

ORIGINAL



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December 2, 2003

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

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Re: Docket No. 030867-TL  
Amended Petition of Verizon Florida Inc. to Reform Its Intrastate Network Access  
and Basic Local Telecommunications Rates in Accordance with Florida Statutes,  
Section 364.164

Dear Ms. Bayo:

Please find enclosed for filing an original and 15 copies of revised pages 42 and 43 of the Rebuttal Testimony of Carl R. Danner, which was filed on November 19, 2003 in the above matter. Revisions to the testimony on page 42 (lines 18-20) are underlined. The confidential numbers on page 42 (lines 23-25) and page 43 (lines 1-6) have all been revised. This confidential information was submitted under a Request for Confidential Classification also filed on November 19, 2003. Verizon respectfully requests that the enclosed revised pages be substituted in Mr. Danner's Rebuttal Testimony presently on file with the Commission.

Service has been made as indicated on the Certificate of Service. If there are any questions regarding this matter, please contact me at 813-483-1256.

Sincerely,

*Richard A. Chapkis*

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**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that copies of the foregoing were sent via electronic mail and overnight delivery on December 2, 2003 to:

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*Richard A. Chapkis*

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Richard Chapkis

1       **ANALYSIS?**

2       A.     With respect to the population of residential customers Verizon now  
3             serves, the initial, static effect of Verizon's plan will be to increase the  
4             average telephone bill by about \$1.00/month. This result includes the  
5             initial customer benefits (i.e., flow-through of access charge reductions  
6             and elimination of long distance carrier monthly access fees), but not  
7             any of the dynamic benefits over time that I described above – which are  
8             an important focus of the legislation, and of Verizon's plan. These  
9             results are also more accurate than the preliminary results I discussed  
10            at a deposition in this proceeding.

11  
12           Existing Lifeline customers will see their bills reduced by \$3.15 per  
13           month, and about 20,000 additional, new Lifeline subscribers will receive  
14           not only that benefit, but an additional \$13.50/month for qualifying under  
15           the expanded eligibility standards.

16  
17           A similar calculation was performed that focused on the age distribution  
18           of Verizon's Florida customers, and produces the results below. These  
19           results are only approximate, because age data was not available for a  
20           significant proportion of customers (as the table shows).

21			
22	Age Strata	Florida Lines (confidential)	Net Change (confidential)
23	18-25 years		
24	26-35 years		REDACTED
25	36-45 years		

- 1 46-55 years
- 2 56-65 years
- 3 66-75 years
- 4 76 + years
- 5 unknown

REDACTED

6

7 Finally, although we did not calculate this data, from experience I know

8 that every demographic group of customers will contain high, low, and

9 average bills that reflect the varying ways people use their telephones.

10 So, for example, there are certainly some low-income customers with

11 high bills who effectively subsidize some high-income customers with

12 low bills. Likewise, among individual customers the subsidies will flow in

13 every direction with respect to age groups, ethnicity, or any other

14 demographic characteristic. Additionally, given the large volume of long

15 distance calling that has moved to wireless phones, some low-bill

16 customers will merely be those who no longer use a wired phone for

17 these calls – and who have already received related benefits, as I noted

18 above.

19

20 **Q. SHOULD THE COMMISSION BE CONCERNED BY AN INITIAL**

21 **CHANGE IN AVERAGE RESIDENTIAL BILLS OF ABOUT \$1 PER**

22 **MONTH OCCURRING OVER A PERIOD OF MORE THAN TWO**

23 **YEARS?**

24 **A.** Based on my experience helping reach a wide variety of rate decisions

25 at the largest state commission in the country, a phased-in rebalancing