

REDACTED

BellSouth Telecommunications, Inc.
FPSC Docket No. 040353-TP
Staff's 2nd Set of Interrogatories
May 28, 2004
Item No. 21
Page 1 of 1
PUBLIC

REQUEST: Assuming that "free service" is defined as when payment is less than cost over a period of time, what does BellSouth believe would be the most appropriate period of time? Please explain.

- i. One month?
- ii. The expected retention life of the customer?
- iii. Other?

RESPONSE: BellSouth is unable to provide a response to this Interrogatory because BellSouth does not define "free service" to mean when payment is less than costs over a period of time.

Nevertheless, it should be noted that, based on a 24 month term (which is less than the actual average lifespan of a winback customer of ■ months), BellSouth receives \$26.95 (excluding a SLIC charge and other revenue) a month and its costs for the PreferredPack Plan including the subject promotions are only \$■ a month. Thus, BellSouth recovers all of its costs.

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REQUEST: Please refer to Section 364.08(2) of the Florida Statutes and define what BellSouth believes is meant by the phrase "between points within this state."

OBJECTION: BellSouth objects to this Interrogatory on the grounds that it seeks legal conclusions rather than the identification of relevant, admissible facts or evidence. BellSouth further objects on the grounds that the Interrogatory is premature. BellSouth will address all legal arguments either in its testimony or legal briefs.

RESPONSE: Subject to and without waiving the foregoing objections, BellSouth, upon information and belief, states that the phrase "between points within this state" in Section 364.08(2) means the provision of basic service in the State of Florida. BellSouth notes that the statute predates price regulation and a competitive marketplace and thus is irrelevant to this proceeding.

In any event, BellSouth is not providing free or reduced basic service between points within the state because the rates charged by BellSouth are compensatory. Indeed, based on an average term of 24 months (which is less than the actual average lifespan of a winback customer of █ months), BellSouth receives \$26.95 (excluding a SLIC charge and other revenue) a month and its costs for the PreferredPack Plan including the subject promotions are only \$█ a month. Thus, BellSouth recovers its costs and does not violate Section 364.08(2).

Such a conclusion is consistent with Order No. PSC-02-0875-PAA-TP, wherein the Commission found that BellSouth's Key Customer Tariff did not violate Section 364.08(2) because the rates charged were compensatory.

BellSouth's response to this Interrogatory is preliminary in nature and BellSouth reserves the right to supplement this response in its testimony and/or legal briefs.