

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 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.

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				
Zone 1	Per MOU/Mile		\$ 0.0000627	
Zone 2			\$ 0.0000752	
Zone 3			\$ 0.0000875	
Tandem Switched Termination				
Zone 1	Per MOU/Term		\$ 0.0001731	
Zone 2			\$ 0.0002077	
Zone 3			\$ 0.0002250	
Tandem Switching Rate				
Zone 1	Per MOU		\$ 0.0017800	
Zone 2			\$ 0.0022253	
Zone 3			\$ 0.0024106	
Shared Multiplexng				
Zone 1	Per MOU		\$ 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				
Zone 1	Per Mile/Month		\$4.30	
Zone 2			\$4.30	
Zone 3			\$4.30	
DS1 Facility				
Zone 1	Per Mile/Month		\$7.10	
Zone 2			\$8.03	
Zone 3			\$8.70	
DS1 Termination				
Zone 1	Per Month		\$21.30	
Zone 2			\$24.09	
Zone 3			\$26.10	
DS3 Facility				
	Per Mile/Month			

REDACTED

VERIZON Communications				
Florida				
Calculation of the Interstate ATS ARPM				
			1/1/03	1/1/03
Element	Rate Application	Jun '02 - May '03 Intra-state Demand	Interstate Rates	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				

**VERIZON Communications
Florida**

Calculation of PICC Equivalent ARPM and Total Composite ARPM

Element	Rate Application	Jun '02 - May '03 Intrastate Demand	1/1/03	1/1/03
			Interstate Rates	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	Proposed	Current	Proposed	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		\$ 0.0072000	\$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

Element	Rate Application	Jun '02 - May '03 Intrastate Demand	Current	Year 1	Current	Year 1	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		\$ 0.0072000	\$ 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							

**VERIZON Communications
Florida**

Switched Access Reductions - Year 2

			Year 1	Year 2	Year 1	Year 2	
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	\$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.							

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

27-Aug-03

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	\$	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 Revenue	Proposed 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)

**FLORIDA RATE REBALANCING
BUSINESS BASIC EXCHANGE ACCESS**

27-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 data 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**

27-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	Fiat 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	Increase - Year 2
Residential			Cummulative Revenue Years 1 & 2
Business			
Total			
		Total Basis Res and Bus Recovered - over (under)	\$ (21,762)

REDACTED

**FLORIDA RATE REBALANCING
RESIDENCE BASIC EXCHANGE ACCESS**

27-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**

27-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	\$10.76	\$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	
	Present Revenue	Proposed Revenue - Year 2	Increase - Year 2
Residential		\$ 35,881,209	\$ 71,409,158
Business		\$ 919,307	\$ 5,388,329
Total		\$36,800,515.82	\$ 76,797,488
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)-(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		\$ 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)-(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		\$ 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)-(K)	(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 Ratagroups											
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)-(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 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 7/1/85											
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

4. According to Verizon’s internal data – in particular, the number of E911 subscriber listings for competitors – alternative local exchange carriers (“ALECs”) in Verizon’s service area in Florida are serving at least ***Redacted*** lines either wholly or partially over facilities they deployed themselves, including in all cases their own local switches. This figure includes approximately 29,000 lines that competitors in Florida are serving using unbundled analog loops⁴ from Verizon and their own switches; the remainder appear to be served wholly over their own facilities. Verizon’s data also show that unaffiliated ALECs in Florida are serving approximately 5,300 lines through unbundled network element platforms, and approximately 28,000 lines through resale.⁵

5. According to Verizon’s internal data, competing carriers in Florida are providing service to approximately ***Redacted*** residential lines. Competitors are serving approximately ***Redacted*** residential lines provided either wholly or partially over facilities they have deployed themselves, approximately 1,500 residential lines provided through UNE platforms, and approximately 19,000 residential lines provided through resale. Florida competitors also are providing service to approximately ***Redacted*** business lines. Based on the number of E911 listings they have obtained, it is clear that competitors in Florida serve a minimum of ***Redacted*** business lines either wholly or partially over facilities they have deployed themselves, including in all cases their own local switches. Competitors are serving an additional 3,800 business lines using UNE platforms and are reselling another 8,200 business lines. See Table 1.

Table 1. Summary of Competitive Data in Verizon’s Service Area in Florida as of February 2003			
	Residential	Business	Total
Facilities-Based Lines*	***Redacted***	***Redacted***	***Redacted***
UNE-Platform Lines	1,500	3,800	5,300
Resale Lines	19,000	8,200	28,000
Total	***Redacted***	*** Redacted***	*** Redacted***

*Based on E911 listings; includes unbundled loops. E911 listings data are as of the end of April 2003. Totals may not equal the sum of the parts due to rounding.

6. Competition also is increasing from alternative sources such as mobile wireless, IP telephony, e-mail, and instant messaging.⁶ This extensive competition is not counted in the line counts or other competitive totals discussed above. Nonetheless, this competition is substituting for a large and increasing share of the local telephone services that Verizon provides.

⁴ This figure includes xDSL and ISDN loops.

⁵ Verizon’s data appear to be consistent with earlier data reported by the Florida PSC. As of June 2002, according to the PSC, competitors provided service to approximately 186,000 lines in Verizon’s service area in Florida – more than 167,000 business lines and more than 18,000 residential lines. Office of Market Monitoring and Strategic Analysis, Florida Public Service Commission, *Telecommunications Markets in Florida: Annual Report on Competition as of June 30, 2002* at Table 3 (Dec. 2002) (“*Florida PSC Competition Report*”). The slightly higher totals reported here are easily explained by the growth in competition that has occurred since June 2002.

⁶ See generally, *Florida PSC Competition Report* at 12-15.

B. Customer Lines Served by Competitive Facilities

10. Through April 2003, competitors were serving more than ***Redacted*** lines – including approximately ***Redacted*** residential lines – in Florida either wholly or partially over facilities they have deployed themselves, including in all cases their own local switches.

11. The figure of ***Redacted*** facilities-based lines in Florida is conservatively based on the number of E911 listings that competitors have in Verizon’s service area. ALECs that serve customers using their own switch are responsible for entering information about those customers in the E911 database. Each E911 listing that a competing carrier places in this database therefore represents at least one customer line served by that ALEC’s own switch. The number of competitive E911 listings is a conservative estimate of the number of facilities-based lines that ALECs serve because, while each E911 subscriber listing represents at least one customer access line, it may represent more than a single line. In the case of business customers, for example, a single E911 listing may represent many individual lines.¹⁶ In addition, there are likely no E911 listings for competitors’ DSL lines that are used exclusively to provide data services. The total number of E911 listings that competitors have obtained therefore understates the number of facilities-based lines that competitors serve. At the same time, however, a competitor may obtain an E911 listing for customers that it serves using unbundled loops obtained from an ILEC. In Florida, ALECs have obtained approximately 29,000 unbundled analog loops through April 2003.¹⁷

12. With the facilities they have already deployed, ALECs have the *ability* to serve a far greater number of customers than they are currently serving. In point of fact, competing carriers have already begun using their switches to compete for customers in wire centers within Verizon’s service area in Florida that contain virtually all of Verizon’s access lines in the state. Verizon maintains internal data of the wire centers in which ALECs have ported telephone numbers from Verizon’s switches to the ALECs’ own switches.¹⁸ Each number ported from Verizon’s switch to a ALEC’s switch represents a telephone served by that competitor’s own switch. Each wire center in which an ALEC has obtained a ported number therefore represents a geographic area where an ALEC is actually competing for local customers today using switches that it has deployed itself. As of the end of February 2003, Verizon has ported more than 154,000 numbers to competitors in Florida. One or more ALECs had ported a telephone number

¹⁶ ALECs are providing a much higher number of circuits to business customers using their switches, because many of the lines they serve are high-capacity lines. For example, ALECs publicly report serving much higher totals of voice-grade equivalent lines than the number of listings these ALECs maintain in E911 databases. For example, nine ALECs – WorldCom, XO, Time Warner Telecom, Adelphia Business Solutions, KMC Telecom, CTC, CoreComm, Pac-West, and PacTec – publicly report serving 124 million voice-grade equivalent lines, but have obtained only 4.5 million listings in the E911 database. See UNE Rebuttal Report 2002 at 9 & Table 4, attached to Ex Parte Letter from Dee May, Verizon, to Marlene Dortch, FCC, CC Docket No. 01-338 (Oct. 23, 2002).

¹⁷ This figure includes xDSL and ISDN loops.

¹⁸ A wire center is “the location of a local switching facility containing one or more central offices.” 47 C.F.R. § 54.5; see *id.* (“wire center boundaries define the area in which all customers served by a given wire center are located.”); see also *Policy and Rules Concerning Rates for Dominant Carriers and Amendment of Part 61 of the Commission’s Rules to Require Quality of Service Standards in Local Exchange Carrier Tariffs*, Memorandum Opinion and Order, 12 FCC Red 8115, ¶ 7, n.14 (1997) (A wire center “might have one or several class 5 central offices, also called public exchanges or simply switches.”).