customers by dialing 0-. Access to Service Activation Codes **/#* (e.g., *66, *69) is also allowed. Upon customer request, some Service Activation Codes may be blocked at no charge, where conditions and facilities permit.

Lifeline customers may receive toll limitation services without charge. Toll limitation services include voluntary toll control and toll blocking. Toll control allows the customer to specify a certain dollar amount of toll usage which is acceptable to the Company that may be incurred on his telephone service. Toll blocking will take effect once the customer's requested toll limitation amount is exceeded.

(f) Lifeline Service may not be disconnected for non-payment of toll charges.

(g) Deposit requirements do not apply to Lifeline Service customers if toll blocking is employed.

(h) A deposit may be required for Lifeline customers if toll control is employed.

(i) The Company may require payment arrangements for outstanding debt associated with local service and associated taxes and fees. Such arrangements are not to exceed a four month period. Customers must subscribe to toll blocking service for any period of time that an unpaid balance for toll charges remains. In cases where Lifeline customers have paid the outstanding debt in full, the toll blocking option may be requested by the customer.

If a Lifeline applicant defaults on a payment agreement such default may constitute grounds for discontinuance of service. A Lifeline customer whose service has been disconnected for nonpayment of prior arrangements on a past due bill, may be required to satisfy total local unpaid outstanding charges prior to reconnection of service.

c. Rates and Charges

(1) A credit amount applies to the Lifeline customer's monthly bill as follows:¹

	<u>Monthly Credit</u>
FCC Interstate Offset to End User Subscriber Line Charge (SLC)	See FCC No. 14
FCC Supplemental Amount	1.75
Additional FCC Supplemental Amount	1.75
Company's Matching Credit	3.50
Additional Company Credit	<u>2.25</u>

(2) For those existing customers who qualify for, and wish to change to, the Florida Lifeline Assistance Plan, no service charges shall apply.

(3) With the exception of the initial installation charges as specified for Link-Up service, Section A4.8 of this Tariff, all recurring and nonrecurring charges for any service ordered by the customer shall be billed at the tariffed rates.

(4) When a customer is no longer eligible for Lifeline Service, the Lifeline credit amount specified in (1) preceding, will be discontinued and regular tariffed rates and charges will apply.

1 - The customer shall not receive a credit in excess of the Main Station Line and Subscriber Line Charge totals when the totals are less than the Lifeline total credit.

A3. BASIC LOCAL EXCHANGE SERVICE

A3.4 Exceptions to Basic Local Exchange Service (Continued)

.4 Transitional Lifeline Assistance Program

a. General

(1) Transitional Lifeline Assistance is a state program which provides a 30% reduction of discounts on the applicable monthly exchange flat rate for residential basic local service for subscribers who no longer qualify for the Lifeline Assistance Program. This discount is based upon a 30% reduction on the service plus an additional discount to ensure the customers are not adversely affected by the rate rebalancing ordered in _____. The credit is as follows:

Rate Group 1	\$5.29
Rate Group 2	5.54
Rate Group 3	5.65
Rate Group 4	5.76
Rate Group 5	5.88

b. Regulations

(2) A Lifeline Assistance subscriber who requests this service will receive the discounted rate for a period of one (1) year from the date the subscriber ceases to be qualified for the Lifeline Assistance Program.

.5 Native American Lifeline

a. Residential customers who reside on federally recognized tribal lands are eligible to receive additional enhanced federal Lifeline support in order to reduce the price for basic local telephone service.

b. An individual living on tribal lands shall qualify for an additional enhanced federal Lifeline credit of up to \$25.00 per month if the individual participates in any state or federal programs identified in the preceding Section 3.4.3 or one of the following assistance programs:

- Bureau of Indian Affairs General Assistance
- Tribally Administered Temporary Assistance for Needy Families
- Head Start (only those meeting its income qualifying standard)
- National School Lunch Program (free meals program only)

c. If a resident of a federally recognized tribal land satisfies the state's Lifeline eligibility criteria as defined in Section 3.4.3, the resident will receive the state support, as well as the additional enhanced federal support. Lifeline customers residing on tribal lands will pay no less than \$1.00 per month for basic local telephone service.

d. The additional enhanced federal credit will be available to Lifeline customers who reside on tribal lands in the following exchanges:

<u>Tribal Land</u>	<u>Exchange</u>	<u>IOSC</u>	<u>Credit</u>
Seminole Tribe, Tampa Reservation	Tampa	30051	\$4.106.35

(C)

(N)

(N)

(1)

A3. BASIC LOCAL EXCHANGE SERVICE

A3.15 Extended Calling Service (ECS) (Continued)

TARIFF REVISIONS
LEGISLATIVE FORMAT

.3 Rates and Charges

a. Usage charges are applicable for all exchange services as specified below:

	Full Rate Period	
	<u>Call Connection</u>	<u>Each Minute</u>
(1.) Residence ¹	\$.25	\$.00
(2.) Business ²	.04	.06

Note 1: Call allowance does not apply for Residence ECS Service.
Note 2: Call allowance does not apply for Business ECS Service.

b. Flat rate option:

	<u>Monthly Rate</u>
(1.) Business Individual Flat Rate Main Station Line and/or Business Flat Rate Main Stations arranged with Rotary Service, per line	As specified in Section A3.2.1a.
(2.) PBX Trunk, per trunk	As specified in Section A3.3.4b.(1).
(3.) CentraNet® Service/Digital (ISDN) CentraNet® Service Network Access Registers, per NAR	As specified in Section A3.13.2e.(4).

.4 Detail Billing

a. When a billing detail is furnished, the following charges will apply. The billing detail includes date of call, called telephone number, answer time, and length of call. The customer must request a detailed bill at least 30 days in advance of the date detail billing is to commence.

	<u>Rate</u>	<u>IOSC</u>
Per customer bill, per month	\$1.75	12062
Charge per page of billing detail	.11, .14 (l)	-

NOTE 1: A Network Access Change charge as specified in Section A4 will apply when Detail Billing is requested subsequent to the establishment of basic local exchange service.

NOTE 2: Customers subscribing to a local message service offering or GTE Local Calling Plans service will also receive local calls on their bill detail.

JOHN A. FERRELL ALAN F. CIAMPORCERO, PRESIDENT
TAMPA, FLORIDA

EFFECTIVE: March 26, 1999
ISSUED: March 11, 1999

A4. SERVICE CHARGES

TARIFF REVISIONS
 LEGISLATIVE FORMAT

A4.7 Schedule of Charges

.1 In accordance with the foregoing provisions, service charges are applicable as follows:

	Service Charge ¹	
	Residence	Business
a. Network Access, each		
(1) Establishment	\$20.00 25.00 (I)	\$33.90 34.00 (I)
(2) Change	11.00	14.00
b. Central Office Line Connection, each line	35.00 <u>40.00 (I)</u>	35.00
c. Premises Visit	35.00	35.00
d. Telephone Number Change, each	9.00	9.00
e. Connection of Telephone Answering Services	As specified in Section A25.10.6r.	
f. Restoration of Service	18.00	18.00
g. Seasonal Service Establishment Charge, per number restored	18.00	18.00

Note 1: See Section A2.8 in this tariff when applying charges due to change of Local Service Provider.

JOHN A. FERRELL
ALAN F. CIAMPORCERO, PRESIDENT
TAMPA, FLORIDA

EFFECTIVE: February 20, 2001
ISSUED: February 5, 2001

Docket No. _____
 Direct Testimony of Orville D. Fulp
 Exhibit No. ODF-4
 Illustrative Tariff
 Page 9 of 13
 FPSC Exhibit No. _____

3. CARRIER COMMON LINE SERVICE (Continued)

3.5 Rates and Charges

TARIFF REVISIONS
LEGISLATIVE FORMAT

The rate for Carrier Common Line service is:

Per Originating Access Minute .0109461 0.0
Per Terminating Access Minute .0246950 .0023635

(R)
(R)

3.6 (Reserved for Future Use)

3.7 (Reserved for Future Use)

3.8 (Reserved for Future Use)

PETER A. DAKS, PRESIDENT
TAMPA, FLORIDA

EFFECTIVE:
ISSUED:

Docket No. _____
Direct Testimony of Orville D. Fulp
Exhibit No. ODF-4
Illustrative Tariff
Page 10 of 13
FPSC Exhibit No. _____

A3. BASIC LOCAL EXCHANGE SERVICE

A3.1 General

- .1 This Tariff specifies rate schedules applicable for grades and classes of local exchange service ordered.
- .2 Exchange rate schedules are applied according to the total number of main station lines and PBX trunks in the local service area.
- .3 Exchange Service Areas for each exchange are identified on maps filed in Section A200, Local Exchange Service Area Maps and Descriptions, of this Tariff.
- .4 The rates for service and equipment not specifically shown in this section are presented in other sections of this Tariff.
- .5 Service charges, as covered in Section A4., are applicable to the provision of basic local exchange service.
- .6 Pursuant to passage of the Telecommunications Access Systems Act of 1991 by the Florida Legislature during the 1991 session, a monthly surcharge shall be imposed on all local exchange telecommunications company customers on an individual access line basis, except that such surcharge shall not be imposed upon more than 25 basic telecommunications access lines per account bill rendered. The Commission shall determine the amount of the surcharge; however, in no case shall the amount exceed 25 cents per line per month. The surcharge shall appear on the initial bill to the customer and itemized at least once annually.

A3.2 Rate Schedules

.1 Flat Rate Schedule

a. The following schedule of rates is applicable for main station line service.

Rate Group	Main Station Lines and PBX Trunks	Monthly Rates One-Party			Main Stations Arranged with Rotary Service, each		
		Business	Residence	Business Extended Calling Service (43700)	Business	Residence	Business Extended Calling Service (43701)
1	0- 50,000 \$43.00	\$28.50 32.00 (I)	\$ 12.37 14.73 (I)	\$34.50	\$ 32.20	\$35.30	\$13.85
2	50,001- 90,000	29.50 32.00 (I)	13.20 15.56 (I)	34.50	37.55	14.76	45.27
3	90,001-170,000	30.00 32.00 (I)	13.58 15.94 (I)	35.70	39.25	15.21	46.47
4	170,001-300,000	30.50 32.00 (I)	13.95 16.31 (I)	36.70	39.72	15.71	47.72
5	Over 300,000	32.00 (I)	14.35 16.71 (I)	37.90	40.92	16.17	48.92

Flat Rate Business Extended Calling Service-All Rate Groups¹

Number of Main Station Lines and Trunks	One-Party		Main Stations Arranged with Rotary Service, each	
	1-Year Term ²	3-Year Term ²	1-Year Term ²	3-Year Term ²
3-24	\$ 35.00	\$ 32.00	\$ 45.00	\$ 40.00
25+	30.00	27.00	43.00	38.00

¹ Flat Rate Business ECS 1- and 3-year term rates apply only to Business One-Party lines, Main Stations Arranged with Rotary, and/or PBX trunks; does not apply to CentraNet® NARs.

² In the even the customer terminates the service prior to the completion of the term commitment, the Termination Liability in Section A2.3.17 of this tariff will apply.

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JOHN P. BLANCHARD
TAMPA, FLORIDA

EFFECTIVE:
ISSUED:

Docket No. _____
Direct Testimony of Orville D. Fulp
Exhibit No. ODF-4
Illustrative Tariff
Page 11 of 13
FPSC Exhibit No.

A3. BASIC LOCAL EXCHANGE SERVICE

Illustrative Tariff
2nd Year Impact

A3.4 Exceptions to Basic Local Exchange Service (Continued)

.3 Interstate Subscriber Line Charge Waiver and Matching Program (Continued)

b. Rules and Regulations (Continued)

(1) (Continued)

(d) Lifeline Service can only be associated with the primary residential connection.

(e) Lifeline Toll Restriction Service (IOSC: 40696) is available on a voluntary basis where technically feasible to Florida Lifeline Assistance Plan customers at no charge. Lifeline Toll Restriction Service prevents 0+, 00-, 1+NPA-NXX-XXXX, 1010XXXX, International (01+), Directory Assistance (411, 1+411, 0+411, 555-1212, 1+/0+ 555-1212, 1+/0+ NPA-555-1212), 1+900 calls, 1+700, 976 calls and IntraLATA toll while allowing access to local, 611, 911, 0-, 1+800/888 etc., 950-XXXX and 1+950-XXXX calls and EAS calls. Access to Directory Assistance is available to Lifeline customers by dialing 0-. Access to Service Activation Codes **/#" (e.g., *66, *69) is also allowed. Upon customer request, some Service Activation Codes may be blocked at no charge, where conditions and facilities permit.

Lifeline customers may receive toll limitation services without charge. Toll limitation services include voluntary toll control and toll blocking. Toll control allows the customer to specify a certain dollar amount of toll usage which is acceptable to the Company that may be incurred on his telephone service. Toll blocking will take effect once the customer's requested toll limitation amount is exceeded.

(f) Lifeline Service may not be disconnected for non-payment of toll charges.

(g) Deposit requirements do not apply to Lifeline Service customers if toll blocking is employed.

(h) A deposit may be required for Lifeline customers if toll control is employed.

(i) The Company may require payment arrangements for outstanding debt associated with local service and associated taxes and fees. Such arrangements are not to exceed a four month period. Customers must subscribe to toll blocking service for any period of time that an unpaid balance for toll charges remains. In cases where Lifeline customers have paid the outstanding debt in full, the toll blocking option may be requested by the customer.

If a Lifeline applicant defaults on a payment agreement such default may constitute grounds for discontinuance of service. A Lifeline customer whose service has been disconnected for nonpayment of prior arrangements on a past due bill, may be required to satisfy total local unpaid outstanding charges prior to reconnection of service.

c. Rates and Charges

(1) A credit amount applies to the Lifeline customer's monthly bill as follows: ¹

	<u>Monthly Credit</u>
FCC Interstate Offset to End User Subscriber Line Charge (SLC) See FCC No. 14	
FCC Supplemental Amount	1.75
Additional FCC Supplemental Amount	1.75
Company's Matching Credit	3.50
Additional Company Credit	<u>2,264.61</u>

(N)(1)

(2) For those existing customers who qualify for, and wish to change to, the Florida Lifeline Assistance Plan, no service charges shall apply.

(3) With the exception of the initial installation charges as specified for Link-Up service, Section A4.8 of this Tariff, all recurring and nonrecurring charges for any service ordered by the customer shall be billed at the tariffed rates.

(4) When a customer is no longer eligible for Lifeline Service, the Lifeline credit amount specified in (1) preceding, will be discontinued and regular tariffed rates and charges will apply.

1 - The customer shall not receive a credit in excess of the Main Station Line and Subscriber Line Charge totals when the totals are less than the Lifeline total credit

ALAN F. CIAMPORCERO,, PRESIDENT
TAMPA, FLORIDA

EFFECTIVE:
ISSUED:

Docket No. _____
Direct Testimony of Orville D. Fulp
Exhibit No. ODF-4
Illustrative Tariff
Page 12 of 13
FPRC Exhibit No.

A3. BASIC LOCAL EXCHANGE SERVICE

A3.4 Exceptions to Basic Local Exchange Service (Continued)

Illustrative Tariff
2nd Year Impact

.4 **Transitional Lifeline Assistance Program**

a. General

- (1) Transitional Lifeline Assistance is a state program which provides discounts on the applicable monthly exchange flat rate for residential basic local service for subscribers who no longer qualify for the Lifeline Assistance Program. This discount is based upon a 30% reduction on the service plus an additional discount to ensure the customers are not adversely affected by the rate rebalancing ordered in _____. The credit is as follows:

Rate Group 1	\$5,297.65 (1)
Rate Group 2	6,647.90
Rate Group 3	6,658.01
Rate Group 4	6,768.12
Rate Group 5	6,888.24 (1)

b. Regulations

- (2) A Lifeline Assistance subscriber who requests this service will receive the discounted rate for a period of one (1) year from the date the subscriber ceases to be qualified for the Lifeline Assistance Program.

.5 **Native American Lifeline**

- a. Residential customers who reside on federally recognized tribal lands are eligible to receive additional enhanced federal Lifeline support in order to reduce the price for basic local telephone service.
- b. An individual living on tribal lands shall qualify for an additional enhanced federal Lifeline credit of up to \$25.00 per month if the individual participates in any state or federal programs identified in the preceding Section 3.4.3 or one of the following assistance programs:

- Bureau of Indian Affairs General Assistance
- Tribally Administered Temporary Assistance for Needy Families
- Head Start (only those meeting its income qualifying standard)
- National School Lunch Program (free meals program only)

e.g. If a resident of a federally recognized tribal land satisfies the state's Lifeline eligibility criteria as defined in Section 3.4.3, the resident will receive the state support, as well as the additional enhanced federal support. Lifeline customers residing on tribal lands will pay no less than \$1.00 per month for basic local telephone service.

- d. The additional enhanced federal credit will be available to Lifeline customers who reside on tribal lands in the following exchanges:

<u>Tribal Land</u>	<u>Exchange</u>	<u>IOQC</u>	<u>Credit</u>
Seminole Tribe, Tampa Reservation	Tampa	30051	\$6,358.61

ALAN F. CIAMPORCERO, PRESIDENT
TAMPA, FLORIDA

EFFECTIVE:
ISSUED: