

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

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

Docket No. 030867-TL

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

October 2, 2003

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SUBJECT INDEX

	<u>Page</u>
I. INTRODUCTION AND WITNESS BACKGROUND .....	1
II. OVERVIEW OF TESTIMONY .....	2
III. THE LEGISLATION .....	5
IV. VERIZON'S RATE REBALANCING PLAN .....	8
V. VERIZON'S RATE REBALANCING PLAN SHOULD BE APPROVED BECAUSE IT MEETS THE CRITERIA IN THE ACT .....	20
A. The Rate Rebalancing Plan Removes Current Support For Basic Local Telecommunications Services.....	20
B. The Rate Rebalancing Plan Requires Intrastate Switched Network Access Rate Reductions To Parity Over A Period Of Not Less Than Two Years.....	27
C. The Rate Rebalancing Is Revenue Neutral, As That Term Is Defined In The Act.....	27
VI. IMPLEMENTATION OF THE RATE REBALANCING PLAN.....	28
VII. CONCLUSION .....	30

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
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I.

**INTRODUCTION AND WITNESS BACKGROUND**

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

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

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

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

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

In 1985, I joined Contel as Manager-Revenue Requirements/Pricing for the company's eastern region, and was responsible for rate case activity, tariff

1 maintenance, surveillance of regulatory activities, and pricing of local  
2 exchange, toll and access services in six states.

3

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

11

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

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

20

21

II.

22

## OVERVIEW OF TESTIMONY

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

24 A. The purpose of my testimony is fourfold. First, I provide an overview of the

1 relevant aspects of the legislation that governs Verizon's rate rebalancing  
2 plan. Second, I provide a detailed explanation of Verizon's plan. Third, I  
3 demonstrate that the plan meets certain criteria in the Act.<sup>1</sup> Fourth, I  
4 explain how Verizon will implement its plan.

5

6 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

7 A. - Verizon's Access Rebalancing Plan results in the removal of support from  
8 basic local services through a \$76.2 million reduction in intrastate switched  
9 access revenue with a corresponding increase in basic business and  
10 residential local (recurring and non-recurring) rates by the same amount.  
11 Verizon's Plan is to be accomplished in three increments over a two-year  
12 period and is revenue neutral each year and in total. Upon Commission  
13 approval of the Plan, Verizon will file tariffs and give 45 days customer  
14 notice of the rate changes to take place in the first year of the Plan.

15

16 **Q. HOW DOES VERIZON'S REVISED RATE REBALANCING PLAN**  
17 **DIFFER FROM ITS ORIGINAL RATE REBALANCING PLAN FILED ON**  
18 **AUGUST 27, 2003?**

19 A. In its original plan, Verizon sought to reform its intrastate network access  
20 and basic local telecommunications rates in two increments – the first at  
21 the beginning of year one and the second at the beginning of year two. In  
22 its revised plan, Verizon seeks to reform these rates in three increments –  
23 the first at the beginning of year one, the second at the beginning of year

---

<sup>1</sup> Verizon witness Danner demonstrates that Verizon's rate rebalancing plan meets the

1 two, and the third at the beginning of year three. Verizon also updates its  
2 pricing units in its revised plan to include the 12 months ending July 31,  
3 2003 -- the most recent 12 months of units available at the time of the  
4 revised filing -- to comply with Sections 364.164(3) and (7).

5

6 A more detailed explanation of Verizon's revised rate rebalancing plan is  
7 set forth later in my testimony.

8

9 **Q. WHAT OTHER VERIZON WITNESSES ARE SPONSORING TESTIMONY**  
10 **IN THIS PROCEEDING?**

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

14 ■ Dr. Carl Danner explains how Verizon's Plan meets the first two  
15 criteria established by the Access Rebalancing legislation which are  
16 (1) to move current support for basic local telecommunications  
17 services that adversely impact competition for residential customers  
18 and (2) how the Plan enhances the competitive market for basic  
19 local services. Dr. Danner also discusses economic principles that  
20 demonstrate that Verizon's Plan will have beneficial effects on  
21 customers and the Florida economy.

22 ■ Dr. Kenneth Gordon provides an economic and policy analysis of  
23 Verizon's Plan and discusses why he believes that the proposed

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remaining criteria that I do not address.

1 Plan meets the criteria contained in the legislation.  
2 ■ Mr. Evan Leo discusses the state of local telephone competition in  
3 Verizon's Florida territory including the report he authored entitled  
4 *Local Competition in Florida*.

6 III.

7 THE LEGISLATION

8 Q. PLEASE PROVIDE AN OVERVIEW OF THE RELEVANT ASPECTS OF  
9 THE RECENTLY ENACTED LEGISLATION THAT AUTHORIZES  
10 VERIZON TO PETITION TO REBALANCE ITS INTRASTATE ACCESS  
11 AND BASIC LOCAL RATES.

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

14  
15 The Act provides that the competitive provision of telecommunications  
16 service is in the public interest and provides customers with freedom of  
17 choice, encourages the introduction of new technologies and services, and  
18 encourages investment in our telecommunications infrastructure.<sup>2</sup>

19  
20 To enhance competition and benefit ratepayers, the Act authorizes Verizon  
21 to petition the Commission to offset, over a period of two to four years, a  
22 reduction in intrastate access revenues with an increase in basic local

---

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

1 exchange revenues.<sup>3</sup> The reduction in intrastate access revenues,  
2 however, cannot be offset entirely against basic monthly recurring  
3 revenues – an unspecified amount must be offset against basic non-  
4 recurring revenues.<sup>4</sup>

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

10

11 The Act provides that revenues shall be calculated using the most recent  
12 12 months demand units and multiplying that number by the price of the  
13 service.<sup>7</sup>

14

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

18

19 Verizon must petition the Commission to receive authorization to rebalance

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<sup>3</sup> Section 364.164.

<sup>4</sup> Section 364.164(2).

<sup>5</sup> Section 364.164(2).

<sup>6</sup> Section 364.164(7).

<sup>7</sup> Id.

<sup>8</sup> Id.

<sup>9</sup> Section 364.10(3)(c).



1 its rates. In evaluating the petition, the Commission shall consider whether  
2 granting the petition will:

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

11

12 For purposes of the Act, the term “parity” (as used in subsection three  
13 above) means that Verizon’s “intrastate switched network access rate is  
14 equal to its interstate switched network access rate in effect on January 1,  
15 2003.”<sup>11</sup> The term “intrastate switched network access rate,” as used in the  
16 definition of “parity,” means “the composite of the originating and  
17 terminating network access rate for carrier common line, local  
18 channel/entrance facility, switched common transport, access tandem  
19 switching, interconnection charge, signaling, information surcharge, and  
20 local switching.”<sup>12</sup> The term “interstate switched network access rate” is

21

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<sup>10</sup> Section 364.164(1).

<sup>11</sup> Section 364.164(5).

<sup>12</sup> Section 364.164(6).

1 not defined in the Act.

2

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

7 -

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

14

15

#### IV.

16

#### VERIZON'S RATE REBALANCING PLAN

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

19 A. Verizon will reduce its intrastate access total average revenue per minute  
20 (ARPM) composite rate from \$.0485441 to \$.0117043 in three increments  
21 over two-years.<sup>14</sup> This reduction will bring the Company's intrastate access  
22 ARPM composite rate to parity with its interstate access ARPM composite

---

<sup>13</sup> 364.164(2).

<sup>14</sup> See Exhibit ODF-1.

1 rate as defined by the statute.

2

3 By reducing its intrastate access ARPM composite rate to parity, Verizon  
4 will reduce its intrastate access revenues by approximately \$76.2 million.<sup>15</sup>

5 Verizon will offset this reduction – as prescribed by the Act – by increasing  
6 its basic service revenues by approximately the same amount in three  
7 - increments over two-years.<sup>16</sup>

8

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

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

13

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

20

21

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<sup>15</sup> See Exhibit ODF-1.

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

<sup>17</sup> Emphasis added.

1           Second, the use of composite rates follows Commission precedent. In  
2           1995, the legislature made revisions to Chapter 364, Florida Statutes, that  
3           required local exchange companies to reduce their intrastate switched  
4           access rates to interstate levels (as of December 31, 1994). To determine  
5           which carriers were required to reduce their interstate rates, the  
6           Commission needed to compare each carrier's intra- and interstate access  
7           - rates. The Commission used composite rates to make the comparisons:

8                         Since switched access rates are composed of  
9                         multiple elements, we believe that a meaningful  
10                        comparison can only be made by calculating the  
11                        current intrastate composite rate per minute and the  
12                        December 31, 1994 interstate composite rate per  
13                        minute.<sup>18</sup>

14  
15           Third, the use of composite rates is the only way to meaningfully compare  
16           intra- and interstate access rates because these rates have different rate  
17           structures and different demand characteristics.

18  
19           The conversion of various rate elements that comprise intra- and interstate

---

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

1 access services into composite per-minute amounts is required by statute  
2 and is a reasonable means of comparing these rates.

3

4 **Q. YOU STATED PREVIOUSLY THAT VERIZON'S INTRASTATE ACCESS**  
5 **ARPM IS \$.0485441. HOW DID YOU CALCULATE THIS AMOUNT?**

6 A. I summed the intrastate access revenues for the 12 months ending  
7 - July 31, 2003 for each of the intrastate access rate elements. I then  
8 divided the total intrastate access revenues by the total end office  
9 switching minutes of use (MOU) for the same time period. This calculation  
10 results in the intrastate access ARPM of \$.0485441.<sup>19</sup>

11

12 **Q. YOU STATED PREVIOUSLY THAT VERIZON'S INTERSTATE ACCESS**  
13 **ARPM IS \$.0117043. HOW DID YOU CALCULATE THIS AMOUNT?**

14 A. The process that I used to calculate the interstate ARPM is similar to (but  
15 slightly more complicated than) the process that I used to calculate the  
16 intrastate access ARPM.

17

18 First, I calculated the traffic sensitive (TS) portion of the interstate access  
19 ARPM, by summing the total TS interstate access revenues for the 12  
20 months ending July 31, 2003. I then divided the TS interstate access  
21 revenues by the total interstate end office switching MOU for the same  
22 time period. This calculation produced a TS interstate ARPM of  
23 \$.0055770.

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<sup>19</sup> See Exhibit ODF-1.

1  
2 Next, I calculated the non-traffic sensitive (NTS) portion of the interstate  
3 access ARPM. I multiplied the interstate presubscribed interexchange  
4 carrier charge (PICC) rates in effect on January 1, 2003 by the intrastate  
5 demand (which is the same as the interstate demand for multiline  
6 business, ISDN-PRI, and Centrex access lines) for the 12 months ending  
7 - July 31, 2003. I then divided the total interstate PICC revenues by the  
8 intrastate end office switching MOU for the same time period to develop an  
9 Intrastate PICC equivalent ARPM.<sup>20</sup> This calculation produced a NTS  
10 interstate ARPM of \$.0061273.

11  
12 Finally, I added the TS interstate ARPM and the NTS interstate ARPM.  
13 This produced a composite interstate access ARPM of \$.0117043.<sup>21</sup>

14  
15 **Q. WHY DOES VERIZON'S INTERSTATE ACCESS ARPM INCLUDE THE**  
16 **PICC REVENUES?**

17 A. Interstate access rates contain both traffic sensitive and non-traffic  
18 sensitive charges. The PICC is the non-traffic sensitive charge<sup>22</sup> and the  
19 revenues derived from this rate element are therefore appropriately

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

<sup>21</sup> See Exhibit ODF-1.

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

1 included in the interstate access ARPM.

2

3 Moreover, including the PICC in Verizon's interstate access rate is  
4 consistent with the Act. As stated above, the Act defines the term  
5 "intrastate switched network access rate" to include common line charges,  
6 but does not define the term "interstate switched network access rate."<sup>23</sup>

7 - The PICC is a federal common line charge.<sup>24</sup> Because the Act includes  
8 common line charges in Verizon's intrastate access rate, the analogous  
9 PICC federal common line charge must be included in Verizon's  
10 calculation of the interstate ARPM for a consistent comparison.

11

12 **Q. YOU STATED PREVIOUSLY THAT VERIZON WOULD HAVE TO**  
13 **REDUCE ITS INTRASTATE ACCESS REVENUES BY**  
14 **APPROXIMATELY \$76.2 MILLION TO REDUCE ITS INTRASTATE**  
15 **ACCESS RATE TO PARITY. PLEASE EXPLAIN HOW YOU**  
16 **CALCULATED THIS AMOUNT.**

17 A. As explained above, I calculated intrastate and interstate ARPMs of  
18 \$.0485441 and \$.0117043, respectively, using rates in effect on January 1,  
19 2003 and units for the 12 months ending July 31, 2003. I then subtracted  
20 the interstate ARPM from the intrastate ARPM, and multiplied the  
21 difference (\$.0368398) by the intrastate demand  
22 MOUs). This produced a required access revenue reduction of

---

<sup>23</sup> Section 364.164(6).

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

**REDACTED**

1           \$76,231,567.<sup>25</sup>

2

3   **Q.   PLEASE DESCRIBE THE RATE ELEMENTS THE COMPANY WILL**  
4       **ADJUST TO EFFECTUATE THE \$76.2 MILLION REDUCTION.**

5   A.   Verizon will make six principal intrastate access rate adjustments in three  
6       increments over two years to achieve the necessary revenue reduction.

7       -   Specifically, it will: (1) reduce the interconnection charge from \$.0102494  
8       to \$.0058073 in the first increment; (2) eliminate the information surcharge  
9       in the first increment; (3) eliminate the interconnection charge in the  
10      second increment; (4) eliminate the originating carrier common line charge  
11      (CCL) in the second increment; (5) decrease the terminating CCL from  
12      \$.0246950 to \$.0228649 in the second increment; and (6) reduce the  
13      terminating CCL from \$.0228649 to \$.0031065 in the third increment.  
14      These access rate reductions will result in revenue reductions of \$24.1  
15      million in the first increment, \$27.0 million in the second increment and  
16      \$25.2 million in the third increment.<sup>26</sup>

17

18   **Q.   WHY DID VERIZON CHOOSE TO REDUCE OR ELIMINATE THE**  
19       **INTERCONNECTION CHARGE, THE INFORMATION SURCHARGE,**  
20       **AND THE CCL CHARGE?**

21   A.   The interconnection charge was established to recover non-traffic sensitive  
22       costs previously recovered from transport rates. This permitted separate

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

<sup>26</sup> See Exhibit ODF-1.



1 rates to be set for dedicated and common transport, while shifting recovery  
2 of support previously included in transport rates to the interconnection  
3 rates. The interconnection charge has been eliminated at the federal level  
4 and it is appropriate to take this opportunity to do the same at the state  
5 level.

6  
7 - The information surcharge was initially established by the FCC in response  
8 to concerns about the rules for recovering the costs of interstate directory  
9 assistance. The FCC's access charge rules permitted local exchange  
10 carriers (LECs) to recover the interstate portion of their directory  
11 assistance costs through an "information" rate element. This element was  
12 assessed on a per-call basis to all interexchange carriers (IXCs) requesting  
13 access to directory assistance boards through IXC directory assistance  
14 trunks. Although the FCC stated that information costs are non-traffic  
15 sensitive and that collecting these costs over traffic-sensitive rate elements  
16 would depart from cost-causation (and thus constitute another form of  
17 support collected through access charges), it allowed ILECs to establish  
18 this per-minute-of-use charge on an interim basis. Verizon eliminated this  
19 charge at the federal level as of September 1999 and it is now appropriate  
20 to do the same at the state level.

21  
22 The CCL charge is another method that has been used to obtain support  
23 from access charges. Verizon previously eliminated the CCL charge on  
24 originating traffic at the federal level, and it is now appropriate to eliminate

1 this charge at the state level. After taking into account the reductions to  
2 the other rate elements described above, reducing the terminating CCL  
3 rate from \$.0246950 to \$.0031065 brings Verizon to parity.

4  
5 **Q. PLEASE DESCRIBE THE BASIC LOCAL RATES THAT WILL BE**  
6 **ADJUSTED TO ENSURE THAT THE REBALANCING PROCESS IS**  
7 **- REVENUE NEUTRAL.**

8 A. As discussed above, to achieve revenue neutrality, Verizon will have to  
9 increase its basic local service revenues by approximately \$76.2 million to  
10 offset the decreases in its intrastate access revenues. The Company will  
11 accomplish this offset by increasing basic local residential revenues by  
12 approximately \$70.9 million and basic local business revenues by  
13 approximately \$5.3 million in three increments over two years.<sup>27</sup>

14  
15 On the consumer side, Verizon will raise the basic monthly recurring  
16 charges in each of its five rate groups by \$4.73.<sup>28</sup> These increases will  
17 take place in three increments: \$1.58 in increment one, \$1.58 in increment  
18 two, and \$1.57 in increment three. Verizon will also raise the residence  
19 non-recurring network establishment charge from \$20.00 to \$25.00, and  
20 the non-recurring central office connection charge from \$35.00 to \$40.00.

21 Both of these increases will take place in three  
22

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

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

1 increments over two years.

2

3 On the business side, Verizon will raise the basic monthly recurring  
4 charges in each of its five rate groups to \$32.00.<sup>29</sup> The rate increase up to  
5 \$32.00 in Rate Group 5 (the most dense rate group) will take place in the  
6 second and third increments, while the rate increases in the other four rate  
7 groups will take place over all three increments. Verizon will also raise the  
8 business non-recurring network access establishment charge from \$33.90  
9 to \$34.00.

10

11 **Q. WHY IS VERIZON INCREASING ITS BASIC LOCAL RESIDENTIAL**  
12 **RATES BY A UNIFORM AMOUNT AND ITS BASIC LOCAL BUSINESS**  
13 **RATES BY DIFFERING AMOUNTS?**

14 A. Verizon's objective is to comply with the statute and remove support  
15 flowing from access rates to basic local rates. The Company will do this by  
16 increasing basic local rates that are not covering (or barely covering) their  
17 incremental costs, and thus making little or no contribution to common  
18 overhead costs.

19

20 Verizon is increasing all basic local residential rates by a uniform amount  
21 due to the legislative constraint that prohibits residential Lifeline rate  
22 increases during the rebalancing period. Today, Lifeline customers

23

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

1 receive a monthly credit for the Subscriber Line Charge (SLC) of \$6.50 and  
2 other Lifeline credits totaling \$7.00, for a total Lifeline credit of \$13.50.  
3 This is a uniform credit across all rate groups. If Verizon were to increase  
4 residential rates by differing amounts (as we are proposing to do for the  
5 business rates), different Lifeline credits would have to be established for  
6 each rate group. Establishing different Lifeline credits for each rate group  
7 - would require Verizon to make complex and costly changes to its billing  
8 system. Verizon has determined that it does not make economic sense to  
9 undertake these changes, especially given that a uniform increase in  
10 residential local rates for the two years of the rebalancing plan moves all  
11 rates toward their underlying costs.<sup>30</sup>

12  
13 Verizon's plan to move all basic local business rates to \$32.00 will also  
14 move prices towards their appropriate cost, including some contribution to  
15 overhead, thereby promoting more economically rational pricing. Verizon's  
16 business pricing product managers chose to establish a uniform rate  
17 across all business rate groups to: (1) create a uniform price, which they  
18 believe will respond to the desire for simplicity in the Florida marketplace;  
19 (2) provide some additional contribution from these services; and (3) to  
20 help limit price increases on other services in this process. As Dr. Danner

---

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

1 explains, Verizon is at competitive risk for these pricing adjustments, and  
2 deserves deference for its business decisions in how to price these  
3 services in a competitive environment.<sup>31</sup>

4

5 **Q. THE ACT PERMITS VERIZON TO PETITION TO REBALANCE RATES**  
6 **OVER TWO TO FOUR YEARS. WHY DID VERIZON CHOOSE TO**  
7 **REBALANCE RATES OVER TWO YEARS?**

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

17

18 **Q. ARE THE INTRASTATE ACCESS AND BASIC LOCAL RATE**  
19 **ADJUSTMENTS, WHICH VERIZON PROPOSES TO MAKE IN THE**  
20 **SECOND AND THIRD INCREMENTS, ESTIMATES THAT MAY HAVE**  
21 **TO UPDATED?**

22 A. Yes. Given that the revenue neutral rate adjustments must take place  
23 once each year and must be made using the most recent 12-months

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<sup>31</sup> Danner Direct Testimony, Footnote No. 4.

1 demand units, the actual rate increases made in each year will have to be  
2 adjusted to account for the difference between the current units in  
3 Verizon's plan and the actual units at the time of the rate adjustments.

4

5 **Q. HAS VERIZON DEVELOPED ILLUSTRATIVE TARIFFS FOR THE**  
6 **PROPOSED ADJUSTMENTS TO ITS INTRASTATE ACCESS AND**  
7 **BASIC LOCAL RATES?**

8 A. Yes. These illustrative tariffs are attached hereto as Exhibit No. ODF-4.

9

10

V.

11

VERIZON'S RATE REBLANCING PLAN

12

SHOULD BE APPROVED BECAUSE

13

IT MEETS THE CRITERIA IN THE ACT

14 A. The Rate Rebalancing Plan Removes Current Support For Basic  
15 Local Telecommunications Services.

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

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

22

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

4 A. Verizon used the unbundled network element (UNE) rates established by  
5 this Commission in Order No. PSC-02-1574-FOF-TP, issued November  
6 15, 2002 (November 15 Order), to develop composite UNE rates that  
7 - conservatively estimate the total service long-run incremental costs  
8 (TSLRICs) of basic local services. Verizon then compared those  
9 composite UNE rates to the rates of basic local residential and business  
10 services to demonstrate the level of support received.<sup>32</sup>

11

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

15 A. Verizon relied on the Commission-approved UNE rates for three reasons.  
16  
17 First, the Commission has already approved these rates, and so it will not  
18 have to entertain any controversy about their level in this proceeding. The  
19 Commission only has 90 days to issue an order, and these rates will let the  
20 Commission meet the terms of the statute. Of course, Verizon has  
21 appealed these rates and costs to the Florida Supreme Court because

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<sup>32</sup> See Exhibit ODF-3.

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

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

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

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

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



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

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

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

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

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

1 Q. PLEASE DESCRIBE THE PROCESS YOU USED TO DEVELOP THE  
2 COMPOSITE UNE RATE.

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

18

19 The following table shows the business and residence contribution  
20 analysis by rate group:

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

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CURRENT ESTIMATED SUPPORT

RESIDENCE

<u>Service Description</u>	<u>Units</u>	<u>Annualized Rate</u>	<u>Present Rate</u>	<u>Present Rate w/EUCL</u>	<u>Ordered UNE-P*</u>	<u>Estimated Support</u>
Basic Local Exchange Service						
Flat Rate – 1 Party Service/Business						
Rate Group 1		\$10.12	\$16.62	\$35.75		-53.51%
Rate Group 2		\$10.95	\$17.45	--		--
Rate Group 3		\$11.33	17.83	\$31.27		-42.98%
Rate Group 4		\$11.70	\$18.20	\$28.72		-36.63%
Rate Group 5		\$12.10	\$18.60	\$23.90		-22.18%

CURRENT ESTIMATED SUPPORT

BUSINESS

<u>Service Description</u>	<u>Units</u>	<u>Annualized Rate</u>	<u>Present Rate</u>	<u>Present Rate w/EUCL</u>	<u>Ordered UNE-P*</u>	<u>Estimated Support</u>
Basic Local Exchange Service						
Flat Rate – 1 Party Service/Business						
Rate Group 1		\$24.47	\$30.97	\$35.75		-13.37%
Rate Group 2		\$26.82	\$33.32	--		--
Rate Group 3		\$28.05	\$34.55	\$31.27		10.49%
Rate Group 4		\$28.85	\$35.35	\$28.72		23.08%
Rate Group 5		\$30.35	\$36.85	\$23.90		54.18%

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

A. I used the network elements that are typically used to provide basic local

1 residential and business telephone service. These elements are the loop,  
2 port, switching and transport. The loop and port elements are priced on a  
3 flat rate basis, and switching and transport are priced on a minute-of-use  
4 basis. I determined, based on typical usage patterns, that 2,376 switching  
5 minutes and 618 transport minutes are typically used to provision basic  
6 local service in Florida.

7 -

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

10 A. Basic local residential rates are subsidized and receive substantial  
11 support. In all five basic residential rate groups, the current rates are  
12 below the ordered UNE rates. The estimated shortfall ranges from  
13 in Rate Group 1 to in Rate Group 5. The two-year  
14 rebalancing effort will make significant progress in eliminating support in  
15 residential rates, but a level of subsidy will remain in all exchanges even  
16 after residential rates are rebalanced.<sup>36</sup>

17

18 With regard to business rates, there is currently a subsidy being provided  
19 to rates in Rate Group 1 (the least dense rate group) only. Rates  
20 (including the SLC) in Rate Groups 2 through 5 exceed their comparable  
21 composite UNE rates.<sup>37</sup> Even using the conservative composite UNE  
22 rates, this analysis confirms that basic local residential rates receive

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

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

**REDACTED**

1 significant support from switched access rates, and the more competitive  
2 business services cover their composite UNE rates (albeit with small  
3 contributions to covering Verizon's common costs) in all but the least  
4 dense rate group.

5  
6 **B. The Rate Rebalancing Plan Requires Intrastate Switched Network**  
7 **Access Rate Reductions To Parity Over A Period Of Not Less Than**  
8 **Two Years.**

9 **Q. DOES VERIZON'S RATE REBALANCING PLAN REQUIRE**  
10 **INTRASTATE SWITCHED NETWORK ACCESS RATE REDUCTIONS**  
11 **TO PARITY OVER A PERIOD OF NOT LESS THAN TWO YEARS NOR**  
12 **MORE THAN FOUR YEARS?**

13 A. Yes. As explained above, Verizon will reduce its intrastate access  
14 composite rate from \$.0485441 to \$.0117043 in three increments over two  
15 years. As required by the statute, this reduction will bring the Company's  
16 intrastate access composite rate to parity with its interstate access  
17 composite rate in effect on January 1, 2003.

18  
19 **C. The Rate Rebalancing Plan Is Revenue Neutral, As That Term Is**  
20 **Defined In The Act.**

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

22 A. Yes. As explained above, the plan calls for Verizon to reduce its intrastate  
23 access ARPM composite rate to parity, which will require the Company to  
24 reduce its intrastate access revenues by approximately \$76.2 million. It

1 further calls for the Company to offset this amount by increasing basic  
2 local residential revenues by approximately \$70.9 million and basic local  
3 business revenues by approximately \$5.3 million.

4

5

**VI.**

6

**IMPLEMENTATION OF THE**

7

**RATE REBALANCING PLAN**

8

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

10

A. First, consistent with the statute and prior to any price adjustment, Verizon  
11 will immediately create a revenue category mechanism that includes basic  
12 local telecommunications service revenues and intrastate switched  
13 network access revenues.<sup>38</sup> This revenue category mechanism will allow  
14 the Commission to verify that Verizon's pricing adjustments are revenue  
15 neutral. Second, and also consistent with the statute, no later than 45  
16 days in advance of the initial price adjustment, Verizon will ensure that all  
17 affected basic local service customers are notified of the date and amount  
18 of the pending pricing adjustments. In addition to customer notice, no later  
19 than 45 days in advance of the desired effective date for its initial pricing  
20 adjustments, Verizon will make a formal tariff filing with the Commission

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

1 that mirrors the attached illustrative tariff.<sup>39</sup> No sooner than 12 months  
2 following the effective date of Verizon's first price adjustments, this tariff  
3 filing process will be followed again to implement the second price  
4 adjustments. The third price adjustment will take place 12 months later.

5  
6 **Q. WILL VERIZON'S TARIFF FILINGS PRECISELY MIRROR THE**  
7 **ILLUSTRATIVE TARIFF?**

8 A. No. Verizon's formal tariff filings will not precisely mirror the attached  
9 illustrative tariff because the statute requires the Company to base its filing  
10 on its most recent 12-months pricing units. Therefore, for its formal tariff  
11 filing implementing the price adjustments, Verizon will update its proposed  
12 rates using the most recent 12-months units.

13  
14 **Q. WHAT ACTION IS THE COMMISSION REQUIRED TO TAKE UPON**  
15 **RECEIVING THE FORMAL TARIFF FILINGS YOU DESCRIBED**  
16 **ABOVE?**

17 A. Section 364.164(3) states, "[t]he commission shall have the authority only  
18 to verify the pricing units for the purpose of ensuring that the company's  
19 specific adjustments, as authorized by this section, make the revenue  
20 category revenue neutral for each filing."<sup>40</sup> Further, the statute states that,  
21 "[t]he commission shall, within 45 days after the rate adjustment filing,  
22 issue a final order confirming compliance with this section, and such an

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<sup>39</sup> See Fulp Exhibit ODF-4

<sup>40</sup> Emphasis added.

1 order shall be final for all purposes.” Thus, when the Commission  
2 approves Verizon’s petition, and Verizon files its formal tariff, the  
3 Commission must within 45 days: (1) verify that each of Verizon’s annual  
4 tariff filings are revenue neutral within the revenue category mechanism  
5 created for this purpose; and (2) issue a final order confirming a revenue  
6 neutral finding.

7

8 **VII.**

9 **CONCLUSION**

10 **Q. PLEASE SUMMARIZE YOUR CONCLUSIONS.**

11 A. Verizon’s Plan accomplishes access rate rebalancing in a revenue neutral  
12 manner over a two-year period as required by the Act. Further, the Plan  
13 removes support from basic local rates thus inducing market entry by  
14 creating a more attractive competitive environment for these customers.  
15 Verizon’s Plan meets all the criteria contained in the Act and should be  
16 approved by the Commission

17

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

19 A. Yes, it does.

20

21

22

23

24



<b>VERIZON Communications</b>				
<b>Florida</b>				
<b>Calculation of the Interstate ATS ARPM</b>				
Element	Rate Application	Aug '02 - Jul '03 Interstate Demand	1/1/2003 Interstate Rates	1/1/2003 Interstate Revenues
<b>Switching</b>				
<b>End Office Switching - Bundled</b>				
Premium	Per MOU		\$ 0.0032869	
<b>Information Surcharge</b>				
	Per MOU		\$0	
<b>End Office Trunk Port</b>				
Dedicated Voiceband	Per Month		\$ 25.00	
Dedicated DS1	Per Month		\$ 9.65	
Shared	Per MOU		\$ 0.0002324	
<b>Transport</b>				
<b>Tandem Switching</b>				
<b>Tandem Switched Facility</b>				
Zone 1			\$ 0.0000627	
Zone 2			\$ 0.0000752	
Zone 3			\$ 0.0000875	
<b>Tandem Switched Termination</b>				
Zone 1			\$ 0.0001731	
Zone 2			\$ 0.0002077	
Zone 3			\$ 0.0002250	
<b>Tandem Switching Rate</b>				
Zone 1			\$ 0.0017800	
Zone 2			\$ 0.0022253	
Zone 3			\$ 0.0024106	
<b>Shared Multiplexng</b>				
Zone 1			\$ 0.0000459	
Zone 2			\$ 0.0000459	
Zone 3			\$ 0.0000459	
<b>Dedicated Tandem Trunk Port</b>				
Voiceband	Per Month		\$ 15.28	
DS1	Per Month		\$ 5.97	
<b>Interconnection Charge</b>				
	Per MOU		\$0	
<b>Direct Trunk Transport:</b>				
<b>Voicegrade</b>				
Zone 1			\$4.30	
Zone 2			\$4.30	
Zone 3			\$4.30	
<b>DS1 Facility</b>				
Zone 1			\$7.10	
Zone 2			\$8.03	
Zone 3			\$8.70	
<b>DS1 Termination</b>				
Zone 1			\$21.30	
Zone 2			\$24.09	
Zone 3			\$26.10	
<b>DS3 Facility</b>				
Zone 1			\$34.52	
Zone 2			\$36.50	
Zone 3			\$44.00	
<b>DS3 Termination</b>				
Zone 1			\$346.88	
Zone 2			\$370.00	
Zone 3			\$444.25	

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VERIZON Communications								
Florida								
Intrastate Rate Reductions to Reach Interstate Composite								
Element	Rate Application	Aug '02 - Jul '03 Intrastate Demand	Current Intrastate Rates	Proposed Intrastate Rates	Current Intrastate Revenue	Proposed Intrastate Revenue	Difference	
<b>Switching</b>								
<b>End Office Switching - Bundled</b>								
Premium	Per MOU		\$0.0089000	\$0.0089000				
Information Surcharge	Per MOU		\$0.0072000	\$0				
<b>Transport *</b>								
<b>Tandem Switching</b>								
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				
<b>Direct Trunk Transport:</b>								
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				
<b>Entrance Facility:</b>								
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				
<b>Carrier Common Line</b>								
Originating Carrier Common Line Access	Per MOU		\$0.0159409	\$0				
Terminating Carrier Common Line Access	Per MOU		\$0.0246950	\$0.0031065				
<b>Total Revenue</b>								
<b>Total ARPM</b>								
* 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							
Intrastate Switched Access Rate Reductions Year 1							
Element	Rate Application	Aug '02 - Jul '03 Intrastate Demand	Current	Proposed	Current	Proposed	Difference
			Intrastate Rates	Year 1 Rates	Intrastate Revenue	Year 1 Revenue	
<b>Switching</b>							
End Office Switching - Bundled Premium	Per MOU		\$0.0089000	\$0.0089000			
Information Surcharge	Per MOU		\$0.0072000	\$0			
<b>Transport *</b>							
<b>Tandem Switching</b>							
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	\$0.0058073			
<b>Direct Trunk Transport:</b>							
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			
<b>Entrance Facility:</b>							
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			
<b>Carrier Common Line</b>							
Originating Carrier Common Line Access	Per MOU		\$0.0159409	\$0.0159409			
Terminating Carrier Common Line Access	Per MOU		\$0.0246950	\$0.0246950			
<b>Total Revenue</b>							
<b>Total ARPM</b>							
* 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.							

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VERIZON Communications							
Florida							
Intrastate Switched Access Rate Reductions Year 2							
Element	Rate Application	Aug '02 - Jul '03 Intrastate Demand	Year 1	Proposed	Year 1	Proposed	Difference
			Intrastate Rates	Year 2 Rates	Intrastate Revenue	Year 2 Revenue	
<b>Switching</b>							
<b>End Office Switching - Bundled</b>							
Premium	Per MOU		\$0.0089000	\$0.0089000			
Information Surcharge	Per MOU		\$0	\$0			
<b>Transport *</b>							
<b>Tandem Switching</b>							
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		\$0.0058073	\$0			
<b>Direct Trunk Transport:</b>							
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			
<b>Entrance Facility:</b>							
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			
<b>Carrier Common Line</b>							
Originating Carrier Common Line Access	Per MOU		\$0.0159409	\$0			
Terminating Carrier Common Line Access	Per MOU		\$0.0246950	\$0.0228649			
<b>Total Revenue</b>							
<b>Total ARPM</b>							
* 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							
Intrastate Switched Access Rate Reductions Year 3							
Element	Rate Application	Aug '02 - Jul '03 Intrastate Demand	Year 2	Proposed	Year 2	Proposed	Difference
			Intrastate Rates	Year 3 Rates	Intrastate Revenue	Year 3 Revenue	
<b>Switching</b>							
End Office Switching - Bundled Premium	Per MOU		\$0.0089000	\$0.0089000			
Information Surcharge	Per MOU		\$0	\$0			
<b>Transport *</b>							
<b>Tandem Switching</b>							
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			
<b>Direct Trunk Transport:</b>							
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			
<b>Entrance Facility:</b>							
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			
<b>Carrier Common Line</b>							
Originating Carrier Common Line Access	Per MOU		\$0	\$0			
Terminating Carrier Common Line Access	Per MOU		\$0.0228649	\$0.0031065			
<b>Total Revenue</b>							
<b>Total ARPM</b>							
* 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  
 SUMMARY**

**BUSINESS BASIC EXCHANGE RATES**

<u>Basic Flat Rate 1-party</u>	<u>Present Rate</u>	<u>Proposed Rate Yr-1</u>	<u>Proposed Rate Yr-2</u>	<u>Proposed Rate Yr-3</u>
Rate Group 1	\$24.47	\$26.98	\$29.49	\$32.00
Rate Group 2	\$26.82	\$28.54	\$30.26	\$32.00
Rate Group 3	\$28.05	\$29.37	\$30.69	\$32.00
Rate Group 4	\$28.85	\$29.90	\$30.95	\$32.00
Rate Group 5	\$30.35	\$30.35	\$31.60	\$32.00
Service Charges (NRC)				
Network Access	\$33.90	\$33.90	\$33.90	\$34.00
Established charges				

**RESIDENTIAL BASIC EXCHANGE RATES**

<u>Basic Flat Rate 1-party</u>	<u>Present Rate</u>	<u>Proposed Rate Yr-1</u>	<u>Proposed Rate Yr-2</u>	<u>Proposed Rate Yr-3</u>
Rate Group 1	\$10.12	\$11.70	\$13.28	\$14.85
Rate Group 2	\$10.95	\$12.53	\$14.11	\$15.68
Rate Group 3	\$11.33	\$12.91	\$14.49	\$16.06
Rate Group 4	\$11.70	\$13.28	\$14.86	\$16.43
Rate Group 5	\$12.10	\$13.68	\$15.26	\$16.83
Service Charges (NRC)				
Network Access	\$20.00	\$21.00	\$23.00	\$25.00
Establishment Charge				
Central Office Connection	\$35.00	\$36.00	\$38.00	\$40.00



**FLORIDA RATE REBALANCING  
 BUSINESS BASIC EXCHANGE ACCESS  
 Summary of 1, 2 and 3 year Impacts**

1-Oct-03

FLORIDA RATE REBALANCING		Year 1	
Summary			
		<b>Total Switched Access Reduction</b>	<b>\$ 76,231,567</b>
	<u>Present Revenue</u>	<u>Proposed Revenue - Year 1</u>	<u>Increase - Year 1</u>
Residential			
Business			
<b>Total</b>			<b>\$ -</b>
		<b>Total Basic Res and Bus Recovered - over (under)</b>	<b>\$ (76,231,567)</b>

FLORIDA RATE REBALANCING		Year 2	
Summary			
		<b>Total Switched Access Reduction</b>	<b>\$ 76,231,567</b>
	<u>Present Revenue</u>	<u>Proposed Revenue - Year 2</u>	<u>Increase - Year 2</u>
			<u>Cummulative Revenue Years 1 &amp; 2</u>
Residential			\$0
Business			\$0
<b>Total</b>			<b>\$ -</b>
		<b>Total Basic Res and Bus Recovered - over (under)</b>	<b>\$ (76,231,567)</b>

FLORIDA RATE REBALANCING		Year 3	
Summary			
		<b>Total Switched Access Reduction</b>	<b>\$ 76,231,567</b>
	<u>Present Revenue</u>	<u>Proposed Revenue - Year 3</u>	<u>Increase - Year 3</u>
			<u>Cummulative Revenue Years 1, 2, &amp; 3</u>
Residential			\$0
Business			\$0
<b>Total</b>			<b>\$ -</b>
		<b>Total Basic Res and Bus Recovered - over (under)</b>	<b>\$ (76,231,567)</b>

REDACTED

**FLORIDA RATE REBALANCING  
 BUSINESS BASIC EXCHANGE ACCESS**

1-Oct-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		\$ 24.47	\$ 26.98	\$2.51			
5	Rate Group 1 - RESALE	MRC		\$ 21.28	\$ 23.46	\$2.18			
6									
7	Rate Group 2	MRC		\$ 26.82	\$ 28.54	\$1.72			
8	Rate Group 2 - RESALE	MRC		\$ 23.32	\$ 24.82	\$1.50			
9									
10	Rate Group 3	MRC		\$ 28.05	\$ 29.37	\$1.32			
11	Rate Group 3 - RESALE	MRC		\$ 24.39	\$ 25.54	\$1.15			
12									
13	Rate Group 4	MRC		\$ 28.85	\$ 29.90	\$1.05			
14	Rate Group 4 - RESALE	MRC		\$ 25.09	\$ 26.00	\$0.91			
15									
16	Rate Group 5	MRC		\$ 30.35	\$ 30.35	\$0.00			
17	Rate Group 5 - RESALE	MRC		\$ 26.39	\$ 26.39	\$0.00			
18									
19	<b>Total Business Rategroups</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		\$ 0.04	\$ 0.04	\$0.00			
25	Detail Billing								
26	- Charge Per Page of Billing Detail	Usage		\$ 0.11	\$ 0.11	\$0.00			
27									
28	<b>Total ECS Usage</b>								
29									
30									
31	<b>Service Charges for Basic Business</b>								
32	Network Access Establishment Charge	NRC		\$ 33.90	\$ 33.90	\$0.00			
33	Network Access Establishment Charge - RESALE	NRC		\$ 29.48	\$ 29.48	\$0.00			
34									
35	<b>Total Service Charges</b>								
36									
37	<b>Total Basic Business Service</b>								

FLORIDA RATE REBALANCING		Year 1	
Summary			
		<b>Total Switched Access Reduction</b>	<b>\$ 76,231,567</b>
		Present Revenue	Proposed Revenue - Year 1
Residential Business			<b>Increase - Year 1</b>
Total			<b>\$ -</b>
<b>Total Basis Res and Bus Recovered - over (under)</b>			<b>\$ (76,231,567)</b>

REDACTED

**FLORIDA RATE REBALANCING  
 BUSINESS BASIC EXCHANGE ACCESS**

1-Oct-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	<b>Basic Local Exchange Service</b>								1
3	<b>Flat Rate - 1 Party Service/Business</b>								
4	Rate Group 1	MRC		\$ 26.98	\$ 29.49	\$2.51			
5	Rate Group 1 - RESALE	MRC		\$ 23.46	\$ 25.64	\$2.18			
6									
7	Rate Group 2	MRC		\$ 28.54	\$ 30.26	\$1.72			
8	Rate Group 2 - RESALE	MRC		\$ 24.82	\$ 26.31	\$1.50			
9									
10	Rate Group 3	MRC		\$ 29.37	\$ 30.69	\$1.32			
11	Rate Group 3 - RESALE	MRC		\$ 25.54	\$ 26.69	\$1.15			
12									
13	Rate Group 4	MRC		\$ 29.90	\$ 30.95	\$1.05			
14	Rate Group 4 - RESALE	MRC		\$ 26.00	\$ 26.91	\$0.91			
15									
16	Rate Group 5	MRC		\$ 30.35	\$ 31.60	\$1.25			
17	Rate Group 5 - RESALE	MRC		\$ 26.39	\$ 27.48	\$1.09			
18									
19	<b>Total Business Rategroups</b>								
20									
21									
22	<b>CS Usage for Routes Established Before 7/1/95</b>								
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	\$ 0.11	\$0.00			
27									
28	<b>Total ECS Usage</b>								
29									
30									
31	<b>Service Charges for Basic Business</b>								
32	Network Access Establishment Charge	NRC		\$ 33.90	\$ 33.90	\$0.00			
33	Network Access Establishment Charge - RESALE	NRC		\$ 29.48	\$ 29.48	\$0.00			
34									
35	<b>Total Service Charges</b>								
36									
37	<b>Total Basic Business Service</b>								

FLORIDA RATE REBALANCING Year 2 Summary				
	Present Revenue	Proposed Revenue - Year 2	Increase - Year 2	Cummulative Revenue Years 1 & 2
Total Switched Access Reduction			\$	76,231,567
Residential Business				\$0
Total			\$	-
Total Basis Res and Bus Recovered - over (under)			\$	(76,231,567)

REDACTED

**FLORIDA RATE REBALANCING  
 BUSINESS BASIC EXCHANGE ACCESS**

1-Oct-03

**Year 3 - Impact**

Row	Service Description	Billing Type	Annualized Units	Present Rate	Proposed Rate-Year 3	Inc. (Dec.)	Annual Present Revenue	Annual Proposed Revenue - Year 3	Annual Revenue Change - Year 3
1									
2	<b>Basic Local Exchange Service</b>								
3	<b>Flat Rate - 1 Party Service/Business</b>								
4	Rate Group 1	MRC		\$ 29.49	\$ 32.00	\$2.51			
5	Rate Group 1 - RESALE	MRC		\$ 25.64	\$ 27.83	\$2.18			
6									
7	Rate Group 2	MRC		\$ 30.26	\$ 32.00	\$1.74			
8	Rate Group 2 - RESALE	MRC		\$ 26.31	\$ 27.83	\$1.51			
9									
10	Rate Group 3	MRC		\$ 30.69	\$ 32.00	\$1.31			
11	Rate Group 3 - RESALE	MRC		\$ 26.69	\$ 27.83	\$1.14			
12									
13	Rate Group 4	MRC		\$ 30.95	\$ 32.00	\$1.05			
14	Rate Group 4 - RESALE	MRC		\$ 26.91	\$ 27.83	\$0.91			
15									
16	Rate Group 5	MRC		\$ 31.60	\$ 32.00	\$0.40			
17	Rate Group 5 - RESALE	MRC		\$ 27.48	\$ 27.83	\$0.35			
18									
19	<b>Total Business Rategroups</b>								
20									
21									
22	<b>CS Usage for Routes Established Before 7/1/95</b>								
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	<b>Total ECS Usage</b>								
29									
30									
31	<b>Service Charges for Basic Business</b>								
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	<b>Total Service Charges</b>								
36									
37	<b>Total Basic Business Service</b>								

FLORIDA RATE REBALANCING Year 3 Summary				
	Present Revenue	Proposed Revenue - Year 3	Increase - Year 3	Cummulative Revenue Years 1, 2 & 3
Total Switched Access Reduction			\$	76,231,567
Residential Business				\$0
Total			\$	\$0
Total Basis Res and Bus Recovered - over (under)			\$	(76,231,567)

**FLORIDA RATE REBALANCING  
 RESIDENCE BASIC EXCHANGE ACCESS**

1-Oct-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	\$11.70	\$1.58			
4	Rate Group 1 - 50% Emp Concession	MRC		\$5.06	\$5.85	\$0.79			
5	Rate Group 1 - RESALE	MRC		\$8.80	\$10.17	\$1.37			
6									
7	Rate Group 2	MRC		\$10.95	\$12.53	\$1.58			
8	Rate Group 2 - 50% Emp Concession	MRC		\$5.48	\$6.27	\$0.79			
9	Rate Group 2 - RESALE	MRC		\$9.52	\$10.90	\$1.37			
10									
11	Rate Group 3	MRC		\$11.33	\$12.91	\$1.58			
12	Rate Group 3 - 50% Emp Concession	MRC		\$5.67	\$6.46	\$0.79			
13	Rate Group 3 - RESALE	MRC		\$9.85	\$11.23	\$1.37			
14									
15	Rate Group 4	MRC		\$11.70	\$13.28	\$1.58			
16	Rate Group 4 - 50% Emp Concession	MRC		\$5.85	\$6.64	\$0.79			
17	Rate Group 4 - RESALE	MRC		\$10.17	\$11.55	\$1.37			
18									
19	Rate Group 5	MRC		\$12.10	\$13.68	\$1.58			
20	Rate Group 5 - 50% Emp Concession	MRC		\$6.05	\$6.84	\$0.79			
21	Rate Group 5 - RESALE	MRC		\$10.52	\$11.90	\$1.37			
22									
23	<b>Total Residential Rategroups</b>								
24									
25	<b>Vacation Service - Residence</b>								
26	Vacation Service/Residence	MRC		\$5.77	\$5.77	\$0.00			
27									
28	<b>Total Basic Residential Vacation Service</b>								
29									
30	<b>ECS Usage for Routes Established Before 7/1/95</b>								
31	Residence 1-Party Extended Calling Service								
32	- Call Connection	Usage		\$0.25	\$0.25	\$0.00			
33									
34	<b>Total ECS Usage</b>								
35									
36	<b>Service Charges for Basic Residence</b>								
37	Network Access Establishment Charge	NRC		\$ 20.00	\$ 21.00	\$1.00			
38	Network Access Establishment Charge - RESALE	NRC		\$ 17.39	\$ 18.26	\$0.87			
39	Central Office Line Connection	NRC		\$ 35.00	\$ 36.00	\$1.00			
40	Central Office Line Connection - RESALE	NRC		\$ 30.44	\$ 31.31	\$0.87			
41									
42	<b>Total Service Charges</b>								
43									
44	<b>Total Basic Residential Service</b>								

FLORIDA RATE REBALANCING		Year 1	
Summary			
		Total Switched Access Reduction	\$ 76,231,567
	Present Revenue	Proposed Revenue - Year 1	Increase - Year 1
Residential Business			
Total			\$ -
Total Basis Res and Bus Recovered - over (under)			\$ (76,231,567)

**FLORIDA RATE REBALANCING  
 RESIDENCE BASIC EXCHANGE ACCESS**

1-Oct-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		\$11.70	\$13.28	\$1.58			
4	Rate Group 1 - 50% Emp Concession	MRC		\$5.85	\$6.64	\$0.79			
5	Rate Group 1 - RESALE	MRC		\$10.17	\$11.55	\$1.37			
6									
7	Rate Group 2	MRC		\$12.53	\$14.11	\$1.58			
8	Rate Group 2 - 50% Emp Concession	MRC		\$6.27	\$7.06	\$0.79			
9	Rate Group 2 - RESALE	MRC		\$10.90	\$12.27	\$1.37			
10									
11	Rate Group 3	MRC		\$12.91	\$14.49	\$1.58			
12	Rate Group 3 - 50% Emp Concession	MRC		\$6.46	\$7.25	\$0.79			
13	Rate Group 3 - RESALE	MRC		\$11.23	\$12.60	\$1.37			
14									
15	Rate Group 4	MRC		\$13.28	\$14.86	\$1.58			
16	Rate Group 4 - 50% Emp Concession	MRC		\$6.64	\$7.43	\$0.79			
17	Rate Group 4 - RESALE	MRC		\$11.55	\$12.92	\$1.37			
18									
19	Rate Group 5	MRC		\$13.68	\$15.26	\$1.58			
20	Rate Group 5 - 50% Emp Concession	MRC		\$6.84	\$7.63	\$0.79			
21	Rate Group 5 - RESALE	MRC		\$11.90	\$13.27	\$1.37			
22									
23	<b>Total Residential Rategroups</b>								
24									
25	<b>Vacation Service - Residence</b>								
26	Vacation Service/Residence	MRC		\$5.77	\$5.77	\$0.00			
27									
28	<b>Total Basic Residential Vacation Service</b>								
29									
30	<b>ECS Usage for Routes Established Before 7/1/95</b>								
31	Residence 1-Party Extended Calling Service								
32	- Call Connection	Usage		\$0.25	\$0.25	\$0.00			
33									
34	<b>Total ECS Usage</b>								
35									
36	<b>Service Charges for Basic Residence</b>								
37	Network Access Establishment Charge	NRC		\$21.00	\$23.00	\$2.00			
38	Network Access Establishment Charge - RESALE	NRC		\$ 18.26	\$ 20.00	\$1.74			
39	Central Office Line Connection	NRC		\$36.00	\$38.00	\$2.00			
40	Central Office Line Connection - RESALE	NRC		\$ 31.31	\$ 33.04	\$1.74			
41									
42	<b>Total Service Charges</b>								
43									
44	<b>Total Basic Residential Service</b>								

FLORIDA RATE REBALANCING		Year 2	
Summary			
		<b>Total Switched Access Reduction</b>	<b>\$ 76,231,567</b>
	Present	Proposed	Cummulative
	Revenue	Revenue - Year 2	Revenue Years 1 & 2
Residential			
Business			
Total			
		<b>Total Basis Res and Bus Recovered - over (under)</b>	<b>\$ (76,231,567)</b>

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	<b>Total Basic Business Service</b>				
3	Current View		\$ -		
4	Year 1		\$ -		
5	Year 2		\$ -		
6	Year 3		\$ -		
7					
8	<b>Total Basic Residential Service</b>				
9	Current View		\$ -		
10	Year 1		\$ -		
11	Year 2		\$ -		
12	Year 3		\$ -		
13					
14	<b>Total Basic Service</b>				
15	Current View		\$ -		
16	Year 1		\$ -		
17	Year 2		\$ -		
18	Year 3		\$ -		

\*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.

REDACTED



**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)-(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		\$ 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	<b>Total Business Rategroups</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		\$ 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	<b>Total ECS Usage</b>											
29												
30												
31	<b>Service Charges for Basic Business</b>											
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	<b>Total Service Charges</b>											
36												
37	<b>Total Basic Business Service</b>											

\*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**

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		\$ 26.98	\$ 6.50	\$ 33.48	\$ 35.75					
5	Rate Group 1 - RESALE	MRC		\$ 23.46	\$ 6.50	\$ 29.96	\$ 35.75					
6												
7	Rate Group 2	MRC		\$ 28.54	\$ 6.50	\$ 35.04						
8	Rate Group 2 - RESALE	MRC		\$ 24.82	\$ 6.50	\$ 31.32						
9												
10	Rate Group 3	MRC		\$ 29.37	\$ 6.50	\$ 35.87	\$ 31.27					
11	Rate Group 3 - RESALE	MRC		\$ 25.54	\$ 6.50	\$ 32.04	\$ 31.27					
12												
13	Rate Group 4	MRC		\$ 29.90	\$ 6.50	\$ 36.40	\$ 28.72					
14	Rate Group 4 - RESALE	MRC		\$ 26.00	\$ 6.50	\$ 32.50	\$ 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	<b>Total Business Rategroups</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		\$ 0.04		\$ 0.04	\$ 0.05					
25	Detail Billing											
26	- Charge Per Page of Billing Detail	Usage		\$ 0.11		\$ 0.11	\$ 0.14					
27												
28	<b>Total ECS Usage</b>											
29												
30												
31	<b>Service Charges for Basic Business</b>											
32	Network Access Establishment Charge	NRC		\$ 33.90		\$ 33.90	\$ 34.00					
33	Network Access Establishment Charge - RESALE	NRC		\$ 29.48		\$ 29.48	\$ 29.48					
34												
35	<b>Total Service Charges</b>											
36												
37	<b>Total Basic Business Service</b>											

\*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**

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		\$ 29.49	\$ 6.50	\$ 35.99	\$ 35.75					
5	Rate Group 1 - RESALE	MRC		\$ 25.64	\$ 6.50	\$ 32.14	\$ 35.75					
6												
7	Rate Group 2	MRC		\$ 30.26	\$ 6.50	\$ 36.76						
8	Rate Group 2 - RESALE	MRC		\$ 26.31	\$ 6.50	\$ 32.81						
9												
10	Rate Group 3	MRC		\$ 30.69	\$ 6.50	\$ 37.19	\$ 31.27					
11	Rate Group 3 - RESALE	MRC		\$ 26.69	\$ 6.50	\$ 33.19	\$ 31.27					
12												
13	Rate Group 4	MRC		\$ 30.95	\$ 6.50	\$ 37.45	\$ 28.72					
14	Rate Group 4 - RESALE	MRC		\$ 26.91	\$ 6.50	\$ 33.41	\$ 28.72					
15												
16	Rate Group 5	MRC		\$ 31.60	\$ 6.50	\$ 38.10	\$ 23.90					
17	Rate Group 5 - RESALE	MRC		\$ 27.48	\$ 6.50	\$ 33.98	\$ 23.90					
18												
19	<b>Total Business Rategroups</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		\$ 0.04		\$ 0.04	\$ 0.05					
25	Detail Billing											
26	- Charge Per Page of Billing Detail	Usage		\$ 0.11		\$ 0.11	\$ 0.14					
27												
28	<b>Total ECS Usage</b>											
29												
30												
31	<b>Service Charges for Basic Business</b>											
32	Network Access Establishment Charge	NRC		\$ 33.90		\$ 33.90	\$ 34.00					
33	Network Access Establishment Charge - RESALE	NRC		\$ 29.48		\$ 29.48	\$ 29.48					
34												
35	<b>Total Service Charges</b>											
36												
37	<b>Total Basic Business Service</b>											

\*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 3 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		\$ 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	<b>Total Business Rategroups</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		\$ 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	<b>Total ECS Usage</b>											
29												
30												
31	<b>Service Charges for Basic Business</b>											
32	Network Access Establishment Charge	NRC		\$ 34.00		\$ 34.00	\$ 34.00					
33	Network Access Establishment Charge - RESALE	NRC		\$ 29.57		\$ 29.57	\$ 29.48					
34												
35	<b>Total Service Charges</b>											
36												
37	<b>Total Basic Business Service</b>											

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**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		\$ 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	<b>Total Residential Rategroups</b>											
24												
25	<b>Vacation Service - Residence</b>											
26	Vacation Service/Residence	MRC		\$ 5.77	\$ 6.50	\$ 12.27	\$ 25.27					
27												
28	<b>Total Basic Residential Vacation Service</b>											
29												
39												
40	<b>ECS Usage for Routes Established Before 7/1/95</b>											
41	Residence 1-Party Extended Calling Service											
42	- Call Connection	Usage		\$ 0.25		\$ 0.25	\$ 0.25					
43												
44	<b>Total ECS Usage</b>											
45												
46	<b>Service Charges for Basic Residence</b>											
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	<b>Total Service Charges</b>											
53												
54	<b>Total Basic Residential Service</b>											

\*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**

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		\$ 11.70	\$ 6.50	\$ 18.20	\$ 35.75					
4	Rate Group 1 - 50% Emp Concession	MRC		\$ 5.85	\$ 6.50	\$ 12.35	\$ 35.75					
5	Rate Group 1 - RESALE	MRC		\$ 10.17	\$ 6.50	\$ 16.67	\$ 35.75					
6												
7	Rate Group 2	MRC		\$ 12.53	\$ 6.50	\$ 19.03						
8	Rate Group 2 - 50% Emp Concession	MRC		\$ 6.27	\$ 6.50	\$ 12.77						
9	Rate Group 2 - RESALE	MRC		\$ 10.90	\$ 6.50	\$ 17.40						
10												
11	Rate Group 3	MRC		\$ 12.91	\$ 6.50	\$ 19.41	\$ 31.27					
12	Rate Group 3 - 50% Emp Concession	MRC		\$ 6.46	\$ 6.50	\$ 12.96	\$ 31.27					
13	Rate Group 3 - RESALE	MRC		\$ 11.23	\$ 6.50	\$ 17.73	\$ 31.27					
14												
15	Rate Group 4	MRC		\$ 13.28	\$ 6.50	\$ 19.78	\$ 28.72					
16	Rate Group 4 - 50% Emp Concession	MRC		\$ 6.64	\$ 6.50	\$ 13.14	\$ 28.72					
17	Rate Group 4 - RESALE	MRC		\$ 11.55	\$ 6.50	\$ 18.05	\$ 28.72					
18												
19	Rate Group 5	MRC		\$ 13.68	\$ 6.50	\$ 20.18	\$ 23.90					
20	Rate Group 5 - 50% Emp Concession	MRC		\$ 6.84	\$ 6.50	\$ 13.34	\$ 23.90					
21	Rate Group 5 - RESALE	MRC		\$ 11.90	\$ 6.50	\$ 18.40	\$ 23.90					
22												
23	<b>Total Residential Rategroups</b>											
24												
25	<b>Vacation Service - Residence</b>											
26	Vacation Service/Residence	MRC		\$ 5.77	\$ 6.50	\$ 12.27	\$ 25.27					
27												
28	<b>Total Basic Residential Vacation Service</b>											
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		\$ 0.25		\$ 0.25	\$ 0.25					
43												
44	<b>Total ECS Usage</b>											
45												
46	<b>Service Charges for Basic Residence</b>											
47	Network Access Establishment Charge	NRC		\$ 21.00		\$ 21.00	\$ 21.00					
48	Network Access Establishment Charge - RESALE	NRC		\$ 18.26		\$ 18.26	\$ 18.26					
49	Central Office Line Connection	NRC		\$ 36.00		\$ 36.00	\$ 36.00					
50	Central Office Line Connection - RESALE	NRC		\$ 31.31		\$ 31.31	\$ 31.31					
51												
52	<b>Total Service Charges</b>											
53												
54	<b>Total Basic Residential Service</b>											

\*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**

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	<b>Basic Local Exchange Service</b>											
2	<b>Flat Rate - 1 Party Service/Residence</b>											
3	Rate Group 1	MRC	0	\$ 13.28	\$ 6.50	\$ 19.78	\$ 35.75					
4	Rate Group 1 - 50% Emp Concession	MRC	0	\$ 6.64	\$ 6.50	\$ 13.14	\$ 35.75					
5	Rate Group 1 - RESALE	MRC	0	\$ 11.55	\$ 6.50	\$ 18.05	\$ 35.75					
6												
7	Rate Group 2	MRC	0	\$ 14.11	\$ 6.50	\$ 20.61						
8	Rate Group 2 - 50% Emp Concession	MRC	0	\$ 7.06	\$ 6.50	\$ 13.56						
9	Rate Group 2 - RESALE	MRC	0	\$ 12.27	\$ 6.50	\$ 18.77						
10												
11	Rate Group 3	MRC	0	\$ 14.49	\$ 6.50	\$ 20.99	\$ 31.27					
12	Rate Group 3 - 50% Emp Concession	MRC	0	\$ 7.25	\$ 6.50	\$ 13.75	\$ 31.27					
13	Rate Group 3 - RESALE	MRC	0	\$ 12.60	\$ 6.50	\$ 19.10	\$ 31.27					
14												
15	Rate Group 4	MRC	0	\$ 14.86	\$ 6.50	\$ 21.36	\$ 28.72					
16	Rate Group 4 - 50% Emp Concession	MRC	0	\$ 7.43	\$ 6.50	\$ 13.93	\$ 28.72					
17	Rate Group 4 - RESALE	MRC	0	\$ 12.92	\$ 6.50	\$ 19.42	\$ 28.72					
18												
19	Rate Group 5	MRC	0	\$ 15.26	\$ 6.50	\$ 21.76	\$ 23.90					
20	Rate Group 5 - 50% Emp Concession	MRC	0	\$ 7.63	\$ 6.50	\$ 14.13	\$ 23.90					
21	Rate Group 5 - RESALE	MRC	0	\$ 13.27	\$ 6.50	\$ 19.77	\$ 23.90					
22												
23	<b>Total Residential Rategroups</b>		0									
24												
25	<b>Vacation Service - Residence</b>											
26	Vacation Service/Residence	MRC	0	\$ 5.77	\$ 6.50	\$ 12.27	\$ 25.27					
27												
28	<b>Total Basic Residential Vacation Service</b>											
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	0	\$ 0.25		\$ 0.25	\$ 0.25					
43												
44	<b>Total ECS Usage</b>											
45												
46	<b>Service Charges for Basic Residence</b>											
47	Network Access Establishment Charge	NRC	0	\$ 23.00		\$ 23.00	\$ 23.00					
48	Network Access Establishment Charge - RESALE	NRC	0	\$ 20.00		\$ 20.00	\$ 20.00					
49	Central Office Line Connection	NRC	0	\$ 38.00		\$ 38.00	\$ 38.00					
50	Central Office Line Connection - RESALE	NRC	0	\$ 33.04		\$ 33.04	\$ 33.04					
51												
52	<b>Total Service Charges</b>											
53												
54	<b>Total Basic Residential Service</b>											

\*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 3 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		\$ 14.85	\$ 6.50	\$ 21.35	\$ 35.75					
4	Rate Group 1 - 50% Emp Concession	MRC		\$ 7.43	\$ 6.50	\$ 13.93	\$ 35.75					
5	Rate Group 1 - RESALE	MRC		\$ 12.91	\$ 6.50	\$ 19.41	\$ 35.75					
6												
7	Rate Group 2	MRC		\$ 15.68	\$ 6.50	\$ 22.18						
8	Rate Group 2 - 50% Emp Concession	MRC		\$ 7.84	\$ 6.50	\$ 14.34						
9	Rate Group 2 - RESALE	MRC		\$ 13.64	\$ 6.50	\$ 20.14						
10												
11	Rate Group 3	MRC		\$ 16.06	\$ 6.50	\$ 22.56	\$ 31.27					
12	Rate Group 3 - 50% Emp Concession	MRC		\$ 8.03	\$ 6.50	\$ 14.53	\$ 31.27					
13	Rate Group 3 - RESALE	MRC		\$ 13.97	\$ 6.50	\$ 20.47	\$ 31.27					
14												
15	Rate Group 4	MRC		\$ 16.43	\$ 6.50	\$ 22.93	\$ 28.72					
16	Rate Group 4 - 50% Emp Concession	MRC		\$ 8.22	\$ 6.50	\$ 14.72	\$ 28.72					
17	Rate Group 4 - RESALE	MRC		\$ 14.29	\$ 6.50	\$ 20.79	\$ 28.72					
18												
19	Rate Group 5	MRC		\$ 16.83	\$ 6.50	\$ 23.33	\$ 23.90					
20	Rate Group 5 - 50% Emp Concession	MRC		\$ 8.42	\$ 6.50	\$ 14.92	\$ 23.90					
21	Rate Group 5 - RESALE	MRC		\$ 14.64	\$ 6.50	\$ 21.14	\$ 23.90					
22												
23	<b>Total Residential Rategroups</b>											
24												
25	<b>Vacation Service - Residence</b>											
26	Vacation Service/Residence	MRC		\$ 6.00	\$ 6.50	\$ 12.50	\$ 25.27					
27												
28	<b>Total Basic Residential Vacation Service</b>											
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		\$ 0.25		\$ 0.25	\$ 0.25					
43												
44	<b>Total ECS Usage</b>											
45												
46	<b>Service Charges for Basic Residence</b>											
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	<b>Total Service Charges</b>											
53												
54	<b>Total Basic Residential Service</b>											

\*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.



6. SWITCHED ACCESS

TARIFF REVISIONS  
 LEGISLATIVE FORMAT

6.6 Rates and Charges (Continued)

6.6.2 Switched Transport

(A)	<u>Tandem-Switched Transport-Facility</u>	Per Access Minutes of Use		
	Per Access Minute/Mile			
	Zone 1	.0000135		(G)
	Zone 2	.0000141		(G)
	Zone 3	.0000149		(G)
(B)	<u>Tandem Switched Transport - Termination</u>			
	Per Access Minute			
	Per Termination			
	Zone 1	.0001344		(G)
	Zone 2	.0001344		(G)
	Zone 3	.0001344		(G)
(C)	<u>Tandem Switching</u>			
	Per Access Minute			
	Zone 1	.0007500		(G)
	Zone 2	.0007500		(G)
	Zone 3	.0007500		(G)
(D)	<u>Interconnection</u>			
	Per Access Minute	.01024940 .0058073		(R)
		Monthly Rate	USOC	
(E)	<u>Direct-Trunked Transport Facility-Voiceband</u>			
	Per Airline Mile			
	Zone 1	\$ 5.08	1YTXS	(G)
	Zone 2	5.08	1YTXS	(G)
	Zone 3	5.08	1YTXS	(G)
(F)	<u>Direct-Trunked Transport Facility-DS1</u>			
	Per Airline Mile			
	Zone 1	5.00	1YTXS	(G)
	Zone 2	5.63	1YTXS	(G)
	Zone 3	6.25	1YTXS	(G)
	Termination, per month			
	Zone 1	30.00	TRL	(G)
	Zone 2	30.00	TRL	(G)
	Zone 3	30.00	TRL	(G)
(G)	<u>Direct-Trunked Transport Facility-DS3</u>			
	Per Airline Mile			
	Zone 1	70.00	1YTXS	(G)
	Zone 2	89.81	1YTXS	(G)
	Zone 3	109.63	1YTXS	(G)
	Termination, per month			
	Zone 1	500.00	TRL	(G)
	Zone 2	500.00	TRL	(G)
	Zone 3	500.00	TRL	(G)



TARIFF REVISIONS  
 LEGISLATIVE FORMAT

**A3. BASIC LOCAL EXCHANGE SERVICE**

**A3.1 General**

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

**A3.2 Rate Schedules**

**.1 Flat Rate Schedule**

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

Rate Group	Main Station Lines and PBX Trunks	Monthly Rates			Main Stations Arranged with Rotary Service, each		
		One-Party		Business Extended Calling Service (43700)	Residence		Business Extended Calling Service (43701)
1	0- 50,000	\$24.47	26.98 (I)	\$ 35.70 (I)	\$39.25 (I)	\$14.00 (I)	\$46.00 (I)
2	50,001- 90,000	26.82	28.54 (I)	35.70 (I)	39.25 (I)	15.00 (I)	46.00 (I)
3	90,001-170,000	28.05	29.37 (I)	35.70 (I)	39.25 (I)	15.50 (I)	46.00 (R)
4	170,001-300,000	28.85	29.90 (I)	36.70 (I)	39.25 (R)	16.00 (I)	46.00 (R)
5	Over 300,000	30.35 (I)	42.10	37.50 (R)	39.90 (R)	16.50 (I)	46.00 (R)

**Flat Rate Business Extended Calling Service-All Rate Groups<sup>1</sup>**

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

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

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

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ALAN F. CIAMPORCERO, PRESIDENT  
 TAMPA, FLORIDA

Docket No. 030867-TL  
 Amended Direct Testimony of Orville D. Fulp  
 Amended Exhibit No. ODF-4  
 FPSC Exhibit No. \_\_\_\_\_  
 Page 3 of 19

TARIFF REVISIONS  
 LEGISLATIVE FORMAT

A3. BASIC LOCAL EXCHANGE SERVICE

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

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

b. Rules and Regulations (Continued)

(1) (Continued)

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

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

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

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

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

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

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

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

c. Rates and Charges

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

	<u>Monthly Credit</u>
FCC Interstate Offset to End User Subscriber Line Charge (SLC)	See FCC No. 14
FCC Supplemental Amount	1.75
Additional FCC Supplemental Amount	1.75
Company's Matching Credit	3.50
<u>Additional Company Credit</u>	<u>1.58</u>

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

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

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

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

TARIFF REVISIONS  
LEGISLATIVE FORMAT

A3. BASIC LOCAL EXCHANGE SERVICE

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

.4 Transitional Lifeline Assistance Program

a. General

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

Rate Group 1	\$4.62
Rate Group 2	4.87
Rate Group 3	4.98
Rate Group 4	5.09
Rate Group 5	5.21

b. Regulations

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

.5 Native American Lifeline

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

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

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

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

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

<u>Tribal Land</u>	<u>Exchange</u>	<u>IOSC</u>	<u>Credit</u>	
Seminole Tribe, Tampa Reservation	Tampa	30051	\$4.10	(H)

**A4. SERVICE CHARGES**

TARIFF REVISIONS  
 LEGISLATIVE FORMAT

**A4.7 Schedule of Charges**

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

	Service Charge <sup>1</sup>	
	Residence	Business
a. Network Access, each		
(1) Establishment	<del>\$20.00</del> <u>21.00 (I)</u>	\$33.90
(2) Change	11.00	14.00
b. Central Office Line Connection, each line	<del>35.00</del> <u>36.00 (I)</u>	35.00
c. Premises Visit	35.00	35.00
d. Telephone Number Change, each	9.00	9.00
e. Connection of Telephone Answering Services	As specified in Section A25.10.6r.	
f. Restoration of Service	18.00	18.00
g. Seasonal Service Establishment Charge, per number restored	18.00	18.00

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

3. CARRIER COMMON LINE SERVICE (Continued)

3.5 Rates and Charges

TARIFF REVISIONS  
LEGISLATIVE FORMAT

The rate for Carrier Common Line service is:

Per Originating Access Minute ~~.0159409~~ 0.00  
Per Terminating Access Minute ~~.0246950~~ .0228649

(R)  
(R)

3.6 (Reserved for Future Use)

3.7 (Reserved for Future Use)

3.8 (Reserved for Future Use)

6. SWITCHED ACCESS

6.6 Rates and Charges (Continued)

TARIFF REVISIONS  
 LEGISLATIVE FORMAT

6.6.2 Switched Transport

(A)	<u>Tandem-Switched Transport-Facility</u>	Per Access Minutes of Use	
	Per Access Minute/Mile		
	Zone 1	.000135	
	Zone 2	.000141	
	Zone 3	.000149	
(B)	<u>Tandem Switched Transport - Termination</u>		
	Per Access Minute		
	Per Termination		
	Zone 1	.0001344	
	Zone 2	.0001344	
	Zone 3	.0001344	
(C)	<u>Tandem Switching</u>		
	Per Access Minute		
	Zone 1	.0007500	
	Zone 2	.0007500	
	Zone 3	.0007500	
(D)	<u>Interconnection</u>		
	Per Access Minute	-.0058073 .00	(R)
		<u>Monthly Rate</u>	<u>USOC</u>
(E)	<u>Direct-Trunked Transport Facility-Voiceband</u>		
	Per Airline Mile		
	Zone 1	\$ 5.08	1YTXS
	Zone 2	5.08	1YTXS
	Zone 3	5.08	1YTXS
(F)	<u>Direct-Trunked Transport Facility-DS1</u>		
	Per Airline Mile		
	Zone 1	5.00	1YTXS
	Zone 2	5.63	1YTXS
	Zone 3	6.25	1YTXS
	Termination, per month		
	Zone 1	30.00	TRL
	Zone 2	30.00	TRL
	Zone 3	30.00	TRL
(G)	<u>Direct-Trunked Transport Facility-DS3</u>		
	Per Airline Mile		
	Zone 1	70.00	1YTXS
	Zone 2	89.81	1YTXS
	Zone 3	109.63	1YTXS
	Termination, per month		
	Zone 1	500.00	TRL
	Zone 2	500.00	TRL
	Zone 3	500.00	TRL



TARIFF REVISIONS  
 LEGISLATIVE FORMAT

**A3. BASIC LOCAL EXCHANGE SERVICE**

**A3.1 General**

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

**A3.2 Rate Schedules**

**.1 Flat Rate Schedule**

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

Rate Group	Main Station Lines and PBX Trunks	Monthly Rates			Main Stations Arranged with Rotary Service, each		
		One-Party		Business Extended Calling Service (43700)	Business	Residence	Business Extended Calling Service (43701)
1	0- 50,000	\$ 26.98	\$ 29.49 (I)	\$ 35.70	\$ 39.25	\$ 14.00	\$ 46.00
2	50,001- 90,000	28.54	30.26 (I)	35.70	39.25	15.00	46.00
3	90,001-170,000	29.37	30.69 (I)	35.70	39.25	15.50	46.00
4	170,001-300,000	29.90	30.95 (I)	36.70	39.25	16.00	46.00
5	Over 300,000	30.35	31.60 (I)	37.50	39.90	16.50	46.00

Flat Rate Business Extended Calling Service-All Rate Groups<sup>1</sup>

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

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

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

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TARIFF REVISIONS  
 LEGISLATIVE FORMAT

A3. BASIC LOCAL EXCHANGE SERVICE

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

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

b. Rules and Regulations (Continued)

(1) (Continued)

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

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

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

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

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

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

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

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

c. Rates and Charges

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

	<u>Monthly Credit</u>
FCC Interstate Offset to End User Subscriber Line Charge (SLC)	See FCC No. 14
FCC Supplemental Amount	1.75
Additional FCC Supplemental Amount	1.75
Company's Matching Credit	3.50
Additional Company Credit	4-583.16 (1)

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

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

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

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

TARIFF REVISIONS  
LEGISLATIVE FORMAT

A3. BASIC LOCAL EXCHANGE SERVICE

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

.4 Transitional Lifeline Assistance Program

a. General

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

Rate Group 1	\$4.626.20 (I)
Rate Group 2	4.876.45
Rate Group 3	4.986.56
Rate Group 4	5.096.67
Rate Group 5	5.246.79 (I)

b. Regulations

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

.5 Native American Lifeline

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

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

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

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

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

<u>Tribal Land</u>	<u>Exchange</u>	<u>IOSC</u>	<u>Credit</u>
Seminole Tribe, Tampa Reservation	Tampa	30051	\$4.10

**A4. SERVICE CHARGES**

TARIFF REVISIONS  
 LEGISLATIVE FORMAT

**A4.7 Schedule of Charges**

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

	Service Charge <sup>1</sup>	
	Residence	Business
a. Network Access, each		
(1) Establishment	\$ <del>21.00</del> <u>23.00</u> (I)	\$ 33.90
(2) Change	11.00	14.00
b. Central Office Line Connection, each line	<del>36.00</del> <u>38.00</u> (I)	35.00
c. Premises Visit	35.00	35.00
d. Telephone Number Change, each	9.00	9.00
e. Connection of Telephone Answering Services	As specified in Section A25.10.6r.	
f. Restoration of Service	18.00	18.00
g. Seasonal Service Establishment Charge, per number restored	18.00	18.00

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

3. CARRIER COMMON LINE SERVICE (Continued)

3.5 Rates and Charges

TARIFF REVISIONS  
LEGISLATIVE FORMAT

The rate for Carrier Common Line service is:

Per Originating Access Minute 0.00  
Per Terminating Access Minute .0228649\_0031065

(R)

3.6 (Reserved for Future Use)

3.7 (Reserved for Future Use)

3.8 (Reserved for Future Use)

A2. GENERAL REGULATIONS

A2.3 Establishment and Furnishing of Service (Continued)

.15 Vacation Service (Continued)

TARIFF REVISIONS  
LEGISLATIVE FORMAT

a. General (Continued)

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

b. Application of Charges

(1) Residence Service

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

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

(2) Business Service

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

Business	\$ 14.81
Business Rotary	20.12

(3) During the period the customer is furnished Vacation Service, Miscellaneous Calling Services directly associated with the line service will not be charged. (N)

Any Miscellaneous Services not directly associated with the line service, such as Directory Listing or Operator Service, will continue at the standard tariff rates. (N)

(4) A Seasonal Service Establishment Charge as specified in Section A4.3.9 of this Tariff shall apply at the time a business or residence customer requests Vacation Service. (T)

No service order charges apply to restore service at the completion of the Vacation Service period. (N)

(5) The federal End User Access Charge specified in Tariff FCC No. 14 is applicable during Vacation Service. (N)

TARIFF REVISIONS  
 LEGISLATIVE FORMAT

**A3. BASIC LOCAL EXCHANGE SERVICE**

**A3.1 General**

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

**A3.2 Rate Schedules**

**.1 Flat Rate Schedule**

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

Rate Group	Main Station Lines and PBX Trunks	Monthly Rates			Main Stations Arranged with Rotary Service, each		
		One-Party		Business Extended Calling Service (43700)	Business	Residence	Business Extended Calling Service (43701)
1	0- 50,000	\$ 29.49	32.00 (1)	\$ 43.28	\$ 35.70	\$ 14.00	\$ 46.00
2	50,001- 90,000	30.26	32.00 (1)	44.14	35.70	15.00	46.00
3	90,001-170,000	30.69	32.00 (1)	44.49	35.70	15.50	46.00
4	170,001-300,000	30.95	32.00 (1)	44.86	36.70	16.00	46.00
5	Over 300,000	31.60	32.00 (1)	45.26	37.50	16.50	46.00

**Flat Rate Business Extended Calling Service-All Rate Groups<sup>1</sup>**

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

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

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

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ALAN F. CIAMPORCERO, PRESIDENT  
 TAMPA, FLORIDA

Docket No. 030867-TL  
 Amended Direct Testimony of Orville D. Fulp  
 Amended Exhibit No. ODF-4  
 FPSC Exhibit No. \_\_\_\_\_  
 Page 15 of 19

TARIFF REVISIONS  
 LEGISLATIVE FORMAT

A3. BASIC LOCAL EXCHANGE SERVICE

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

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

b. Rules and Regulations (Continued)

(1) (Continued)

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

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

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

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

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

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

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

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

c. Rates and Charges

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

	<u>Monthly Credit</u>
FCC Interstate Offset to End User Subscriber Line Charge (SLC)	See FCC No. 14
FCC Supplemental Amount	1.75
Additional FCC Supplemental Amount	1.75
Company's Matching Credit	3.50
Additional Company Credit	3-46 <u>4.73</u> (l)

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

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

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

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



TARIFF REVISIONS  
LEGISLATIVE FORMAT

A3. BASIC LOCAL EXCHANGE SERVICE

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

.4 **Transitional Lifeline Assistance Program**

a. General

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

Rate Group 1	\$ <del>6.20</del> <u>7.77</u> (I)
Rate Group 2	<del>6.45</del> <u>8.02</u>
Rate Group 3	<del>6.56</del> <u>8.13</u>
Rate Group 4	<del>6.67</del> <u>8.24</u>
Rate Group 5	<del>6.79</del> <u>8.36</u> (I)

b. Regulations

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

.5 **Native American Lifeline**

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

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

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

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

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

<u>Tribal Land</u>	<u>Exchange</u>	<u>IOSC</u>	<u>Credit</u>
Seminole Tribe, Tampa Reservation	Tampa	30051	\$4.10

A3. BASIC LOCAL EXCHANGE SERVICE

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

TARIFF REVISIONS  
LEGISLATIVE FORMAT

.3 Rates and Charges

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

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

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

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

b. Flat rate option:

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

.4 Detail Billing

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

	<u>Rate</u>	<u>IOSC</u>
Per customer bill, per month	\$1.75	12062
Charge per page of billing detail	<del>14</del> .14 (1)	-

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

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

**A4. SERVICE CHARGES**

TARIFF REVISIONS  
 LEGISLATIVE FORMAT

**A4.7 Schedule of Charges**

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

	Service Charge <sup>1</sup>	
	<u>Residence</u>	<u>Business</u>
a. Network Access, each		
(1) Establishment	\$ <del>23.00</del> <u>25.00</u> (I)	\$ <del>33.99</del> <u>34.00</u> (I)
(2) Change	11.00	14.00
b. Central Office Line Connection, each line	<del>38.00</del> <u>40.00</u> (I)	35.00
c. Premises Visit	35.00	35.00
d. Telephone Number Change, each	9.00	9.00
e. Connection of Telephone Answering Services	As specified in Section A25.10.6r.	
f. Restoration of Service	18.00	18.00
g. Seasonal Service Establishment Charge, per number restored	18.00	18.00

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