

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

**REBUTTAL TESTIMONY OF
EVAN T. LEO
ON BEHALF OF
VERIZON FLORIDA INC.**

November 19, 2003

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FPSC-COMMISSION CLERK

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

3 A. My name is Evan T. Leo. I am a partner at Kellogg, Huber, Hansen, Todd
4 & Evans, P.L.L.C. My business address is 1615 M Street, N.W., Suite
5 400, Washington, DC 20036.

6

7 **Q. ARE YOU THE SAME EVAN T. LEO WHO SUBMITTED DIRECT**
8 **TESTIMONY ON BEHALF OF VERIZON IN THIS PROCEEDING?**

9 A. Yes.

10

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

12 A. I respond to Dr. Cooper's criticism of Verizon's presentation on the state of
13 competition in Verizon's service territory.

14

15 **Q. DO YOU AGREE WITH DR. COOPER THAT VERIZON'S**
16 **PRESENTATION OF COMPETITION IS "UNNECESSARILY**
17 **NEGATIVE"?**

18 A. No. This characterization is inaccurate. Verizon demonstrated that there
19 was extensive business competition in its service territory in Florida, and
20 that this competition was likely to increase in the future. Residential
21 competition, however, is a different matter.

22

23 **Q. CAN YOU GIVE EXAMPLES OF THE EVIDENCE OF LOCAL**
24 **COMPETITION THAT VERIZON PROVIDED?**

25 A. Yes. Verizon demonstrated that alternative local exchange carriers in

1 Verizon's service territory were serving more than *REDACTED* lines over
2 their own facilities, more than 5,000 lines through UNE-P, and
3 approximately 28,000 lines through resale.

4 Verizon further demonstrated that, although most of this competition was
5 provided to business customers, alternative local exchange carriers were
6 also providing approximately **REDACTED** lines to residential customers
7 (through all three means identified above – i.e., facilities-based, UNE-P
8 and resale). Verizon explained that most of these lines provided to
9 residential customers – approximately 19,000 – were provided through
10 resale.

11 Verizon also demonstrated that competition is rapidly increasing from
12 alternative sources such as mobile wireless, IP telephony, e-mail, and
13 instant messaging. As Verizon explained, although this extensive
14 competition is not counted in traditional line counts, it is substituting for a
15 large and increasing share of the local telephone services that Verizon
16 provides.

17 **Q. DID VERIZON DEMONSTRATE THAT ALL FORMS OF COMPETITION**
18 **WERE THRIVING TO THE SAME DEGREE IN ITS SERVICE**
19 **TERRITORY IN FLORIDA?**

20 **A.** No. Verizon demonstrated that facilities-based competition in Verizon's
21 service territory in Florida has emerged more rapidly for business
22 customers than for residential customers. Verizon explained that while
23 significant facilities-based competition for residential customers has
24 emerged, it has come mainly from intermodal sources – such as wireless,
25 cable, and voice over IP networks.

1 Q. WHAT IS THE REASON THAT FACILITIES-BASED COMPETITION FOR
2 RESIDENTIAL CUSTOMERS HAS EVOLVED MORE SLOWLY THAN
3 FACILITIES-BASED COMPETITION FOR BUSINESS CUSTOMERS?

4 A. As Dr. Danner explained in his opening testimony, a major contributing
5 factor to this disparity is that, unlike in the business market, retail rates for
6 residential customers have historically been set too low, which means that
7 competitors cannot come in to undercut them as they can and do in
8 business markets.

9
10 Q. DOES DR. COOPER DISPUTE ANY OF VERIZON'S DATA REGARDING
11 LOCAL COMPETITION IN FLORIDA?

12 A. No. Dr. Cooper does not question the accuracy of any of Verizon's data.

13

14 Q. DOES DR. COOPER ACKNOWLEDGE THAT THERE IS MORE
15 COMPETITION FOR BUSINESS CUSTOMERS THAN FOR
16 RESIDENTIAL CUSTOMERS?

17 A. Yes. Relying on FCC data, Dr. Cooper presents evidence that competition
18 in Florida is strongly tilted toward business customers.

19

20 Q. DOES THIS CONCLUDE YOUR TESTIMONY AT THIS TIME?

21 A. Yes.

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