

**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  
Filed: November 21, 2003

---

In re: Flow-Through of LEC Switched Access )  
Reductions By IXCs, Pursuant To )  
Section 364.163(2), Florida Statutes )  

---

Docket No. 030961-TI

**PREHEARING STATEMENT OF BELL ATLANTIC COMMUNICATIONS, INC.  
D/B/A VERIZON LONG DISTANCE, NYNEX LONG DISTANCE COMPANY D/B/A  
VERIZON ENTERPRISE SOLUTIONS AND VERIZON SELECT SERVICES INC.**

Bell Atlantic Communications, Inc. d/b/a Verizon Long Distance (VLD), NYNEX Long Distance Company d/b/a Verizon Enterprise Solutions (VES) and Verizon Select Service Inc. (VSSI) (collectively, VZ LD Affiliates) file this Prehearing Statement in accordance with Order Nos. PSC-03-0994-PCO-TL and PSC-03-1118-PCO-TL in this docket and Florida Public Service Commission Rule 25-22.038.

**A. Witnesses**

The VZ LD Affiliates' witness and the issues to which he will testify are as follows:

1. John Broten: Issues 6-10.

**B. Exhibits**

The VZ LD Affiliates will introduce the following exhibit:

1. Direct Testimony of John Broten

The VZ LD Affiliates reserve the right to introduce additional exhibits at the hearing or other appropriate points.

DOCUMENT NUMBER-DATE

11892 NOV 21 8

FPSC-COMMISSION CLERK

### **C. Basic Position**

The VZ LD Affiliates intervened in the above-referenced proceedings to assist the Commission in implementing Section 364.163(2), Florida Statutes, which requires IXCs to flow through access charge reductions that they receive from LECs to business and residential customers. In responding to Issues 6 – 10 below, which are copied verbatim from Staff's Tentative Issues List, the VZ LD Affiliates have provided the Commission with a proposal to ensure that these customers benefit from access reductions, while minimizing distortions to the competitive market. The Commission should therefore conclude that the VZ LD Affiliates' proposal conforms to the requirements of the statute.

### **D, E, F. Positions On Specific Issues**

The VZ LD Affiliates consider each issue in this proceeding to be a mixed question of fact, law and policy.

**ISSUE 1:** Will the ILECs' rebalancing proposals remove the current support for basic local telecommunications services that prevents the creation of a more attractive competitive market for the benefit of residential consumers?

**VERIZON'S POSITION:** The VZ LD Affiliates take no position on this issue.

**ISSUE 1(A):** What is a reasonable estimate of the level of support provided for basic local telecommunications services?

**VERIZON'S POSITION:** The VZ LD Affiliates take no position on this issue.

**ISSUE 1(B):** Does the current level of support prevent the creation of a more attractive competitive local exchange market for the benefit of residential consumers?

**VERIZON'S POSITION:** The VZ LD Affiliates take no position on this issue.

**ISSUE 1(C):** Will the ILECs' rebalancing proposals benefit residential consumers as contemplated by Section 364.164, Florida Statutes? If so, how?

**VERIZON'S POSITION:** The VZ LD Affiliates take no position on this issue.

**ISSUE 2:** Will the effects of the ILECs' rebalancing proposals induce enhanced market entry? If so, how?

**VERIZON'S POSITION:** The VZ LD Affiliates take no position on this issue.

**ISSUE 3:** Will the ILECs rebalancing proposals reduce intrastate switched network access rates to interstate parity over a period of not less than two years or more than four years?

**VERIZON'S POSITION:** The VZ LD Affiliates take no position on this issue.

**ISSUE 4:** Are the ILECs' rebalancing proposals revenue neutral, as defined in Section 364.164(2), Florida Statutes?

**VERIZON'S POSITION:** The VZ LD Affiliates take no position on this issue.

**ISSUE 5:** Should the ILECs' rebalancing proposals be granted or denied?

**VERIZON'S POSITION:** The VZ LD Affiliates take no position on this issue.

**ISSUE 6:** Which IXCs should be required to file tariffs to flow through BellSouth's, Verizon's, and Sprint-Florida's switched access reductions, if approved, and what should be included in these tariff filings?

**VERIZON'S POSITION:** Any IXC that receives the benefit of intrastate switched access rate reductions must file intrastate tariffs (if tariff filings are required) flowing through these reductions. An IXC reseller should not be required to reduce prices to its customers unless it receives a reduction in the prices it is charged by its facilities-based supplier. IXCs

should have the discretion to determine how to flow through the access charge reductions (e.g., by lowering in-state per minute rates and/or monthly recurring plan charges). If the Commission should decide to deregulate long distance services and eliminate long distance tariffing obligations, the reductions should be passed through to end users under end user service agreements.

**ISSUE 7:** If the ILEC access rate reductions are approved, should the IXCs be required to flow through the benefits of such reductions, via the tariffs, simultaneously with the approved ILEC access rate reductions?

**VERIZON'S POSITION:** Facility-based IXCs that benefit from reductions in the price of access should be required to pass through rate reductions, via their intrastate tariffs (if tariffs are required), as soon as possible after the approved ILEC access rate reductions. Non-facilities based IXCs should be required to flow through access charge reductions when they are received from the underlying facilities-based carrier. Since the flow-through of the access charges will require facilities-based carriers as well as IXC resellers to make modifications to, for example, billing systems, rate tables, marketing and fulfillment materials, carriers should be given a reasonable amount of time to implement necessary plan and system changes before they are required to pass through access rate reductions.

**ISSUE 8:** For each access rate reduction that an IXC receives, how long should the associated revenue reduction last?

**VERIZON'S POSITION:** The long distance communications market is highly competitive. Traditional wireline long distance carriers compete against each other as well as with wireless carriers, cable companies and IP telephony providers. Competition will ensure that IXCs flow through access reductions without any need for Commission intervention.

Nevertheless, to remove any doubt about whether customers will actually receive the benefit of the access reductions, the VZ LD Affiliates agree to flow through the reductions year over year for three years. After that time, the VZ LD Affiliates should be free to change its long distance rates in accordance with the demands of the marketplace.

**ISSUE 9:** How should the IXC flow-through of the benefits from the ILEC access rate reductions be allocated between residential and business customers?

**VERIZON'S POSITION:** VLD plans to flow through the benefits realized from access reductions to both residential and business customers based on the relative proportion of access minutes associated with these classes of customers. VSSI also plans to flow through savings to its customers. The amount of intrastate switched access that VSSI uses is significantly less than the amount that VLD uses.

**ISSUE 10:** Will all residential and business customers experience a reduction in their long distance bills? If not, which residential and business customers will and will not experience a reduction in their long distance bills?

**VERIZON'S POSITION:** To the extent it receives access charge reductions, VLD plans to reduce in-state usage rates on some, but not all, residential and business plans. VLD's current plan is not to reduce prices on any of its unlimited long distance plans. Customers on these plans already receive, on an aggregate basis, VLD's lowest rates on a per minute basis. A reduction in access charges will not provide an incentive for customers to make additional calls since their plans already permit unlimited in-state calling. For residential customers, the access flow through reductions realized by VLD would be reflected in the per minute rates for several plans that represent a substantial portion of VLD's residential

subscriber base. The plans VLD is considering for flowing through access reductions, if any, are set forth in the testimony of the Direct Testimony of John Broten.

**ISSUE 11:** Should these dockets be closed?

**VERIZON'S POSITION:** No. The above-referenced docket is ongoing and should remain open.

### **G. Stipulated Issues**

There are no stipulated issues at this time.

### **H. Pending Motions And Other Matters**

There is one motion pending:

1. Petition to Intervene of Bell Atlantic Communications, Inc. d/b/a Verizon Long Distance, NYNEX Long Distance Company d/b/a Verizon Enterprise Solutions and Verizon Select Services Inc., filed November 19, 2003.

### **I. Pending Requests For Confidentiality**

There is one request for confidentiality pending:

1. Request for Confidential Classification filed November 19, 2003 - Direct Testimony of John Broten.

### **J. Procedural Requirements**

The VZ LD Affiliates are unaware of any requirements set forth in the Commission's Procedural Order that cannot be complied with at this time.


### **K. Pending FCC Or Court Actions**

The VZ LD Affiliates are unaware of any pending FCC or court actions that may preempt Commission action in this docket or that may affect the Commission's ability to resolve any of the issues presented in this docket. The VZ LD Affiliates cannot, however, definitively speak to this issue without knowing what action the Commission may eventually take in this proceeding.

### **L. Witnesses**

The VZ LD Affiliates have no objections to any witness's qualifications as an expert at this time.

Respectfully submitted on November 21, 2003.

By:   
RICHARD A. CHAPKIS  
201 North Franklin Street, FLTC0717  
P. O. Box 110  
Tampa, FL 33601  
Tel: 813-483-1256  
Fax: 813-273-9825  
e-mail: [richard.chapkis@verizon.com](mailto:richard.chapkis@verizon.com)

Attorney for Bell Atlantic  
Communications, Inc d/b/a Verizon  
Long Distance, NYNEX Long Distance  
Company d/b/a Verizon Enterprise  
Solutions and Verizon Select Services  
Inc.