

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by Verizon Florida Inc. to reform intrastate network access and basic local telecommunications rates in accordance with Section 364.164, Florida Statutes.

DOCKET NO. 030867-TL

In re: Petition by Sprint-Florida, Incorporated to reduce intrastate switched network access rates to interstate parity in revenue-neutral manner pursuant to Section 364.164(1), Florida Statutes.

DOCKET NO. 030868-TL

In re: Petition for implementation of Section 364.164, Florida Statutes, by rebalancing rates in a revenue-neutral manner through decreases in intrastate switched access charges with offsetting rate adjustments for basic services, by BellSouth Telecommunications, Inc.

DOCKET NO. 030869-TL

FILED: November 21, 2003

COMMON CAUSE PETITION TO INTERVENE

Pursuant to Sections 120.569 and 120.57(1), Florida Statutes and Rules 25-22.039, and 28-106.205, Florida Administrative Code, Common Cause Florida, through its undersigned attorney, files its Petition to Intervene, and in support thereof, states as follows:

1. The name and address of the affected agency is:

Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

2. The name and address of the petitioner is:

Common Cause Florida
704 West Madison Street
Tallahassee, Florida 32304

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3. All pleadings, motions, orders and other documents directed to the petitioner should be served on:

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4. BellSouth Telecommunications, Inc. (“BellSouth”), Verizon Florida, Inc. (“Verizon”), and Sprint-Florida, Incorporated (“Sprint”) are incumbent local telecommunications exchange companies (“ILECs”) regulated by the Florida Public Service Commission (“Commission”) for certain purposes. Collectively, these three ILECs are reported to serve approximately 98 percent of all residential telephone customers in the State of Florida. Each, in their respective dockets cited above, seeks to substantially increase the basic local service rates charged to its residential and single-line business customers in exchange for reducing the intrastate access fees each charges long distance carriers. The total annual increase for the three, if approved by this Commission, will equal roughly \$177.7 million the first year of the transition and \$355.3 million the second and subsequent years and will cost their collective customers approximately \$533 million in rate increases in the first two years alone.

5. Common Cause Florida is the Florida chapter of the national organization Common Cause, which is a nonpartisan corporation that works for open, accountable government and the right of all citizens to be involved in shaping our nation's public policies. Its priorities include: pressing for the enactment of legislation to fundamentally reform campaigns, including limits on campaign spending, a dramatic reduction in special-interest political contributions and a ban on soft money; upholding high standards of ethics and making government officials accountable for their actions; and pressing for adherence to basic principles of civil and equal rights for all citizens. Nationally, Common Cause has in excess of 200,000 members, while Common Cause Florida has over 9,000. Common Cause Florida members reside throughout the state and substantial numbers of them are retail residential or single-line business customers of each of the petitioning ILECs.

Common Cause Florida Members' Substantial Interests Affected

6. BellSouth proposes to raise its basic local service rates as much as \$136.4 million per year. To do this it proposes to raise its residential rates (without regard to the rate group involved or the differing residential rates for each) by "\$1.93 in the first year and a similar amount in the second year." Thus, all BellSouth residential customers will see their bills for local service, exclusive of increases in applicable taxes and fees, increase by \$23.16 (12 x \$1.93) in the first year and by \$46.32 (12 x \$3.86) in the second and subsequent years. BellSouth's proposed residential rate increases are the same dollar amount per residential customer without regard for the current rate charged in each rate group, which means that the percentage rate increase varies from 35 percent in the most dense, urban service area (\$3.86 /\$11.04) to a 51 percent increase in the least dense, rural service area (\$3.86 /\$7.57). If all of Common Cause Florida's 9,000 members took local service only from BellSouth (whose per customer rate

increases are the lowest of the three ILECs and, which, thus, would represent the “least cost” scenario) their combined annual rate increases would equal \$416,880 ($\$46.32 \times 9,000$) at the end of the two year transition.

7. BellSouth proposes to raise its single-line business rates by as little as \$1.75 per line over the two year transition period, irrespective of rate group, customer density and current monthly rates charged each rate group, which Common Cause Florida believes, in conjunction with the higher residential increases, may result in less, not more, local service competition.

8. Verizon’s proposed residential increases of \$4.61 per month applied to the highest current urban rate of \$12.06 will result in a 38 percent increase ($\$4.61 / \12.08), while the same \$4.61 increase applied to the lowest Verizon rural rate of \$9.72 per month equals a 47 percent increase ($\$4.61/\9.72). The proposed annual increase for all residential lines is \$55.32 ($12 \times \4.61).

9. Verizon proposes to increase each of its five single-line business rate groups to a \$32 a month charge despite the fact that the current rates range from \$24.47 to \$30.35, depending upon rate group. This results in the lowest-density, least economically desirable to competitors business customers receiving the highest percentage increases, while the most dense, currently most attractive customers for potential competitors will receive the lowest absolute dollar and percentage increases. As with BellSouth’s proposed implementation plan, Common Cause Florida fears Verizon’s proposed distribution of rate increases may actually frustrate, not enhance, more competition in the areas it currently serves.

10. Sprint’s rate increases are by far the largest. It proposes to raise all its residential rates by \$6.86 per month per line without regard for the customers’ rate group, which equates to

an annual increase of \$82.32 per customer (12 x \$6.86). Applied to the highest rate group, which currently pays \$11.48 per month, the rate of increase is 60 percent. The same increase applied to the lowest rate rural group, now paying \$7.63 per month, equals a staggering 90 percent rate increase.

11. Sprint proposes to increase its single-line business basic local service rates by \$2.87 per month in the first year of its transition and by \$3.13 in the second year. These increases are far lower than those proposed for its residential customers and, thus, are likely to inhibit, not promote competition.

12. While the annual rate increase for each petitioning ILEC customer may be calculated precisely depending upon the service provider and ranges from a low of 35 percent to a high of 90 percent, none of the three ILECs demonstrate how much residential customers will benefit by virtue of having intrastate toll rates reduced because these rates are not included in their filings and are apparently not known.

13. Given the huge levels of increases demanded by the ILECs, Common Cause Florida submits that its approximately 9,000 members will be clearly and substantially affected by any action the Commission takes in these consolidated dockets and that these members, and Common Cause Florida as their associational representative, meet the two-prong test of Agrico Chemical Company v. Department of Environmental Regulation, 406 So.2d 478 (Fla. 2d DCA 1981) for proving substantial interests.

Disputed Issues of Fact and Law

14. The following issues have been preliminarily identified by Common Cause Florida as disputed issues of material fact:

- a. Whether the residential customers of BellSouth, Verizon and Sprint will receive financial or other benefits as a result of having their rates raised as proposed by the three ILECs?
- b. Whether raising single-line business rates more than residential rates and raising the least dense rate groupings' rates by a higher percentage than the highest density rate groups, in fact, enhances potential competition or inhibits it, as opposed to achieving the same revenue requirement increase by spreading it evenly as a percentage increase over all residential and single-line business rate groupings in each ILEC?
- c. Whether the alleged increased local service competition will ever result in monthly service rates that are as low as, or lower, than the currently authorized rates?
- d. Whether the decreases in intrastate toll charges mandated by the law will be apportioned to "residential" toll calling plans or rates in a manner that will allow any residential customer to "break even" on his or her total monthly telephone bill, and, if so, what level of instate toll calling will be required to do so, and at what level of reduced toll rates?
- e. Whether the "local loop" and, thus, current residential rates are "subsidized" or "supported" by other services or sources of revenues, on average, if the revenues of other services necessarily using the local loop for their delivery, such as custom-calling features or toll access, are included with basic local service revenues in calculating whether the costs of the local loop are covered by the total revenues received from residential customers?
- f. Whether the proposed two-year implementation schedules of each of the ILECs is consistent with their prior factual representations made to their customers, members of the Florida Legislature and Governor Jeb Bush while seeking passage of the legislation to the

effect that BellSouth would implement its rate increases over three years, while Verizon and Sprint would implement theirs over four years in order to lessen the “rate shock” experienced by their customers?

g. Whether applying the requested rate increases to all LifeLine customers at the end of the two-year implementation period (when “parity” is achieved) will result in the inability of any of those customers to maintain local telephone service, and, if so, for how many?

h. Whether applying the requested rate increases over two years, versus over three or four years as previously publicly represented by the three ILECs, will result in non-LifeLine residential customers having to forego basic local service, and, if so, for how many?

14. The following have been identified by Common Cause Florida as disputed issues of law:

a. Whether merely speculating that competition will result from the proposed rate increases meets the law’s legal requirement that competition must result?

b. Whether merely speculating that residential consumers will benefit by increased intrastate calling at lower toll rates, without providing any evidence about the level of the lowered intrastate toll charges that will result, or the actual or expected level of calling necessary for residential customers to benefit economically, meets the law’s requirement that residential customers receive a “benefit” from the large level of rate increases they will be forced to pay.

16. The following has been identified by Common Cause Florida as an ultimate fact:

a. BellSouth, Verizon and Sprint have failed to demonstrate that the rate increases proposed in their respective filings will benefit their residential customers economically

to any degree or that actual local service competition will increase and, therefore, the requested increases must be denied.

WHEREFORE, Common Cause Florida requests that this Commission grant it intervenor status in these consolidated dockets as a full party respondent on behalf of its approximately 9,000 members, the vast majority of whom take residential basic local telephone service from BellSouth, Sprint or Verizon.

Respectfully submitted,

/s/ Michael B. Twomey

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CERTIFICATE OF SERVICE

I **HEREBY CERTIFY** that a true and correct copy of this petition has been served by either hand delivery or overnight mail and by either facsimile transmission or electronic mail messaging this 21th day of November, 2003 on the following:

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