



October 15 2003

Ms. Blanca Bayó, Director
Division of the Commission Clerk
& Administrative Services
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

via Overnight Mail

Re: Undocketed File No. 030000 – Response to FPSC Staff Data Request for
2002 Legislative Report on Telecommunications

Dear Ms. Bayó,

Please be advised that pursuant to Rule 25-22.006(5), Florida Administrative Code, Florida Digital Network, Inc., d/b/a FDN Communications ("FDN") claims confidentiality over certain portions of FDN's responses to the Commission staff's data requests. One highlighted copy and two edited copies are enclosed.

The identified information contains proprietary investment, market deployment, customer location information and competitive interest information. This information is valuable, is used by FDN in conducting its business, and FDN strives to keep it secret. Therefore, such information relates to competitive interests of FDN, the discloser of which would impair the competitive business of FDN. This information contains information that FDN strives to keep secret because it is elemental to FDN's business and status in the competitive market place. Therefore, such information is a trade secret.

Staff is aware of the confidentiality request and has confirmed confidential treatment.

If you have any questions regarding the enclosed, please call me at 407-835-0460.

Sincerely,

A handwritten signature in black ink, appearing to read "Matthew Feil", written over a white background.

Matthew Feil
FDN Communications
General Counsel

LOCAL

LONG DISTANCE

DOCUMENT NUMBER-DATE
10176 OCT 17 03

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FPSC-COMMISSION CLERK



Florida Digital Network, Inc.
FDN Communications (FDN)
TX230
Mr. Matthew Feil – Legal Counsel
Prepared by Hope Revaz, Product Marketing Analyst
407-835-0300
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1. CLEC Table – 1: ACCESS LINE DATA (VGE Basis)

Exchange	Wire Center	Zone	Facilities-Based ¹ , i.e. including Self-Supplied and loops obtained from non-ILECS			UNE-L Loops ²			EEL Loops ²			Other Loops, Special Access Local (SPAL) ²			Total ²
			Res.	Bus.	Total	Res.	Bus.	Total	Res.	Bus.	Total	Res.	Bus.	Total	
[Redacted]	[Redacted]	[Redacted]													
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The table consists of approximately 30 columns and 50 rows. The cells are filled with black and white, indicating redacted or binary data. There are no discernible text values within the cells.

3. CLEC Table - 3: PHYSICAL/VIRTUAL COLLOCATION DATA

Exchange	Wire Center	Physical	Virtual
[REDACTED]	[REDACTED]	1	
[REDACTED]	[REDACTED]	1	1
[REDACTED]	[REDACTED]	1	
[REDACTED]	[REDACTED]	1	
[REDACTED]	[REDACTED]	1	
[REDACTED]	[REDACTED]	1	
[REDACTED]	[REDACTED]	1	
[REDACTED]	[REDACTED]	1	
[REDACTED]	[REDACTED]	1	
[REDACTED]	[REDACTED]	1	
[REDACTED]	[REDACTED]	1	
[REDACTED]	[REDACTED]	1	
[REDACTED]	[REDACTED]	1	
[REDACTED]	[REDACTED]	1	
[REDACTED]	[REDACTED]	1	
[REDACTED]	[REDACTED]	1	
[REDACTED]	[REDACTED]	1	1
[REDACTED]	[REDACTED]	1	
[REDACTED]	[REDACTED]	1	
[REDACTED]	[REDACTED]	1	
[REDACTED]	[REDACTED]	1	1
[REDACTED]	[REDACTED]	1	1
[REDACTED]	[REDACTED]	1	
[REDACTED]	[REDACTED]	1	1
[REDACTED]	[REDACTED]	1	
[REDACTED]	[REDACTED]	1	
[REDACTED]	[REDACTED]	1	1
[REDACTED]	[REDACTED]	1	1
[REDACTED]	[REDACTED]	1	1
[REDACTED]	[REDACTED]	1	
[REDACTED]	[REDACTED]	1	1
[REDACTED]	[REDACTED]	1	
[REDACTED]	[REDACTED]	1	
[REDACTED]	[REDACTED]	1	
[REDACTED]	[REDACTED]	1	
[REDACTED]	[REDACTED]	1	1



[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Note 1: Includes Mpower lines, but does not differentiate between FDN and Mpower Switches.

Note 2: Includes 1 active switch acquired from Mpower in Ft. Lauderdale; FDN decommissioned 1 switch acquired from Mpower in Tampa.

- 6. No. FDN is not providing Voice over Internet Protocol (VoIP) services in Florida.
- 7. No. FDN does not market local services to Florida residential customers.
- 7a. FDN is a smart-build, facilities-based provider, and the primary reason FDN has not expanded into the residential market is that the recurring and non-recurring UNE-L rates the Florida Commission has set for the three major ILECs do not sufficiently promote a mass market, residential UNE-L business model. Exacerbating the rate levels are the Commission's deaveraging decisions: i.e., there are too few, lower cost Zone 1 wire centers. The Commission's rate and zone decisions were particularly egregious in the case of Sprint, where there are a de minimus number of lines in Sprint Zone 1, and the UNE rates for Zone 2 (and above) lines are higher -- in many cases substantially higher -- than Sprint's retail residential rates. The Commission must examine the topography and level of wholesale and retail rates in the residential market for all three ILECs.
- 7b. N/A.
- 7c. N/A.

- 7d. N/A.
- 8. FDN is a full-scale facility-based provider. FDN expects to continue providing service to Florida businesses via facilities-based technologies and, depending on the changing business and regulatory environment, possibly consider incorporation in specific central offices UNE-Platform, where acceptable margins can be established. FDNs long-term manner of providing service will differ from its current practice as technologies allow for more efficient use of FDNs network.
- 9. To the extent that the question concerns expansion into the residential market, see the response to question no. 7 above. To the extent the question concerns expansion into different geographic markets, FDN has not made significant geographic expansion via UNE-L. Such opportunities must be carefully weighed against the level of the Commission's approved recurring and non-recurring UNE charges, the Commission's deaveraging policies, and the impacts anticompetitive ILEC activity. FDN's product offerings have not changed significantly, but FDN regularly reviews and revises its packaging and pricing for its various services.
- 10. FDNs primary line of business is to provide Non-Basic Local Service.
- 11. N/A, FDN does not provide pre-paid local telephone service.
- 12. Yes, FDN is currently providing the following package plans: Complete Voice for Business – Standard and Complete Voice for Business – Wide Area Calling.
 - 12a. Complete Voice for Business – Standard provides a business with a touch-tone access line (1FB) and unlimited calling to all exchanges within the customer's basic local calling area and an unlimited number of compatible calling features. Complete Voice for Business – Wide Area Calling provides a business with a touch-tone access line (1FB) and unlimited calling to all exchanges within the pre-determined geographic area and an unlimited number of compatible calling features.
 - 12b. Complete Voice for Business – Standard and Complete Voice for Business – Wide Area Calling are currently being offered in BellSouth, Sprint and Verizon Territories.
 - 12c. FDN provides the package plans.
 - 12d. **Complete Voice for Business - Standard Package***

*BellSouth, Sprint and Verizon Territories**

Description	Rate
1 Line Package	\$29.95
2 Line Package	\$59.90
3 Line Package	\$89.85
4 Line Package	\$119.80
5 Line Package	\$149.75
6 Line Package	\$179.70
7 Line Package	\$209.65
8 Line Package	\$239.60
9 Line Package	\$269.55

Complete Voice for Business - Wide Area Calling Package*

*BellSouth, Sprint and Verizon Territories**

Description	Rate
1 Line Package	\$29.95
2 Line Package	\$59.90
3 Line Package	\$89.85
4 Line Package	\$119.80
5 Line Package	\$149.75
6 Line Package	\$179.70
7 Line Package	\$209.65
8 Line Package	\$239.60
9 Line Package	\$269.55

*All territories have a \$50.00 installation charge for the first line and a \$15.00 installation charge for each additional line.

Complete Voice for Business – Features

Call Block	Distinctive Ring I
Call Forward Busy Line	Distinctive Ring II
Call Forward Don't Answer	Enhanced Caller ID with ACRJ
Call Forward Don't Answer w/Ring Control	Hunting*
Call Forwarding Variable	Message Waiting Indicator
Call Return	Preferred Call Forwarding
Call Selector	Remote Access to Call Forwarding Variable
Call Tracing	Repeat Dialing
Call Waiting	Speed Calling 8
Caller ID Basic	Speed Calling 30
Caller ID Deluxe	Surrogate Client Number
CREX4†	Three-way Calling
CREXN†	Three-way Calling with Transfer
CREX6†	

*Hunting is included at no charge for any customer with a 2-line or larger Complete Voice for Business package.

12e. No, subscribing to both local telephone and long distance is not a condition for FDN providing service. A customer can remain on FDN's long distance service only (no local service) at an off-net rate of 9.9¢ per minute. FDN provides a rate of 7¢ per minute long distance if the subscriber combines local and long distance service. In all markets FDN operates, if the customer has both local and long distance service, the predetermined calling area (typically the LATA, except in the Tampa market) is rated as a local call for a flat fee of \$7.95 per line.

13. Yes, FDN has experienced significant barriers in entering Florida's local exchange markets. The following is a brief, but not inclusive, list of obstacles/barriers encountered by FDN.

- 1) The anticompetitive winback programs of ILECs. The Commission's ruling in Docket No. 020119 overlooks the real-world impact of these programs. The Commission failed to consider, among other things, the growing number of customers locked up by and unwilling to leave ILEC winback contracts, and the consequential declining market share of facilities-based providers. The Commission must monitor the impact of these programs. Per BellSouth's own data, facilities-based (UNE-L) market share has declined, not increased. No report to the Legislature would be complete without noting this. Further, the Commission has offered no protection whatsoever for customers not receiving winback discounts, not even assurance that they will be held harmless by discounts offered to other customers. The Commission must trim back ILEC winback programs, at a minimum, reduce BellSouth's termination liability charges on winback contracts and assure customers not receiving discounts that they will suffer no rate increases which finance the rate discounts received by other customers.

- 2) The ILECs' monopoly in ADSL and tying ADSL service to voice service. BellSouth has monopoly status in the ADSL market, and the likelihood that monopoly will continue because of BellSouth's DLC-dominated network architecture. Further, in its rulings to-date, the Commission has not gone far enough to promote broadband and voice competition. As a practical matter, ILECs may tie their voice and ADSL service because (1) the DLC-dominated ILEC architecture in Florida, (2) customers have no choice for new ADSL services if their voice service is already with an ALEC, (3) even when an ALEC voice customer is permitted to keep ILEC ADSL, the Commission has not removed other ILEC barriers, e.g., a problematic provisioning process and anticompetitive pricing disparities.
 - 3) UNE rate levels and zone designations, as noted in the responses above. The Commission should review UNE rates and refine the rates and zones to better promote competition.
14. FDN attempts to resolve disputes with the ILECs at the "trades" level wherever possible. Where significant issues arise, however, the ILECs rarely compromise and fervently resist change, even where consumer betterment is at stake. BellSouth's resistance to providing its ADSL service to any Florida consumers who chose ALEC voice service is such an example. Examples of significant agreement disputes are numerous in the Commission's list of ALEC v. ILEC dockets. .
15. The actions available to the Florida Public Service Commission, which FDN believes must be taken to foster local exchange competitive market entry, are:
- 1) In addition to the suggestions, above, the Commission needs to incorporate a more "hands on" approach in evaluating day-to-day issues ALECs have with ILECs. Staff making site visits to ALECs would probably prove helpful, if for nothing else, to open the lines of communication. Most ALECs don't have the regulatory staffs the ILECs do.
 - 2) The Commission should monitor market activity closely. Uniformity in reporting would certainly help the Commission, but the Commission also has to look at ILEC market share, in particular, with greater scrutiny and, perhaps, regularity. This would permit the Commission to keep a closer eye on, and possibly exercise better influence over, trends in the market.
 - 3) The Commission needs to impose progressively significant performance measure penalty obligations on all three ILECs. Some 7 years after the Act, ILECs should be able to provide reasonable and standards-conforming wholesale services.
16. FDN believes its revenue figures are already reported in RAF returns.
17. As of December 31, 2002, FDN has invested roughly \$60M in network facilities in Florida. This figure includes capital expenditures for voice and data assets since 1998.
18. FDN has neither filed Chapter 7 nor Chapter 11 bankruptcy in the past, and is not currently operating under Chapter 7 or Chapter 11 protection, and does not anticipate possibly filing for Chapter 7 or Chapter 11 bankruptcy.
19. Attached is a copy of the Form 477, FDN filed with the FCC in March 2003.
20. N/A, FDN is not a publicly traded company.