

DECLASSIFIED

DM 5/26/05

1 The PICC is a federal common line charge.<sup>24</sup> 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 APPROXIMATELY  
8 \$76.8 MILLION TO REDUCE ITS INTRASTATE ACCESS RATE TO  
9 PARITY. PLEASE EXPLAIN HOW YOU CALCULATED THIS AMOUNT.

10 A. As explained above, I calculated intrastate and interstate ARPMs of  
11 \$.0485047 and \$.0112453, respectively, using rates in effect on January 1,  
12 2003 and units for the 12 months ending May 31, 2003. I then subtracted  
13 the interstate ARPM from the intrastate ARPM, and multiplied the  
14 difference (\$.0372594) by the intrastate demand (\*\*2,061,743,816\*\*  
15 MOUs). This produced a required access revenue reduction of  
16 \$76,819,250.<sup>25</sup>

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17  
18 Q. PLEASE DESCRIBE THE RATE ELEMENTS THE COMPANY WILL  
19 ADJUST TO EFFECTUATE THE \$76.8 MILLION REDUCTION,

20 A. Verizon will make four principal intrastate access rate adjustments to  
21 achieve the necessary revenue reduction. Specifically, it will: (1) eliminate  
22 the interconnection charge the first year; (2) eliminate the information  
23 surcharge in the first year; (3) decrease the originating carrier common line

<sup>24</sup> See Footnote 22.

<sup>25</sup> See Exhibit ODF-1.

This confidentiality request was filed by or for a "telco" for DN 08008-03. No ruling is required unless the material is subject to a request per 119.07, FS, or is admitted in the record per Rule 25-22.006(8)(b), FAC.

appeal  
DOCUMENT NUMBER 03-3

08008 AUG 27 2003

000504A

FPSC-COMMISSION CLERK

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, including  
 6 the subscriber line charge of \$6.50, with the composite UNE rate for each  
 7 rate group. The estimated amount of support is the difference between the  
 8 current basic rates and the UNE composite rate for each rate group. For  
 9 example, the basic residential rate in Rate Group 5 (the most dense rate  
 10 group), including the \$6.50 SLC, is \$18.60. The composite UNE rate for  
 11 this rate group is \$23.90. Therefore, based on this conservative analysis,  
 12 the estimated support provided to the basic residential customer in Rate  
 13 Group 5 is \$5.30, or 22.18%.<sup>35</sup>

14  
 15 The following table shows the business and residence contribution analysis  
 16 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	27,830	\$10.12	\$16.62	\$35.75	-53.51%
25 Rate Group 2	0	\$10.95	\$17.45		
26 Rate Group 3	1,661,055	\$11.33	17.83	\$31.27	-42.98%

<sup>35</sup> See Exhibit ODF-3.

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1	Rate Group 4	1,785,468	\$11.70	\$18.20	\$28.72	-36.63%
2	Rate Group 5	11,514,061	\$12.10	\$18.60	\$23.90	-22.18%

3

## CURRENT ESTIMATED SUPPORT

### BUSINESS

6

7		Annualized	Present	Present	Ordered	Estimated
8	<u>Service Description</u>	<u>Units</u>	<u>Rate</u>	<u>Rate w/EUCL</u>	<u>UNE-P*</u>	<u>Support</u>
9	Basic Local Exchange Service					
10	Flat Rate – 1 Party Service/Business					
11	Rate Group 1	3,922	\$24.47	\$30.97	\$35.75	-13.37%
12	Rate Group 2	0	\$26.82	\$33.32		
13	Rate Group 3	229,906	\$28.05	\$34.55	\$31.27	10.49%
14	Rate Group 4	286,200	\$28.85	\$35.35	\$28.72	23.08%
15	Rate Group 5	2,092,547	\$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 support.  
2 In all five basic residential rate groups, the current rates are below the  
3 ordered UNE rates. The estimated shortfall ranges from **\*\*53.5%\*\*** in Rate  
4 Group 1 to **\*\*22.2%\*\*** in Rate Group 5. The two-year rebalancing effort will  
5 make significant progress in eliminating support in residential rates, but a  
6 level of subsidy will remain in all exchanges even after residential rates are  
7 rebalanced.<sup>36</sup>

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.<sup>37</sup> 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 **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 TO**  
23 **PARITY OVER A PERIOD OF NOT LESS THAN TWO YEARS NOR**

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<sup>36</sup> See Exhibit ODF-3.

<sup>37</sup> See Exhibit ODF-3.

# CONFIDENTIAL

Docket No. \_\_\_\_\_  
 Direct Testimony of Orville D. Fulp  
 Exhibit No. ODF-1  
 FPSC Exhibit No. \_\_\_\_\_

VERIZON Communications				
Florida				
Calculation of the Interstate ATS ARPM				
			1/1/03	1/1/03
Element	Rate Application	Jun '02 - May '03 Intrastate Demand	Interstate Rates	Interstate Revenues
<b>Switching</b>				
<b>End Office Switching - Bundled</b>				
Premium	Per MOU	7,175,079,484	\$ 0.0032869	\$ 23,583,769
<b>Information Surcharge</b>	Per MOU	7,175,079,484	\$0	\$ -
<b>End Office Trunk Port</b>				
Dedicated Voiceband	Per Month	1,245	\$ 25.00	\$ 31,125
Dedicated DS1	Per Month	621,931	\$ 9.65	\$ 6,001,634
Shared	Per MOU	660,647,679	\$ 0.0002324	\$ 153,535
<b>Transport</b>				
<b>Tandem Switching</b>				
Tandem Switched Facility	Per MOU/Mile			
Zone 1		17,646,476,595	\$ 0.0000627	\$ 1,106,434
Zone 2			\$ 0.0000752	
Zone 3			\$ 0.0000875	
Tandem Switched Termination	Per MOU/Term			
Zone 1		2,699,532,639	\$ 0.0001731	\$ 467,289
Zone 2			\$ 0.0002077	
Zone 3			\$ 0.0002250	
Tandem Switching Rate	Per MOU			
Zone 1		1,423,394,868	\$ 0.0017800	\$ 2,533,643
Zone 2			\$ 0.0022253	
Zone 3			\$ 0.0024106	
Shared Multiplexng	Per MOU			
Zone 1		1,423,394,868	\$ 0.0000459	\$ 65,334
Zone 2			\$ 0.0000459	
Zone 3			\$ 0.0000459	
Dedicated Tandem Trunk Port				
Voiceband	Per Month	18,033	\$ 15.28	\$ 275,544
DS1	Per Month	228,035	\$ 5.97	\$ 1,361,369
<b>Interconnection Charge</b>	Per MOU	7,175,079,484	\$0	\$ -
<b>Direct Trunk Transport:</b>				
Voicegrade	Per Mile/Month			
Zone 1		8,519	\$4.30	\$ 36,632
Zone 2			\$4.30	
Zone 3			\$4.30	
DS1 Facility	Per Mile/Month			
Zone 1		258,369	\$7.10	\$ 1,834,420
Zone 2			\$8.03	
Zone 3			\$8.70	
DS1 Termination	Per Month			
Zone 1		31,135	\$21.30	\$ 663,176
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	1/1/03
			Interstate Rates	Interstate Revenues
Zone 1		4,550	\$34.52	\$ 157,066
Zone 2			\$36.50	
Zone 3			\$44.00	
<b>DS3 Termination</b>	<b>Per Month</b>			
Zone 1		763	\$346.88	\$ 264,669
Zone 2			\$370.00	
Zone 3			\$444.25	
<b>Entrance Facility:</b>				
<b>Two Wire</b>	<b>Per Month</b>			
Zone 1		282	\$31.40	\$ 8,855
Zone 2			\$31.40	
Zone 3			\$31.40	
<b>Four Wire</b>	<b>Per Month</b>			
Zone 1		197	\$48.99	\$ 9,651
Zone 2			\$48.99	
Zone 3			\$48.99	
<b>DS1</b>	<b>Each DS1, Per Month</b>			
Zone 1 - per system		763	\$165.00	\$ 125,895
Zone 2 - per system			\$250.00	
Zone 3 - per system			\$250.00	
<b>DS3 Electrical</b>	<b>Each DS3, Per Month</b>			
Zone 1		572	\$1,000.00	\$ 572,000
Zone 2			\$1,055.12	
Zone 3			\$1,055.12	
<b>DS1 to Voice Multiplexing</b>	<b>Each, Per Month</b>			
Zone 1		66	\$250.00	\$ 16,500
Zone 2			\$250.00	
Zone 3			\$250.00	
<b>DS3 to DS1 Multiplexing</b>	<b>Each, Per Month</b>			
Zone 1		948	\$346.88	\$ 328,842
Zone 2			\$370.00	
Zone 3			\$444.25	
<b>Total ATS Revenue</b>				<b>\$ 39,597,381</b>
<b>ATS ARPM</b>				<b>\$ 0.0055187</b>

# VERIZON Communications

## Florida

### Calculation of PICC Equivalent ARPM and Total Composite ARPM

			1/1/03	1/1/03
Element	Rate Application	Jun '02 - May '03 Intrastate Demand	Interstate Rates	Interstate Revenues
<b>Presubscribed Interexchange Carrier Charge</b>				
Multiline Business	Per Line, Per Month	3,442,006	\$3.20	\$ 11,014,419
ISDN - PRI	Per Line, Per Month	12,857	\$16.00	\$ 205,712
Centrex *	Per Line, Per Month	1,629,267	\$0.36	\$ 586,536
1 Line			\$3.20	
2 Line			\$1.60	
3 Line			\$1.07	
4 Line		1,629,267	\$0.80	
5 Line			\$0.64	
6 Line			\$0.53	
7 Line			\$0.46	
8 Line			\$0.40	
9 + Lines			\$0.36	
		<b>Total PICC Revenue</b>		<b>\$ 11,806,667</b>
				<b>Intrastate Demand</b>
				<b>2,061,743,816</b>
				<b>PICC Equivalent ARPM</b>
				<b>0.0057265</b>
* During the study period Centrex was billed a composite rate of \$0.36 per line.				
<b>Interstate ATS ARPM</b>	\$	0.0055187		
<b>PICC Equivalent ARPM</b>	\$	0.0057265		
<b>Composite ARPM</b>	\$	0.0112453		

**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	
<b>Switching</b>							
<b>End Office Switching - Bundled</b>							
Premium	Per MOU	2,061,743,816	\$0.0089000	\$0.0089000	\$18,349,520	\$18,349,520	\$0
Information Surcharge	Per MOU	2,061,743,816	\$0.0072000	\$0	\$14,844,555	\$0	\$14,844,555
<b>Transport *</b>							
<b>Tandem Switching</b>							
Tandem Switched Facility	Per MOU/Mile	6,274,708,397	\$0.0000135	\$0.0000135	\$84,709	\$84,709	\$0
Tandem Switched Termination	Per MOU/Term	908,106,019	\$0.0001344	\$0.0001344	\$122,049	\$122,049	\$0
Tandem Switching Rate	Per MOU	439,912,611	\$0.0007500	\$0.0007500	\$329,934	\$329,934	\$0
Interconnection Charge	Per MOU	2,061,743,816	\$0.0102494	\$0	\$21,131,637	\$0	\$21,131,637
<b>Direct Trunk Transport:</b>							
Voicegrade	Per Mile/Month	5,299	\$5.08	\$5.08	\$26,919	\$26,919	\$0
DS1 Facility	Per Mile/Month	76,519	\$5.00	\$5.00	\$382,595	\$382,595	\$0
DS1 Termination	Per Month	7,992	\$30.00	\$30.00	\$239,760	\$239,760	\$0
DS3 Facility	Per Mile/Month	1,412	\$70.00	\$70.00	\$98,840	\$98,840	\$0
DS3 Termination	Per Month	229	\$500.00	\$500.00	\$114,500	\$114,500	\$0
<b>Entrance Facility:</b>							
Two Wire	Per Month	114	\$33.08	\$33.08	\$3,771	\$3,771	\$0
Four Wire	Per Month	223	\$52.93	\$52.93	\$11,803	\$11,803	\$0
DS1 - First system	Each DS1, Per Month	97	\$260.00	\$260.00	\$25,220	\$25,220	\$0
DS1 - Additional systems	Each DS1, Per Month	120	\$130.00	\$130.00	\$15,600	\$15,600	\$0
DS3 Electrical	Each DS3, Per Month	167	\$1,400.00	\$1,400.00	\$233,800	\$233,800	\$0
DS1 to Voice Multiplexing	Each, Per Month	12	\$250.00	\$250.00	\$3,000	\$3,000	\$0
DS3 to DS1 Multiplexing	Each, Per Month	294	\$581.63	\$581.63	\$170,999	\$170,999	\$0
<b>Carrier Common Line</b>							
Originating Carrier Common Line Access	Per MOU	800,652,965	\$0.0159409	\$0	\$12,763,129	\$0	\$12,763,129
Terminating Carrier Common Line Access	Per MOU	1,257,413,475	\$0.0246950	\$0.0023635	\$31,051,826	\$2,971,897	\$28,079,929
<b>Total Revenue</b>					\$100,004,167	\$23,184,917	\$76,819,250
<b>Total ARPM</b>					\$ 0.0485047	\$ 0.0112453	
* 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 Instate Demand	Intrastate Rates	Intrastate Rates	Intrastate Revenue	Intrastate Revenue	Difference
<b>Switching</b>							
<b>End Office Switching - Bundled</b>							
Premium	Per MOU	2,061,743,816	\$ 0.0089000	\$ 0.0089000	\$18,349,520	\$18,349,520	\$0
Information Surcharge	Per MOU	2,061,743,816	\$ 0.0072000	\$0	\$14,844,555	\$0	\$14,844,555
<b>Transport *</b>							
<b>Tandem Switching</b>							
Tandem Switched Facility	Per MOU/Mile	6,274,708,397	\$ 0.0000135	\$ 0.0000135	\$84,709	\$84,709	\$0
Tandem Switched Termination	Per MOU/Term	908,106,019	\$ 0.0001344	\$ 0.0001344	\$122,049	\$122,049	\$0
Tandem Switching Rate	Per MOU	439,912,611	\$ 0.0007500	\$ 0.0007500	\$329,934	\$329,934	\$0
Interconnection Charge	Per MOU	2,061,743,816	\$ 0.0102494	\$0	\$21,131,637	\$0	\$21,131,637
<b>Direct Trunk Transport:</b>							
Voicegrade	Per Mile/Month	5,299	\$5.08	\$5.08	\$26,919	\$26,919	\$0
DS1 Facility	Per Mile/Month	76,519	\$5.00	\$5.00	\$382,595	\$382,595	\$0
DS1 Termination	Per Month	7,992	\$30.00	\$30.00	\$239,760	\$239,760	\$0
DS3 Facility	Per Mile/Month	1,412	\$70.00	\$70.00	\$98,840	\$98,840	\$0
DS3 Termination	Per Month	229	\$500.00	\$500.00	\$114,500	\$114,500	\$0
<b>Entrance Facility:</b>							
Two Wire	Per Month	114	\$33.08	\$33.08	\$3,771	\$3,771	\$0
Four Wire	Per Month	223	\$52.93	\$52.93	\$11,803	\$11,803	\$0
DS1 - First system	ach DS1, Per Mon	97	\$260.00	\$260.00	\$25,220	\$25,220	\$0
DS1 - Additional systems	ach DS1, Per Mon	120	\$130.00	\$130.00	\$15,600	\$15,600	\$0
DS3 Electrical	ach DS3, Per Mon	167	\$1,400.00	\$1,400.00	\$233,800	\$233,800	\$0
DS1 to Voice Multiplexing	Each, Per Month	12	\$250.00	\$250.00	\$3,000	\$3,000	\$0
DS3 to DS1 Multiplexing	Each, Per Month	294	\$581.63	\$581.63	\$170,999	\$170,999	\$0
<b>Carrier Common Line</b>							
Originating Carrier Common Line Access	Per MOU	800,652,965	\$ 0.0159409	\$ 0.0109461	\$12,763,129	\$8,764,027	\$3,999,101
Terminating Carrier Common Line Access	Per MOU	1,257,413,475	\$ 0.0246950	\$ 0.0246950	\$31,051,826	\$31,051,826	\$0
<b>Total Revenue</b>					\$100,004,167	\$60,028,873	\$39,975,294
<b>Total ARPM</b>					\$ 0.0485047	\$ 0.0291156	
* 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**

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	
<b>Switching</b>							
<b>End Office Switching - Bundled</b>							
Premium	Per MOU	2,061,743,816	\$0.0089000	\$0.0089000	\$18,349,520	\$18,349,520	\$0
Information Surcharge	Per MOU	2,061,743,816	\$0	\$0	\$0	\$0	\$0
<b>Transport *</b>							
<b>Tandem Switching</b>							
Tandem Switched Facility	Per MOU/Mile	6,274,708,397	\$0.0000135	\$0.0000135	\$84,709	\$84,709	\$0
Tandem Switched Termination	Per MOU/Term	908,106,019	\$0.0001344	\$0.0001344	\$122,049	\$122,049	\$0
Tandem Switching Rate	Per MOU	439,912,611	\$0.0007500	\$0.0007500	\$329,934	\$329,934	\$0
Interconnection Charge	Per MOU	2,061,743,816	\$0	\$0	\$0	\$0	\$0
<b>Direct Trunk Transport:</b>							
Voicegrade	Per Mile/Month	5,299	\$5.08	\$5.08	\$26,919	\$26,919	\$0
DS1 Facility	Per Mile/Month	76,519	\$5.00	\$5.00	\$382,595	\$382,595	\$0
DS1 Termination	Per Month	7,992	\$30.00	\$30.00	\$239,760	\$239,760	\$0
DS3 Facility	Per Mile/Month	1,412	\$70.00	\$70.00	\$98,840	\$98,840	\$0
DS3 Termination	Per Month	229	\$500.00	\$500.00	\$114,500	\$114,500	\$0
<b>Entrance Facility:</b>							
Two Wire	Per Month	114	\$33.08	\$33.08	\$3,771	\$3,771	\$0
Four Wire	Per Month	223	\$52.93	\$52.93	\$11,803	\$11,803	\$0
DS1 - First system	Each DS1, Per Month	97	\$260.00	\$260.00	\$25,220	\$25,220	\$0
DS1 - Additional systems	Each DS1, Per Month	120	\$130.00	\$130.00	\$15,600	\$15,600	\$0
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DS1 to Voice Multiplexing	Each, Per Month	12	\$250.00	\$250.00	\$3,000	\$3,000	\$0
DS3 to DS1 Multiplexing	Each, Per Month	294	\$581.63	\$581.63	\$170,999	\$170,999	\$0
<b>Carrier Common Line</b>							
Originating Carrier Common Line Access	Per MOU	800,652,965	\$0.0109461	\$0	\$8,764,027	\$0	\$8,764,027
Terminating Carrier Common Line Access	Per MOU	1,257,413,475	\$0.0246950	\$0.0023635	\$31,051,826	\$2,971,897	\$28,079,929
<b>Total Revenue</b>					\$60,028,873	\$23,184,917	\$36,843,956
<b>Total ARPM</b>					\$0.0291156	\$0.0112453	
* 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**

26-Aug-03

<b>FLORIDA RATE REBALANCING</b>		<b>Year 1</b>			
<b>Summary</b>				<b>Total Switched Access Reduction</b>	<b>\$ 76,819,250</b>
	<u>Present Revenue</u>	<u>Proposed Revenue - Year 1</u>	<u>Increase - Year 1</u>		
<b>Residential</b>	\$204,982,885	\$240,510,835	\$35,527,950		
<b>Business</b>	\$83,218,094	\$87,687,116	\$4,469,022		
<b>Total</b>	\$288,200,980	\$328,197,952	\$39,996,972	<b>\$</b>	<b>39,996,972</b>
<b>Total Basic Res and Bus Recovered - over (under)</b>				<b>\$</b>	<b>(36,822,278)</b>

<b>FLORIDA RATE REBALANCING</b>		<b>Year 2</b>			
<b>Summary</b>				<b>Total Switched Access Reduction</b>	<b>\$ -</b>
	<u>Present Revenue</u>	<u>Proposed Revenue - Year 2</u>	<u>Increase - Year 2</u>	<u>Cummulative Revenue Years 1 &amp; 2</u>	
<b>Residential</b>	\$240,510,835	\$276,392,044	\$35,881,209	\$71,409,158	
<b>Business</b>	\$87,687,116	\$88,606,424	\$919,307	\$5,388,329	
<b>Total</b>	\$328,197,952	\$364,998,467	\$36,800,516	<b>\$</b>	<b>76,797,488</b>
<b>Total Basic Res and Bus Recovered - over (under)</b>				<b>\$</b>	<b>(21,762)</b>

**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	<b>Basic Local Exchange Service</b>								
3	<b>Flat Rate - 1 Party Service/Business</b>								
4	Rate Group 1	MRC	3,922	\$ 24.47	\$ 28.50	\$4.03	\$95,971.34	\$111,777.00	\$15,805.66
5	Rate Group 1 - RESALE	MRC	76	\$ 21.28	\$ 24.78	\$3.50	\$1,617.21	\$1,883.55	\$266.34
6									
7	Rate Group 2	MRC	0	\$ 26.82	\$ 29.50	\$2.68	\$0.00	\$0.00	\$0.00
8	Rate Group 2 - RESALE	MRC	0	\$ 23.32	\$ 25.65	\$2.33	\$0.00	\$0.00	\$0.00
9									
10	Rate Group 3	MRC	229,906	\$ 28.05	\$ 30.00	\$1.95	\$6,448,863.30	\$6,897,180.00	\$448,316.70
11	Rate Group 3 - RESALE	MRC	4,271	\$ 24.39	\$ 26.09	\$1.70	\$104,179.43	\$111,421.85	\$7,242.42
12									
13	Rate Group 4	MRC	286,200	\$ 28.85	\$ 30.50	\$1.65	\$8,256,870.00	\$8,729,100.00	\$472,230.00
14	Rate Group 4 - RESALE	MRC	6,753	\$ 25.09	\$ 26.52	\$1.43	\$169,418.99	\$179,108.47	\$9,689.47
15									
16	Rate Group 5	MRC	2,092,547	\$ 30.35	\$ 32.00	\$1.65	\$63,508,801.45	\$66,961,504.00	\$3,452,702.55
17	Rate Group 5 - RESALE	MRC	40,372	\$ 26.39	\$ 27.83	\$1.43	\$1,065,512.36	\$1,123,439.72	\$57,927.36
18									
19	<b>Total Business Rategroups</b>		2,664,047				<b>\$79,651,234.08</b>	<b>\$84,115,414.59</b>	<b>\$4,464,180.51</b>
20									
21									
22	<b>ECS Usage for Routes Established Before 7/1/95</b>								
23	Business 1-Party Extended Calling Service								
24	- Call Connection	Usage	48,136,571	\$ 0.04	\$ 0.04	\$0.00	\$1,925,462.84	\$1,925,462.84	\$0.00
25	Detail Billing								
26	- Charge Per Page of Billing Detail	Usage	0	\$ 0.11	\$ 0.14	\$0.03	\$0.00	\$0.00	\$0.00
27									
28	<b>Total ECS Usage</b>						<b>\$1,925,462.84</b>	<b>\$1,925,462.84</b>	<b>\$0.00</b>
29									
30									
31	<b>Service Charges for Basic Business</b>								
32	Network Access Establishment Charge	NRC	48,084	\$ 33.90	\$ 34.00	\$0.10	\$1,630,047.60	\$1,634,856.00	\$4,808.40
33	Network Access Establishment Charge - RESALE	NRC	385	\$ 29.48	\$ 29.57	\$0.09	\$11,349.58	\$11,383.06	\$33.48
34									
35	<b>Total Service Charges</b>						<b>\$1,641,397.18</b>	<b>\$1,646,239.06</b>	<b>\$4,841.88</b>
36									
37	<b>Total Basic Business Service</b>						<b>\$83,218,094.11</b>	<b>\$87,687,116.49</b>	<b>\$4,469,022.39</b>

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

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FLORIDA RATE REBALANCING		Year 1	
Summary			
Total Switched Access Reduction			\$ 76,819,250
	Present Revenue	Proposed Revenue - Year 1	Increase - Year 1
Residential	\$204,982,885	\$240,510,835	\$35,527,950
Business	\$83,218,094	\$87,687,116	\$4,469,022
Total	\$288,200,980	\$328,197,952	\$39,996,972
Total Basis Res and Bus Recovered - over (under)			\$ (36,822,278)

**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	3,922	\$ 28.50	\$ 32.00	\$3.50	\$111,777.00	\$125,504.00	\$13,727.00
5	Rate Group 1 - RESALE	MRC	76	\$ 24.78	\$ 27.83	\$3.04	\$1,883.55	\$2,114.87	\$231.31
6									
7	Rate Group 2	MRC	0	\$ 29.50	\$ 32.00	\$2.50	\$0.00	\$0.00	\$0.00
8	Rate Group 2 - RESALE	MRC	0	\$ 25.65	\$ 27.83	\$2.17	\$0.00	\$0.00	\$0.00
9									
10	Rate Group 3	MRC	229,906	\$ 30.00	\$ 32.00	\$2.00	\$6,897,180.00	\$7,356,992.00	\$459,812.00
11	Rate Group 3 - RESALE	MRC	4,271	\$ 26.09	\$ 27.83	\$1.74	\$111,421.85	\$118,849.97	\$7,428.12
12									
13	Rate Group 4	MRC	286,200	\$ 30.50	\$ 32.00	\$1.50	\$8,729,100.00	\$9,158,400.00	\$429,300.00
14	Rate Group 4 - RESALE	MRC	6,753	\$ 26.52	\$ 27.83	\$1.30	\$179,108.47	\$187,917.08	\$8,808.61
15									
16	Rate Group 5	MRC	2,092,547	\$ 32.00	\$ 32.00	\$0.00	\$66,961,504.00	\$66,961,504.00	\$0.00
17	Rate Group 5 - RESALE	MRC	40,372	\$ 27.83	\$ 27.83	\$0.00	\$1,123,439.72	\$1,123,439.72	\$0.00
18									
19	<b>Total Business Rategroups</b>		<b>2,664,047</b>				<b>\$84,115,414.59</b>	<b>\$85,034,721.64</b>	<b>\$919,307.05</b>
20									
21									
22	<b>ECS Usage for Routes Established Before 7/1/95</b>								
23	Business 1-Party Extended Calling Service								
24	- Call Connection	Usage	48,136,571	\$ 0.04	\$ 0.04	\$0.00	\$1,925,462.84	\$1,925,462.84	\$0.00
25	Detail Billing								
26	- Charge Per Page of Billing Detail	Usage	0	\$ 0.14	\$ 0.14	\$0.00	\$0.00	\$0.00	\$0.00
27									
28	<b>Total ECS Usage</b>						<b>\$1,925,462.84</b>	<b>\$1,925,462.84</b>	<b>\$0.00</b>
29									
30									
31	<b>Service Charges for Basic Business</b>								
32	Network Access Establishment Charge	NRC	48,084	\$ 34.00	\$ 34.00	\$0.00	\$1,634,856.00	\$1,634,856.00	\$0.00
33	Network Access Establishment Charge - RESALE	NRC	385	\$ 29.57	\$ 29.57	\$0.00	\$11,383.06	\$11,383.06	\$0.00
34									
35	<b>Total Service Charges</b>						<b>\$1,646,239.06</b>	<b>\$1,646,239.06</b>	<b>\$0.00</b>
36									
37	<b>Total Basic Business Service</b>						<b>\$87,687,116.49</b>	<b>\$88,606,423.54</b>	<b>\$919,307.05</b>

\*\* 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	Cumulative Revenue Years 1 & 2	
Residential	\$240,510,835	\$276,392,044	\$35,881,209	\$71,409,158	
Business	\$87,687,116	\$88,606,424	\$919,307	\$5,388,329	
Total	\$328,197,952	\$364,998,467	\$36,800,516	\$76,797,488	
Total Basis Res and Bus Recovered - over (under)				\$ (21,762)	

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**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	27,830	\$10.12	\$12.37	\$2.25	\$281,639.60	\$344,257.10	\$62,617.50
4	Rate Group 1 - 50% Emp Concession	MRC	1	\$5.06	\$6.19	\$1.13	\$5.06	\$6.19	\$1.13
5	Rate Group 1 - RESALE	MRC	773	\$8.80	\$10.76	\$1.96	\$6,802.67	\$8,315.12	\$1,512.45
6									
7	Rate Group 2	MRC	0	\$10.95	\$13.20	\$2.25	\$0.00	\$0.00	\$0.00
8	Rate Group 2 - 50% Emp Concession	MRC	0	\$5.48	\$6.60	\$1.13	\$0.00	\$0.00	\$0.00
9	Rate Group 2 - RESALE	MRC	0	\$9.52	\$11.48	\$1.96	\$0.00	\$0.00	\$0.00
10									
11	Rate Group 3	MRC	1,661,055	\$11.33	\$13.58	\$2.25	\$18,819,753.15	\$22,557,126.90	\$3,737,373.75
12	Rate Group 3 - 50% Emp Concession	MRC	3,671	\$5.67	\$6.79	\$1.13	\$20,796.22	\$24,926.09	\$4,129.88
13	Rate Group 3 - RESALE	MRC	20,553	\$9.85	\$11.81	\$1.96	\$202,499.83	\$242,713.83	\$40,214.00
14									
15	Rate Group 4	MRC	1,785,468	\$11.70	\$13.95	\$2.25	\$20,889,975.60	\$24,907,278.60	\$4,017,303.00
16	Rate Group 4 - 50% Emp Concession	MRC	5,904	\$5.85	\$6.98	\$1.13	\$34,538.40	\$41,180.40	\$6,642.00
17	Rate Group 4 - RESALE	MRC	32,537	\$10.17	\$12.13	\$1.96	\$331,041.85	\$394,703.74	\$63,661.89
18									
19	Rate Group 5	MRC	11,514,061	\$12.10	\$14.35	\$2.25	\$139,320,138.10	\$165,226,775.35	\$25,906,637.25
20	Rate Group 5 - 50% Emp Concession	MRC	46,512	\$6.05	\$7.18	\$1.13	\$281,397.60	\$333,723.60	\$52,326.00
21	Rate Group 5 - RESALE	MRC	161,689	\$10.52	\$12.48	\$1.96	\$1,701,317.53	\$2,017,678.23	\$316,360.70
22									
23	<b>Total Residential Rategroups</b>		15,260,054				\$181,889,905.61	\$216,098,685.15	\$34,208,779.54
24									
25	<b>Vacation Service - Residence</b>								
26	Vacation Service/Residence	MRC	428,772	\$5.77	\$6.00	\$0.23	\$2,474,014.44	\$2,572,632.00	\$98,617.56
27									
28	<b>Total Basic Residential Vacation Service</b>						\$ 2,474,014.44	\$ 2,572,632.00	\$ 98,617.56
29									
30	<b>ECS Usage for Routes Established Before 7/1/95</b>								
31	Residence 1-Party Extended Calling Service								
32	- Call Connection	Usage	55,477,202	\$0.25	\$0.25	\$0.00	\$13,869,300.50	\$13,869,300.50	\$0.00
33									
34	<b>Total ECS Usage</b>						\$13,869,300.50	\$13,869,300.50	\$0.00
35									
36	<b>Service Charges for Basic Residence</b>								
37	Network Access Establishment Charge	NRC	101,825	\$ 20.00	\$25.00	\$5.00	\$ 2,036,500.00	\$2,545,625.00	\$509,125.00
38	Network Access Establishment Charge - RESALE	NRC	20,456	\$ 17.39	\$ 21.74	\$4.35	\$ 355,770.75	\$444,713.44	\$88,942.69
39	Central Office Line Connection	NRC	106,598	\$ 35.00	\$40.00	\$5.00	\$ 3,730,930.00	\$4,263,920.00	\$532,990.00
40	Central Office Line Connection - RESALE	NRC	20,583	\$ 30.44	\$ 34.78	\$4.35	\$ 626,464.19	\$ 715,959.07	\$89,494.88
41									
42	<b>Total Service Charges</b>						\$ 6,749,664.94	\$ 7,970,217.51	\$1,220,552.57
43									
44	<b>Total Basic Residential Service</b>						\$ 204,982,885.49	\$ 240,510,835.16	\$ 35,527,949.68

\*\* 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	
	Present Revenue	Proposed Revenue - Year 1	Increase - Year 1
Residential	\$ 204,982,885	\$ 240,510,835	\$ 35,527,950
Business	\$ 83,218,094	\$ 87,687,116	\$ 4,469,022
<b>Total</b>	<b>\$ 288,200,980</b>	<b>\$ 328,197,952</b>	<b>\$ 39,996,972.06</b>
Total Basis Res and Bus Recovered - over (under)			\$ (36,822,278)

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**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	27,830	\$12.37	\$14.73	\$2.36	\$344,257.10	\$409,935.90	\$65,678.80
4	Rate Group 1 - 50% Emp Concession	MRC	1	\$6.19	\$7.37	\$1.18	\$6.19	\$7.37	\$1.18
5	Rate Group 1 - RESALE	MRC	773	\$10.76	\$12.81	\$2.05	\$8,315.12	\$9,901.52	\$1,586.39
6									
7	Rate Group 2	MRC	0	\$13.20	\$15.56	\$2.36	\$0.00	\$0.00	\$0.00
8	Rate Group 2 - 50% Emp Concession	MRC	0	\$6.60	\$7.78	\$1.18	\$0.00	\$0.00	\$0.00
9	Rate Group 2 - RESALE	MRC	0	\$11.48	\$13.53	\$2.05	\$0.00	\$0.00	\$0.00
10									
11	Rate Group 3	MRC	1,661,055	\$13.58	\$15.94	\$2.36	\$22,557,126.90	\$26,477,216.70	\$3,920,089.80
12	Rate Group 3 - 50% Emp Concession	MRC	3,671	\$6.79	\$7.97	\$1.18	\$24,926.09	\$29,257.87	\$4,331.78
13	Rate Group 3 - RESALE	MRC	20,553	\$11.81	\$13.86	\$2.05	\$242,713.83	\$284,893.85	\$42,180.02
14									
15	Rate Group 4	MRC	1,785,468	\$13.95	\$16.31	\$2.36	\$24,907,278.80	\$29,120,983.08	\$4,213,704.48
16	Rate Group 4 - 50% Emp Concession	MRC	5,904	\$6.98	\$8.16	\$1.18	\$41,180.40	\$48,147.12	\$6,966.72
17	Rate Group 4 - RESALE	MRC	32,537	\$12.13	\$14.18	\$2.05	\$394,703.74	\$461,478.00	\$66,774.25
18									
19	Rate Group 5	MRC	11,514,061	\$14.35	\$16.71	\$2.36	\$165,226,775.35	\$192,399,959.31	\$27,173,183.96
20	Rate Group 5 - 50% Emp Concession	MRC	46,512	\$7.18	\$8.36	\$1.18	\$333,723.60	\$388,607.76	\$54,884.16
21	Rate Group 5 - RESALE	MRC	161,689	\$12.48	\$14.53	\$2.05	\$2,017,678.23	\$2,349,505.45	\$331,827.22
22									
23	<b>Total Residential Rategroups</b>		15,260,054				\$216,098,685.15	\$251,979,893.91	\$35,881,208.77
24									
25	<b>Vacation Service - Residence</b>								
26	Vacation Service/Residence	MRC	428,772	\$6.00	\$6.00	\$0.00	\$2,572,632.00	\$2,572,632.00	\$0.00
27									
28	<b>Total Basic Residential Vacation Service</b>						\$ 2,572,632.00	\$ 2,572,632.00	\$ -
29									
30	<b>ECS Usage for Routes Established Before 7/1/95</b>								
31	Residence 1-Party Extended Calling Service								
32	- Call Connection	Usage	55,477,202	\$0.25	\$0.25	\$0.00	\$13,869,300.50	\$13,869,300.50	\$0.00
33									
34	<b>Total ECS Usage</b>						\$13,869,300.50	\$13,869,300.50	\$0.00
35									
36	<b>Service Charges for Basic Residence</b>								
37	Network Access Establishment Charge	NRC	101,825	\$25.00	\$25.00	\$0.00	\$ 2,545,625.00	\$2,545,625.00	\$0.00
38	Network Access Establishment Charge - RESALE	NRC	20,456	\$ 21.74	\$ 21.74	\$0.00	\$ 444,713.44	\$444,713.44	\$0.00
39	Central Office Line Connection	NRC	106,598	\$40.00	\$40.00	\$0.00	\$ 4,263,920.00	\$4,263,920.00	\$0.00
40	Central Office Line Connection - RESALE	NRC	20,583	\$ 34.78	\$ 34.78	\$0.00	\$ 715,959.07	\$715,959.07	\$0.00
41									
42	<b>Total Service Charges</b>						\$ 7,970,217.51	\$7,970,217.51	\$0.00
43									
44	<b>Total Basic Residential Service</b>						\$ 240,510,835.16	\$ 276,392,043.93	\$ 35,881,208.77

\*\* 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	Cumulative Revenue Years 1 & 2	
Residential	\$ 240,510,835	\$ 276,392,044	\$ 35,881,209	\$ 71,409,158	
Business	\$ 87,687,116	\$ 88,606,424	\$ 919,307	\$ 5,388,329	
<b>Total</b>	<b>\$ 328,197,952</b>	<b>\$ 364,998,467</b>	<b>\$ 36,800,515.82</b>	<b>\$ 76,797,488</b>	
Total Basis Res and Bus Recovered - over (under)				<b>\$ (21,762)</b>	

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## 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	<b>Total Basic Business Service</b>				
3	Current View	\$ 100,534,309	\$ 70,422,878	\$ 30,111,431	42.76%
4	Year 1	\$ 105,003,526	\$ 70,909,087	\$ 35,057,171	49.44%
5	Year 2	\$ 105,922,875	\$ 70,909,087	\$ 35,976,519	50.74%
6					
7					
8	<b>Total Basic Residential Service</b>				
9	Current View	\$ 306,959,753	\$ 417,720,071	\$ (110,760,318)	-26.52%
10	Year 1	\$ 342,518,570	\$ 418,940,500	\$ (76,421,930)	-18.24%
11	Year 2	\$ 378,369,034	\$ 418,940,500	\$ (40,571,465)	-9.68%
12					
13					
14	<b>Total Basic Service</b>				
15	Current View	\$ 407,494,062	\$ 488,142,949	\$ (80,648,887)	-16.52%
16	Year 1	\$ 447,522,096	\$ 489,849,586	\$ (41,364,759)	-8.44%
17	Year 2	\$ 484,291,909	\$ 489,849,586	\$ (4,594,946)	-0.94%

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\*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.

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

Row	(A) Service Description	(B) Billing Type	(C) Annualized Units	(D) Proposed Rate	(E) EUCL	(F)=(D)+E Proposed Rate w/EUCL	(G) Estimated Costs at Ordered UNE-P* Rates	(H)=(F)-(G) Unit Contribution	(I)=(C)*(F) Annual Present Revenue	(J)=(C)*(G) Annual Estimated Costs at Ordered UNE P* Rates	(K)=(I)-(K) Estimated Contribution Margin*	(L)=(K)/(J) Contribution Margin %
1												
2	<b>Basic Local Exchange Service</b>											
3	<b>Flat Rate - 1 Party Service/Business</b>											
4	Rate Group 1	MRC	3,922	\$ 24.47	\$ 6.50	\$ 30.97	\$ 35.75	\$ (4.78)	\$ 121,464	\$ 140,212	\$ (18,747)	-13.37%
5	Rate Group 1 - RESALE	MRC	76	\$ 21.28	\$ 6.50	\$ 27.78	\$ 35.75	\$ (7.97)	\$ 2,111	\$ 2,717	\$ (606)	-22.29%
6												
7	Rate Group 2	MRC	0	\$ 26.82	\$ 6.50	\$ 33.32						
8	Rate Group 2 - RESALE	MRC	0	\$ 23.32	\$ 6.50	\$ 29.82						
9												
10	Rate Group 3	MRC	229,906	\$ 28.05	\$ 6.50	\$ 34.55	\$ 31.27	\$ 3.28	\$ 7,943,252	\$ 7,189,161	\$ 754,092	10.49%
11	Rate Group 3 - RESALE	MRC	4,271	\$ 24.39	\$ 6.50	\$ 30.89	\$ 31.27	\$ (0.38)	\$ 131,931	\$ 133,554	\$ (1,623)	-1.22%
12												
13	Rate Group 4	MRC	286,200	\$ 28.85	\$ 6.50	\$ 35.35	\$ 28.72	\$ 6.63	\$ 10,117,170	\$ 8,219,664	\$ 1,897,506	23.08%
14	Rate Group 4 - RESALE	MRC	6,753	\$ 25.09	\$ 6.50	\$ 31.59	\$ 28.72	\$ 2.87	\$ 213,327	\$ 193,946	\$ 19,381	9.99%
15												
16	Rate Group 5	MRC	2,092,547	\$ 30.35	\$ 6.50	\$ 36.85	\$ 23.90	\$ 12.95	\$ 77,110,357	\$ 50,011,873	\$ 27,098,484	54.18%
17	Rate Group 5 - RESALE	MRC	40,372	\$ 26.39	\$ 6.50	\$ 32.89	\$ 23.90	\$ 8.99	\$ 1,327,835	\$ 964,891	\$ 362,944	37.62%
18												
19	<b>Total Business Rategroups</b>		2,664,047						\$ 96,967,448	\$ 66,856,018	\$ 30,111,431	45.04%
20												
21												
22	<b>ECS Usage for Routes Established Before 7/1/95</b>											
23	Business 1-Party Extended Calling Service											
24	- Call Connection	Usage	48,136,571	\$ 0.04		\$ 0.04	\$ 0.04	\$ -	\$ 1,925,463	\$ 1,925,463	\$ -	0.00%
25	Detail Billing											
26	- Charge Per Page of Billing Detail	Usage	0	\$ 0.11		\$ 0.11	\$ 0.11	\$ -	\$ -	\$ -	\$ -	
27												
28	<b>Total ECS Usage</b>								\$ 1,925,463	\$ 1,925,463	\$ -	0.00%
29												
30												
31	<b>Service Charges for Basic Business</b>											
32	Network Access Establishment Charge	NRC	48,084	\$ 33.90		\$ 33.90	\$ 33.90	\$ -	\$ 1,630,048	\$ 1,630,048	\$ -	0.00%
33	Network Access Establishment Charge - RESALE	NRC	385	\$ 29.48		\$ 29.48	\$ 29.48	\$ -	\$ 11,350	\$ 11,350	\$ -	0.00%
34												
35	<b>Total Service Charges</b>								\$ 1,641,397	\$ 1,641,397	\$ -	0.00%
36												
37	<b>Total Basic Business Service</b>								\$ 100,534,309	\$ 70,422,878	\$ 30,111,431	42.76%

\*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.

000504Q

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

Row	(A) Service Description	(B) Billing Type	(C) Annualized Units	(D) Proposed Rate	(E) EUCL	(F)=(D)+(E) Proposed Rate w/EUCL	(G) Estimated Costs at Ordered UNE-P* Rates	(H)=(F)-(G) Unit Contribution	(I)=(C)*(F) Annual Present Revenue	(J)=(C)*(G) Annual Estimated Costs at Ordered UNE-P* Rates	(K)=(I)-(K) Estimated Contribution Margin*	(L)=(K)/(J) Contribution Margin %
1												
2	<b>Basic Local Exchange Service</b>											
3	<b>Flat Rate - 1 Party Service/Business</b>											
4	Rate Group 1	MRC	3,922	\$ 28.50	\$ 6.50	\$ 35.00	\$ 35.75	\$ (0.75)	\$ 137,270	\$ 140,212	\$ (2,942)	-2.10%
5	Rate Group 1 - RESALE	MRC	76	\$ 24.78	\$ 6.50	\$ 31.28	\$ 35.75	\$ (4.47)	\$ 2,377	\$ 2,717	\$ (340)	-12.50%
6												
7	Rate Group 2	MRC	0	\$ 29.50	\$ 6.50	\$ 36.00						
8	Rate Group 2 - RESALE	MRC	0	\$ 25.65	\$ 6.50	\$ 32.15						
9												
10	Rate Group 3	MRC	229,906	\$ 30.00	\$ 6.50	\$ 36.50	\$ 31.27	\$ 5.23	\$ 8,391,569	\$ 7,189,161	\$ 1,202,408	16.73%
11	Rate Group 3 - RESALE	MRC	4,271	\$ 26.09	\$ 6.50	\$ 32.59	\$ 31.27	\$ 1.32	\$ 139,192	\$ 133,554	\$ 5,638	4.22%
12												
13	Rate Group 4	MRC	286,200	\$ 30.50	\$ 6.50	\$ 37.00	\$ 28.72	\$ 8.28	\$ 10,589,400	\$ 8,219,664	\$ 2,369,736	28.83%
14	Rate Group 4 - RESALE	MRC	6,753	\$ 26.52	\$ 6.50	\$ 33.02	\$ 28.72	\$ 4.30	\$ 222,984	\$ 193,946	\$ 29,038	14.97%
15												
16	Rate Group 5	MRC	2,092,547	\$ 32.00	\$ 6.50	\$ 38.50	\$ 23.90	\$ 14.60	\$ 80,563,060	\$ 50,011,873	\$ 30,551,186	61.09%
17	Rate Group 5 - RESALE	MRC	40,372	\$ 27.83	\$ 6.50	\$ 34.33	\$ 23.90	\$ 10.43	\$ 1,385,971	\$ 964,891	\$ 421,080	43.64%
18												
19	<b>Total Business Rategroups</b>		2,664,047						\$ 101,431,822	\$ 66,856,018	\$ 34,575,805	51.72%
20												
21												
22	<b>ECS Usage for Routes Established Before 7/1/95</b>											
23	Business 1-Party Extended Calling Service											
24	- Call Connection	Usage	48,136,571	\$ 0.04		\$ 0.04	\$ 0.05	\$ (0.01)	\$ 1,925,463	\$ 2,406,829	\$ (481,366)	-20.00%
25	Detail Billing											
26	- Charge Per Page of Billing Detail	Usage	0	\$ 0.14		\$ 0.14	\$ 0.14	\$ -	\$ -	\$ -	\$ -	
27												
28	<b>Total ECS Usage</b>								\$ 1,925,463	\$ 2,406,829	\$ 481,366	20.00%
29												
30												
31	<b>Service Charges for Basic Business</b>											
32	Network Access Establishment Charge	NRC	48,084	\$ 34.00		\$ 34.00	\$ 34.00	\$ -	\$ 1,634,856	\$ 1,634,856	\$ -	0.00%
33	Network Access Establishment Charge - RESALE	NRC	385	\$ 29.57		\$ 29.57	\$ 29.57	\$ -	\$ 11,384	\$ 11,384	\$ -	0.00%
34												
35	<b>Total Service Charges</b>								\$ 1,646,240	\$ 1,646,240	\$ -	0.00%
36												
37	<b>Total Basic Business Service</b>								\$ 105,003,526	\$ 70,909,087	\$ 35,057,171	49.44%

\*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.

000504R

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

Row	(A) Service Description	(B) Billing Type	(C) Annualized Units	(D) Proposed Rate	(E) EUCL	(F)=(D)*(E) Proposed Rate w/EUCL	(G) Estimated Costs at Ordered UNE-P* Rates	(H)=(F)-(G) Unit Contribution	(I)=(C)*(F) Annual Present Revenue	(J)=(C)*(G) Annual Estimated Costs at Ordered UNE-P* Rates	(K)=(I)-(J) Estimated Contribution Margin*	(L)=(K)/(J) Contribution Margin %
1												
2	<b>Basic Local Exchange Service</b>											
3	<b>Flat Rate - 1 Party Service/Business</b>											
4	Rate Group 1	MRC	3,922	\$ 32.00	\$ 6.50	\$ 38.50	\$ 35.75	\$ 2.75	\$ 150,997	\$ 140,212	\$ 10,786	7.69%
5	Rate Group 1 - RESALE	MRC	76	\$ 27.83	\$ 6.50	\$ 34.33	\$ 35.75	\$ (1.42)	\$ 2,609	\$ 2,717	\$ (108)	-3.97%
6												
7	Rate Group 2	MRC	0	\$ 32.00	\$ 6.50	\$ 38.50						
8	Rate Group 2 - RESALE	MRC	0	\$ 27.83	\$ 6.50	\$ 34.33						
9												
10	Rate Group 3	MRC	229,906	\$ 32.00	\$ 6.50	\$ 38.50	\$ 31.27	\$ 7.23	\$ 8,851,381	\$ 7,189,161	\$ 1,662,220	23.12%
11	Rate Group 3 - RESALE	MRC	4,271	\$ 27.83	\$ 6.50	\$ 34.33	\$ 31.27	\$ 3.06	\$ 146,623	\$ 133,654	\$ 13,069	9.79%
12												
13	Rate Group 4	MRC	286,200	\$ 32.00	\$ 6.50	\$ 38.50	\$ 28.72	\$ 9.78	\$ 11,018,700	\$ 8,219,664	\$ 2,799,036	34.05%
14	Rate Group 4 - RESALE	MRC	6,753	\$ 27.83	\$ 6.50	\$ 34.33	\$ 28.72	\$ 5.61	\$ 231,830	\$ 193,946	\$ 37,884	19.53%
15												
16	Rate Group 5	MRC	2,092,547	\$ 32.00	\$ 6.50	\$ 38.50	\$ 23.90	\$ 14.60	\$ 80,563,060	\$ 50,011,873	\$ 30,551,186	61.09%
17	Rate Group 5 - RESALE	MRC	40,372	\$ 27.83	\$ 6.50	\$ 34.33	\$ 23.90	\$ 10.43	\$ 1,385,971	\$ 964,891	\$ 421,080	43.64%
18												
19	<b>Total Business Rategroups</b>		2,664,047					\$	\$ 102,351,171	\$ 66,856,018	\$ 35,495,154	53.09%
20												
21												
22	<b>ECS Usage for Routes Established Before 7/1/95</b>											
23	Business 1-Party Extended Calling Service											
24	- Call Connection	Usage	48,136,571	\$ 0.04		\$ 0.04	\$ 0.05	\$ (0.01)	\$ 1,925,463	\$ 2,406,829	\$ (481,366)	-20.00%
25	Detail Billing											
26	- Charge Per Page of Billing Detail	Usage	0	\$ 0.14		\$ 0.14	\$ 0.14	\$ -	\$ -	\$ -	\$ -	
27												
28	<b>Total ECS Usage</b>							\$	\$ 1,925,463	\$ 2,406,829	\$ 481,366	20.00%
29												
30												
31	<b>Service Charges for Basic Business</b>											
32	Network Access Establishment Charge	NRC	48,084	\$ 34.00		\$ 34.00	\$ 34.00	\$ -	\$ 1,634,856	\$ 1,634,856	\$ -	0.00%
33	Network Access Establishment Charge - RESALE	NRC	385	\$ 29.57		\$ 29.57	\$ 29.57	\$ -	\$ 11,384	\$ 11,384	\$ -	0.00%
34												
35	<b>Total Service Charges</b>							\$	\$ 1,646,240	\$ 1,646,240	\$ -	0.00%
36												
37	<b>Total Basic Business Service</b>							\$	\$ 105,922,875	\$ 70,909,087	\$ 35,976,519	50.74%

\*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**

Row	(A) Service Description	(B) Billing Type	(C) Annualized Units	(D) Present Rate	(E) EUCL	(F)=(D)*(E) Present Rate w/EUCL	(G) Estimated Costs at Ordered UNE-P* Rates	(H)=(F)-(G) Unit Contribution	(I)=(C)*(F) Annual Present Revenue	(J)=(C)*(G) Annual Estimated Costs at Ordered UNE-P* Rates	(K)=(I)-(J) Estimated Contribution Margin*	(L)=(K)/(J) Contribution Margin %
1	<b>Basic Local Exchange Service</b>											
2	<b>Flat Rate - 1 Party Service/Residence</b>											
3	Rate Group 1	MRC	27,830	\$ 10.12	\$ 6.50	\$ 16.62	\$ 35.75	\$ (19.13)	\$ 462,535	\$ 994,923	\$ (532,388)	-53.51%
4	Rate Group 1 - 50% Emp Concession	MRC	1	\$ 5.06	\$ 6.50	\$ 11.56	\$ 35.75	\$ (24.19)	\$ 12	\$ 36	\$ (24)	-67.66%
5	Rate Group 1 - RESALE	MRC	773	\$ 8.80	\$ 6.50	\$ 15.30	\$ 35.75	\$ (20.45)	\$ 11,827	\$ 27,635	\$ (15,808)	-57.20%
6												
7	Rate Group 2	MRC	0	\$ 10.95	\$ 6.50	\$ 17.45						
8	Rate Group 2 - 50% Emp Concession	MRC	0	\$ 5.48	\$ 6.50	\$ 11.98						
9	Rate Group 2 - RESALE	MRC	0	\$ 9.52	\$ 6.50	\$ 16.02						
10												
11	Rate Group 3	MRC	1,661,055	\$ 11.33	\$ 6.50	\$ 17.83	\$ 31.27	\$ (13.44)	\$ 29,616,611	\$ 51,941,190	\$ (22,324,579)	-42.98%
12	Rate Group 3 - 50% Emp Concession	MRC	3,671	\$ 5.67	\$ 6.50	\$ 12.17	\$ 31.27	\$ (19.11)	\$ 44,658	\$ 114,792	\$ (70,134)	-61.10%
13	Rate Group 3 - RESALE	MRC	20,553	\$ 9.85	\$ 6.50	\$ 16.35	\$ 31.27	\$ (14.92)	\$ 336,042	\$ 642,692	\$ (306,651)	-47.71%
14												
15	Rate Group 4	MRC	1,785,468	\$ 11.70	\$ 6.50	\$ 18.20	\$ 28.72	\$ (10.52)	\$ 32,495,518	\$ 51,278,641	\$ (18,783,123)	-36.63%
16	Rate Group 4 - 50% Emp Concession	MRC	5,904	\$ 5.85	\$ 6.50	\$ 12.35	\$ 28.72	\$ (16.37)	\$ 72,914	\$ 169,563	\$ (96,648)	-57.00%
17	Rate Group 4 - RESALE	MRC	32,537	\$ 10.17	\$ 6.50	\$ 16.67	\$ 28.72	\$ (12.05)	\$ 542,392	\$ 934,463	\$ (392,071)	-41.96%
18												
19	Rate Group 5	MRC	11,514,061	\$ 12.10	\$ 6.50	\$ 18.60	\$ 23.90	\$ (5.30)	\$ 214,161,535	\$ 275,186,058	\$ (61,024,523)	-22.18%
20	Rate Group 5 - 50% Emp Concession	MRC	46,512	\$ 6.05	\$ 6.50	\$ 12.55	\$ 23.90	\$ (11.35)	\$ 583,726	\$ 1,111,637	\$ (527,911)	-47.49%
21	Rate Group 5 - RESALE	MRC	161,689	\$ 10.52	\$ 6.50	\$ 17.02	\$ 23.90	\$ (6.88)	\$ 2,751,947	\$ 3,864,367	\$ (1,112,420)	-28.79%
22												
23	<b>Total Residential Rategroups</b>		15,260,054						\$ 281,079,714	\$ 386,265,996	\$ (105,186,282)	-27.23%
24												
25	<b>Vacation Service - Residence</b>											
26	Vacation Service/Residence	MRC	428,772	\$ 5.77	\$ 6.50	\$ 12.27	\$ 25.27	\$ (13.00)	\$ 5,261,032	\$ 10,835,068	\$ (5,574,036)	-51.44%
27												
28	<b>Total Basic Residential Vacation Service</b>								\$ 5,261,032	\$ 10,835,068	\$ (5,574,036)	-51.44%
29												
30												
31												
32												
33												
34												
35												
36												
37												
38												
39												
40	<b>ECS Usage for Routes Established Before 7/1/95</b>											
41	Residence 1-Party Extended Calling Service											
42	- Call Connection	Usage	55,477,202	\$ 0.25		\$ 0.25	\$ 0.25	\$ -	\$ 13,869,301	\$ 13,869,301	\$ -	0.00%
43												
44	<b>Total ECS Usage</b>								\$ 13,869,301	\$ 13,869,301	\$ -	0.00%
45												
46	<b>Service Charges for Basic Residence</b>											
47	Network Access Establishment Charge	NRC	101,825	\$ 20.00		\$ 20.00	\$ 20.00	\$ -	\$ 2,036,500	\$ 2,036,500	\$ -	0.00%
48	Network Access Establishment Charge - RESALE	NRC	20,456	\$ 17.39		\$ 17.39	\$ 17.39	\$ -	\$ 355,730	\$ 355,730	\$ -	0.00%
49	Central Office Line Connection	NRC	106,598	\$ 35.00		\$ 35.00	\$ 35.00	\$ -	\$ 3,730,930	\$ 3,730,930	\$ -	0.00%
50	Central Office Line Connection - RESALE	NRC	20,583	\$ 30.44		\$ 30.44	\$ 30.44	\$ -	\$ 626,547	\$ 626,547	\$ -	0.00%
51												
52	<b>Total Service Charges</b>								\$ 6,749,706	\$ 6,749,706	\$ -	0.00%
53												
54	<b>Total Basic Residential Service</b>								\$ 306,959,753	\$ 417,720,071	\$ (110,760,318)	-26.52%

\*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.

000504T

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

Row	(A) Service Description	(B) Billing Type	(C) Annualized Units	(D) Proposed Rate	(E) EUCL	(F)=(D)*(E) Proposed Rate w/EUCL	(G) Estimated Costs at Ordered UNE-P* Rates	(H)=(F)-(G) Unit Contribution	(I)=(C)*(F) Annual Present Revenue	(J)=(C)*(G) Annual Surrogate Costs at UNE-P Rates	(K)=(I)-(J) Contribution Margin	(L)=(K)/(J) Contribution Margin %
1	<b>Basic Local Exchange Service</b>											
2	<b>Flat Rate - 1 Party Service/Residence</b>											
3	Rate Group 1	MRC	27,830	\$ 12.37	\$ 6.50	\$ 18.87	\$ 35.75	\$ (16.88)	\$ 525,152	\$ 994,923	\$ (469,770)	-47.22%
4	Rate Group 1 - 50% Emp Concession	MRC	1	\$ 6.19	\$ 6.50	\$ 12.69	\$ 35.75	\$ (23.07)	\$ 13	\$ 36	\$ (23)	-64.52%
5	Rate Group 1 - RESALE	MRC	773	\$ 10.76	\$ 6.50	\$ 17.26	\$ 35.75	\$ (18.49)	\$ 13,342	\$ 27,635	\$ (14,293)	-51.72%
6												
7	Rate Group 2	MRC	0	\$ 13.20	\$ 6.50	\$ 19.70						
8	Rate Group 2 - 50% Emp Concession	MRC	0	\$ 6.60	\$ 6.50	\$ 13.10						
9	Rate Group 2 - RESALE	MRC	0	\$ 11.48	\$ 6.50	\$ 17.98						
10												
11	Rate Group 3	MRC	1,661,055	\$ 13.58	\$ 6.50	\$ 20.08	\$ 31.27	\$ (11.19)	\$ 33,353,984	\$ 51,941,190	\$ (18,587,205)	-35.79%
12	Rate Group 3 - 50% Emp Concession	MRC	3,671	\$ 6.79	\$ 6.50	\$ 13.29	\$ 31.27	\$ (17.98)	\$ 48,788	\$ 114,792	\$ (66,005)	-57.50%
13	Rate Group 3 - RESALE	MRC	20,553	\$ 11.81	\$ 6.50	\$ 18.31	\$ 31.27	\$ (12.96)	\$ 376,325	\$ 642,692	\$ (266,367)	-41.45%
14												
15	Rate Group 4	MRC	1,785,468	\$ 13.95	\$ 6.50	\$ 20.45	\$ 28.72	\$ (8.27)	\$ 36,512,821	\$ 51,278,641	\$ (14,765,820)	-28.80%
16	Rate Group 4 - 50% Emp Concession	MRC	5,904	\$ 12.10	\$ 6.50	\$ 18.60	\$ 28.72	\$ (10.12)	\$ 109,814	\$ 169,563	\$ (59,748)	-35.24%
17	Rate Group 4 - RESALE	MRC	32,537	\$ 12.13	\$ 6.50	\$ 18.63	\$ 28.72	\$ (10.09)	\$ 606,164	\$ 934,463	\$ (328,299)	-35.13%
18												
19	Rate Group 5	MRC	11,514,061	\$ 14.35	\$ 6.50	\$ 20.85	\$ 23.90	\$ (3.05)	\$ 240,068,172	\$ 275,186,058	\$ (35,117,886)	-12.76%
20	Rate Group 5 - 50% Emp Concession	MRC	46,512	\$ 7.18	\$ 6.50	\$ 13.68	\$ 23.90	\$ (10.23)	\$ 636,052	\$ 1,111,637	\$ (475,585)	-42.78%
21	Rate Group 5 - RESALE	MRC	161,689	\$ 12.48	\$ 6.50	\$ 18.98	\$ 23.90	\$ (4.92)	\$ 3,068,857	\$ 3,864,367	\$ (795,510)	-20.59%
22												
23	<b>Total Residential Rategroups</b>		15,260,054						\$ 315,319,484	\$ 386,265,996	\$ (70,946,511)	-18.37%
24												
25	<b>Vacation Service - Residence</b>											
26	Vacation Service/Residence	MRC	428,772	\$ 6.00	\$ 6.50	\$ 12.50	\$ 25.27	\$ (12.77)	\$ 5,359,650	\$ 10,835,068	\$ (5,475,418)	-50.53%
27												
28	<b>Total Basic Residential Vacation Service</b>								\$ 5,359,650	\$ 10,835,068	\$ (5,475,418)	-50.53%
29												
30												
31												
32												
33												
34												
35												
36												
37												
38												
39												
40	<b>ECS Usage for Routes Established Before 7/1/95</b>											
41	Residence 1-Party Extended Calling Service											
42	- Call Connection	Usage	55,477,202	\$ 0.25		\$ 0.25	\$ 0.25	\$ -	\$ 13,869,301	\$ 13,869,301	\$ -	0.00%
43												
44	<b>Total ECS Usage</b>								\$ 13,869,301	\$ 13,869,301	\$ -	0.00%
45												
46	<b>Service Charges for Basic Residence</b>											
47	Network Access Establishment Charge	NRC	101,825	\$ 25.00		\$ 25.00	\$ 25.00	\$ -	\$ 2,545,625	\$ 2,545,625	\$ -	0.00%
48	Network Access Establishment Charge - RESALE	NRC	20,456	\$ 21.74		\$ 21.74	\$ 21.74	\$ -	\$ 444,713	\$ 444,713	\$ -	0.00%
49	Central Office Line Connection	NRC	106,598	\$ 40.00		\$ 40.00	\$ 40.00	\$ -	\$ 4,263,920	\$ 4,263,920	\$ -	0.00%
50	Central Office Line Connection - RESALE	NRC	20,583	\$ 34.78		\$ 34.78	\$ 34.78	\$ -	\$ 715,877	\$ 715,877	\$ -	0.00%
51												
52	<b>Total Service Charges</b>								\$ 7,970,135	\$ 7,970,135	\$ -	0.00%
53												
54	<b>Total Basic Residential Service</b>								\$ 342,518,570	\$ 418,940,500	\$ (76,421,930)	-18.24%

\*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.

000504 U

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

Row	(A) Service Description	(B) Billing Type	(C) Annualized Units	(D) Proposed Rate	(E) EUCL	(F)=(D)*(E) Proposed Rate w/EUCL	(G) Estimated Costs at Ordered UNE-P* Rates	(H)=(F)-(G) Unit Contribution	(I)=(C)*(F) Annual Present Revenue	(J)=(C)*(G) Annual Estimated Costs at Ordered UNE-P* Rates	(K)=(I)-(K) Estimated Contribution Margin*	(L)=(K)/(J) Contribution Margin %
1	<b>Basic Local Exchange Service</b>											
2	<b>Flat Rate - 1 Party Service/Residence</b>											
3	Rate Group 1	MRC	27,830	\$ 14.73	\$ 6.50	\$ 21.23	\$ 35.75	\$ (14.52)	\$ 590,831	\$ 994,923	\$ (404,092)	-40.22%
4	Rate Group 1 - 50% Emp Concession	MRC	1	\$ 7.37	\$ 6.50	\$ 13.87	\$ 35.75	\$ (21.89)	\$ 14	\$ 36	\$ (22)	-61.22%
5	Rate Group 1 - RESALE	MRC	773	\$ 12.81	\$ 6.50	\$ 19.31	\$ 35.75	\$ (16.44)	\$ 14,927	\$ 27,635	\$ (12,708)	-45.99%
6												
7	Rate Group 2	MRC	0	\$ 15.56	\$ 6.50	\$ 22.06						
8	Rate Group 2 - 50% Emp Concession	MRC	0	\$ 7.78	\$ 6.50	\$ 14.28						
9	Rate Group 2 - RESALE	MRC	0	\$ 13.53	\$ 6.50	\$ 20.03						
10												
11	Rate Group 3	MRC	1,661,055	\$ 15.94	\$ 6.50	\$ 22.44	\$ 31.27	\$ (8.83)	\$ 37,274,074	\$ 51,941,190	\$ (14,667,116)	-28.24%
12	Rate Group 3 - 50% Emp Concession	MRC	3,671	\$ 7.97	\$ 6.50	\$ 14.47	\$ 31.27	\$ (16.80)	\$ 53,119	\$ 114,792	\$ (61,673)	-53.73%
13	Rate Group 3 - RESALE	MRC	20,553	\$ 13.86	\$ 6.50	\$ 20.36	\$ 31.27	\$ (10.91)	\$ 418,459	\$ 642,692	\$ (224,233)	-34.89%
14												
15	Rate Group 4	MRC	1,785,468	\$ 16.31	\$ 6.50	\$ 22.81	\$ 28.72	\$ (5.91)	\$ 40,726,525	\$ 51,278,641	\$ (10,552,116)	-20.58%
16	Rate Group 4 - 50% Emp Concession	MRC	5,904	\$ 8.16	\$ 6.50	\$ 14.66	\$ 28.72	\$ (14.07)	\$ 86,523	\$ 169,563	\$ (83,040)	-48.97%
17	Rate Group 4 - RESALE	MRC	32,537	\$ 14.18	\$ 6.50	\$ 20.68	\$ 28.72	\$ (8.04)	\$ 672,865	\$ 934,463	\$ (261,597)	-27.99%
18												
19	Rate Group 5	MRC	11,514,061	\$ 16.71	\$ 6.50	\$ 23.21	\$ 23.90	\$ (0.69)	\$ 267,241,356	\$ 275,186,058	\$ (7,944,702)	-2.89%
20	Rate Group 5 - 50% Emp Concession	MRC	46,512	\$ 8.36	\$ 6.50	\$ 14.86	\$ 23.90	\$ (9.05)	\$ 690,936	\$ 1,111,637	\$ (420,701)	-37.85%
21	Rate Group 5 - RESALE	MRC	161,689	\$ 14.53	\$ 6.50	\$ 21.03	\$ 23.90	\$ (2.87)	\$ 3,400,320	\$ 3,864,367	\$ (464,047)	-12.01%
22												
23	<b>Total Residential Rategroups</b>		15,260,054						\$ 351,169,949	\$ 386,265,996	\$ (35,096,047)	-9.09%
24												
25	<b>Vacation Service - Residence</b>											
26	Vacation Service/Residence	MRC	428,772	\$ 6.00	\$ 6.50	\$ 12.50	\$ 25.27	\$ (12.77)	\$ 5,359,650	\$ 10,835,068	\$ (5,475,418)	-50.53%
27												
28	<b>Total Basic Residential Vacation Service</b>								\$ 5,359,650	\$ 10,835,068	\$ (5,475,418)	-50.53%
29												
30												
31												
32												
33												
34												
35												
36												
37												
38												
39												
40	<b>ECS Usage for Routes Established Before 7/1/95</b>											
41	Residence 1-Party Extended Calling Service											
42	- Call Connection	Usage	55,477,202	\$ 0.25		\$ 0.25	\$ 0.25	\$ -	\$ 13,869,301	\$ 13,869,301	\$ -	0.00%
43												
44	<b>Total ECS Usage</b>								\$ 13,869,301	\$ 13,869,301	\$ -	0.00%
45												
46	<b>Service Charges for Basic Residence</b>											
47	Network Access Establishment Charge	NRC	101,825	\$ 25.00		\$ 25.00	\$ 25.00	\$ -	\$ 2,545,625	\$ 2,545,625	\$ -	0.00%
48	Network Access Establishment Charge - RESALE	NRC	20,456	\$ 21.74		\$ 21.74	\$ 21.74	\$ -	\$ 444,713	\$ 444,713	\$ -	0.00%
49	Central Office Line Connection	NRC	106,598	\$ 40.00		\$ 40.00	\$ 40.00	\$ -	\$ 4,263,920	\$ 4,263,920	\$ -	0.00%
50	Central Office Line Connection - RESALE	NRC	20,583	\$ 34.78		\$ 34.78	\$ 34.78	\$ -	\$ 715,877	\$ 715,877	\$ -	0.00%
51												
52	<b>Total Service Charges</b>								\$ 7,970,135	\$ 7,970,135	\$ -	0.00%
53												
54	<b>Total Basic Residential Service</b>								\$ 378,369,034	\$ 418,940,500	\$ (40,571,465)	-9.68%

\*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 **\*\*\*212,000\*\*\*** 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 loops<sup>4</sup> 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.<sup>5</sup>

5. According to Verizon’s internal data, competing carriers in Florida are providing service to approximately **\*\*\*23,000\*\*\*** residential lines. Competitors are serving approximately **\*\*\*1,600\*\*\*** 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 **\*\*\*222,000\*\*\*** business lines. Based on the number of E911 listings they have obtained, it is clear that competitors in Florida serve a minimum of **\*\*\*210,000\*\*\*** 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.

	Residential	Business	Total
Facilities-Based Lines*	<b>***1,600***</b>	<b>***210,000***</b>	<b>***212,000***</b>
UNE-Platform Lines	1,500	3,800	5,300
Resale Lines	19,000	8,200	28,000
<b>Total</b>	<b>***23,000***</b>	<b>***222,000***</b>	<b>***245,000***</b>

\*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.<sup>6</sup> 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.

<sup>4</sup> This figure includes xDSL and ISDN loops.

<sup>5</sup> 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.

<sup>6</sup> 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 \*\*\*212,000\*\*\* lines – including approximately \*\*\*1,600\*\*\* 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 \*\*\*212,000\*\*\* 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.<sup>16</sup> 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.<sup>17</sup>

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.<sup>18</sup> 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

<sup>16</sup> 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 PaTec – 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).

<sup>17</sup> This figure includes xDSL and ISDN loops.

<sup>18</sup> 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 Rcd 8115, ¶ 7, n.14 (1997) (A wire center "might have one or several class 5 central offices, also called public exchanges or simply switches.").