

Nancy B. White  
General Counsel - Florida

BellSouth Telecommunications, Inc.  
150 South Monroe Street  
Room 400  
Tallahassee, Florida 32301  
(305) 347-5558

August 27, 2003

030869-TL

Mrs. Blanca S. Bayó  
Director, Division of the Commission Clerk  
and Administrative Services  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

**Re: New Docket – Petition for Implementation of Section 364.164,  
SB654**

Dear Ms. Bayó:

Enclosed are an original and fifteen copies of BellSouth Telecommunications, Inc.'s Petition for Implementation of Section 364.164, Florida Statutes, which we ask that you file in the captioned docket.

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

Sincerely,



Nancy B. White (KA)

cc: All Parties of Record  
Marshall M. Criser III  
R. Douglas Lackey

DOCUMENT NUMBER-DATE

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FL SC-COMMISSION CLERK


**CERTIFICATE OF SERVICE**  
**Petition by BellSouth Telecommunications, Inc.**  
**for Implementation of Section 364.164, Florida Statutes**

I HEREBY CERTIFY that a true and correct copy of the foregoing was served via

Hand Delivery this 27th day of August, 2003 to the following:

Beth Keating  
Staff Counsel  
Florida Public Service Commission  
Division of Legal Services  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850  
Phone: (850) 413-6212  
Fax: (850) 413-6250  
[bkeating@psc.state.fl.us](mailto:bkeating@psc.state.fl.us)

Charlie Beck  
Deputy Public Counsel  
Office of Public Counsel  
111 West Madison Street, Room 812  
Tallahassee, FL 32399-1400  
Phone: (850) 488-9330

  
\_\_\_\_\_  
Nancy B. White (KA)

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Petition by BellSouth Telecommunications, Inc., for Implementation of Section 364.164, Florida Statutes )  
Docket No.: \_\_\_\_\_ )  
Filed: August 27, 2003 )  
\_\_\_\_\_ )

**PETITION BY BELL SOUTH TELECOMMUNICATIONS, INC.  
FOR IMPLEMENTATION OF SECTION 364.164, FLORIDA STATUTES**

BellSouth Telecommunications, Inc. ("BellSouth"), pursuant to Section 364.164, Florida Statutes, and Rule 28-106.104, Florida Administrative Code, hereby petitions the Florida Public Service Commission ("Commission") to implement Section 364.164, Florida Statutes. Specifically, BellSouth states the following:

1. BellSouth is a certificated incumbent local exchange company providing local exchange and local toll service in Florida. BellSouth's name, address and telephone number are:

BellSouth Telecommunications, Inc.  
c/o Nancy H. Sims  
150 South Monroe Street, Suite 400  
Tallahassee, FL 32301  
(850) 222-1201

2. All pleadings, filings and order should be directed to BellSouth at the following location:

BellSouth Telecommunications, Inc.  
Nancy B. White  
c/o Nancy H. Sims  
150 South Monroe Street, Suite 400  
Tallahassee, FL 32301  
(305) 347-5558

3. Section 364.164, Florida Statutes permits a local exchange telecommunications company, after July 1, 2003, to petition the Commission to reduce its intrastate switched network access rates in a revenue neutral manner.

4. In evaluating the petition, the Commission shall consider whether granting the petition will:

(a) remove current support for basic local telecommunications services that prevent the creation of a more attractive competitive local exchange market for the benefit of residential customers;

(b) induce enhanced market entry;

(c) require intrastate switched network access rate reductions to parity over a period of not less than two years or more than four years; and

(d) be revenue neutral as defined in 364.164, Florida Statutes.

5. BellSouth, through this petition, is proposing to implement 364.164, Florida Statutes by rebalancing rates in a revenue neutral manner through decreases in intrastate switched access charges with offsetting rate adjustments for basic services. BellSouth's proposal is more specifically detailed in the direct testimony filed contemporaneously by BellSouth with this petition and made a part hereof as if set forth in whole.

6. Specifically, BellSouth's proposal entails lowering BellSouth's intrastate switched network access rates to the interstate switched network access rates, in effect as of January 1, 2003, in equal increments over a two year period. There are two methodologies from which to choose that are appropriate for use in determining the amount of revenue required to move intrastate switched access charges to parity with interstate. One methodology consists of mirroring all intrastate switched access rate elements with interstate rate elements (the "mirroring" methodology). This methodology would result in approximately \$136.4 million of revenue reductions. The other

methodology applies a composite rate calculated in the same manner as the typical network composite reported to the Commission on an annual basis in the Florida Access and Toll Report (the “composite” methodology). This methodology would result in approximately \$125.2 million of revenue reductions.

7. BellSouth proposes that if the mirroring methodology is adopted by the Commission, then that revenue be offset over a two year period (1) by an average residential basic local exchange access line monthly rate increase of \$1.93 in the first year and a similar amount in the second year across all rate groups; (2) by increasing the rate for single-line business customers in Rate Groups 1, 2, and 3 to \$25 (by no more than \$1.75 in the first year and the balance, if any, in the second year), increasing the rate for single-line business customers in Rate Groups 4, 5, and 6 to \$28 (by no more than \$1.75 in the first year and the balance, if any, in the second year), and increasing the rate for single-line business customers in Rate Groups 7 through 11 to \$30.20 (by no more than \$1.75 in the first year and the balance, if any, in the second year); and (3) by increases in associated non-recurring charges. If the typical network composite methodology is adopted by the Commission, then BellSouth proposes that the revenue be offset over a two year period (1) by an average residential basic local exchange access line monthly rate increase of \$1.75 during the first year and a similar amount during the second year across all rate groups; (2) by increasing the rate for single-line business customers in Rate Groups 1, 2, and 3 to \$25 (by no more than \$1.75 in the first year and the balance, if any, in the second year), by increasing the rate for single-line business customers in Rate Groups 4, 5, and 6 to \$28 (by no more than \$1.75 in the first year and the balance, if any, in the second year), and by

increasing the rate for single-line business customers in Rate Groups 7 through 11 to \$30.20 (by no more than \$1.75 in the first year and the balance, if any, in the second year); and (3) by increases in associated non-recurring charges.

8. BellSouth's proposals also include a provision that Lifeline customers' recurring monthly rates are protected from these permanent rate increases beyond BellSouth's proposed two-year implementation period. Specifically, under BellSouth's proposal, these rates would be protected for the full four year period potentially available under Section 364.164, Florida Statutes, unless the customer no longer qualifies for Lifeline assistance or as otherwise determined by the Commission.

9. BellSouth presents the testimony of five witnesses to support its Petition. The testimony of Mr. John Ruscilli sets forth in detail BellSouth's proposal for implementing Section 364.164, Florida Statutes. The testimony of Mr. Jerry Hendrix provides the timing and process by which BellSouth will achieve parity between its intrastate and interstate switched network access rates. The testimony of Mr. Steven Bigelow demonstrates that BellSouth's proposal is revenue neutral as defined in Section 364.164(7), Florida Statutes and that the pricing units used in BellSouth's proposal comply with Section 364.164(3), Florida Statutes. Ms. Daonne Caldwell sponsors cost studies demonstrating that basic local prices are receiving an economic subsidy from other services. Dr. William Taylor comments on the economic issues related to the criteria set forth in Section 364.164, Florida Statutes. In addition to these witnesses, BellSouth, along with Verizon and Sprint, are sponsoring the testimony of Dr. Kenneth Gordon. Dr. Gordon provides an economic and policy analysis of the proposed rate plans as they relate to the criteria set forth in Section 364.164, Florida Statutes.

10. The testimony clearly shows that BellSouth meets the criteria set forth in Section 364.164, Florida Statutes that is to be considered by the Commission in granting this Petition.

WHEREFORE, BellSouth requests that the Commission grant BellSouth's Petition for Implementation of Section 364.164, Florida Statutes and find that BellSouth's proposal meets the criteria set forth in the statute.

Respectfully submitted this 27th day of August, 2003.

BELLSOUTH TELECOMMUNICATIONS, INC.

*Nancy B. White*

NANCY B. WHITE

*(UM)*

JAMES MEZA III

c/o Nancy Sims

150 South Monroe Street, Suite 400

Tallahassee, Florida 32301

(305) 347-5558

*R. Douglas Lackey*

R. DOUGLAS LACKEY

*(UM)*

675 W. Peachtree Street

Suite 4300

Atlanta, Georgia 30375

(404) 335-0747

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