

ORIGINAL

Matilda Sanders

From: terry.scobie@verizon.com
 Sent: Thursday, September 02, 2004 5:01 PM
 To: Filings@psc.state.fl.us
 Cc: Richard Chapkis; David Christian; demetria.c.watts@verizon.com; Samantha Cibula; Charles Beck; Susan Masterton; Michael Gross
 Subject: Docket No. 040451-TP - Verizon Florida Inc.'s Post-Workshop Comments



VZ FL
kshop Comr

The attached filing is submitted in Docket No. 040451-TP on behalf of Verizon Florida Inc. by

Richard A. Chapkis
 201 N. Franklin Street, FLTC0007
 Tampa, Florida 33602
 (813) 483-1256
 richard.chapkis@verizon.com

The attached .pdf document contains 31 pages - transmittal letter (1 page), certificate of service (1 page), service list (1 page) and Post-Workshop Comments with exhibits (28 pages).

(See attached file: VZ FL Post-Workshop Comments.pdf)

Terry Scobie
 Executive Adm. Assistant
 Verizon Legal Department
 813-483-2610 (tel)
 813-204-8870 (fax)
 terry.scobie@verizon.com

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 FPSC-COMMISSION CLERK

Richard A. Chapkis
Vice President & General Counsel –
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September 2, 2004 – VIA ELECTRONIC MAIL

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

Re: Docket No. 040451-TP
Petition by Citizens of Florida to initiate rulemaking that would require local
exchange telecommunications companies to provide Lifeline service within 30
days of certification

Dear Ms. Bayó:

Enclosed for filing are Verizon Florida Inc.'s Post-Workshop Comments in the above-
referenced matter. Service has been made as indicated on the Certificate of Service. If
there are any questions regarding this filing, please contact me at 813-483-1256.

Sincerely,

/s/ Richard A. Chapkis

Richard A. Chapkis

RAC:tas
Enclosures

DOCUMENT NUMBER-DATE

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that copies of Verizon Florida Inc.'s Post-Workshop Comments in Docket No. 040451-TP were sent via electronic mail and/or U.S. mail on September 2, 2004 to the parties on the attached list.

/s/ Richard A. Chapkis

Richard A. Chapkis

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

Nancy White c/o Nancy Sims
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Tallahassee, FL 32301

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1313 Blairstone Road
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Tallahassee, FL 32301

Charles J. Beck
Office of Public Counsel
111 W. Madison Street
Room 812
Tallahassee, FL 32399-1400

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by Citizens of Florida to initiate)	Docket No. 040451-TP
rulemaking that would require local exchange)	Filed: September 2, 2004
telecommunications companies to provide)	
Lifeline service within 30 days of certification)	
_____)	

POST-WORKSHOP COMMENTS OF VERIZON FLORIDA INC.

Verizon Florida Inc. (Verizon) hereby submits its post-workshop comments in the above-referenced matter.

BACKGROUND

On May 13, 2004, the Office of Public Counsel (OPC) filed a petition to initiate a rulemaking to adopt a rule requiring local exchange telecommunications companies to begin providing lifeline service to customers within 30 days of receiving certification of eligibility from the OPC. The Commission approved OPC's Petition at the July 6, 2004 agenda conference.

On August 19, 2004, Staff held a workshop to discuss the issues raised at the agenda conference. At the workshop, parties addressed a list of issues identified on the Commission Staff agenda, and addressed issues identified on an OPC handout entitled "Examples of Obstacles in the Lifeline and Link-up Enrollment Process."

Verizon hereby submits these written comments to supplement the oral comments that it made at the workshop, and to propose a company-specific, revenue-neutral cost recovery mechanism that, if adopted, would result in a viable and affordable Lifeline program for eligible Verizon customers.

ISSUES RAISED IN STAFF'S AGENDA

I. and II. Enrollment Process and Program Verification Process to Ensure Eligibility of Participants

Customers may enroll in the Lifeline program via three separate avenues, either by applying directly with Verizon, through the Department of Children and Families (DCF) or with the OPC. The current enrollment and verification processes are efficient and not overly burdensome to customers. Therefore, there is no need to significantly modify these processes.

Direct Enrollment Through Verizon

When a customer applies directly to Verizon for Lifeline and/or Link-Up, the customer must provide either a DCF eligibility letter or proof of eligibility in one of the following six programs: Food Stamps, Low Income Home Energy Assistance Program (LIHEAP), Medicaid, Supplemental Security Income (SSI), Temporary Aid for Needy Families (TANF), or Federal Public Housing Assistance Program/Section 8. Once Verizon establishes proof of eligibility, the Lifeline rate is immediately initiated for existing customers. If the applicant is not yet an existing customer, Verizon has to install service before it can institute the Lifeline rate. Although Verizon currently requires recertification twice a year, beginning in May 2005, the Company will only require recertification once a year. If a customer no longer qualifies for Lifeline service, the customer is eligible for a service, known as Transitional Lifeline, that affords the customer with a 30% price reduction on basic local residential service.

DCF Enrollment Process

In May 2003, DCF began providing qualified applicants with an eligibility letter to include with their Lifeline application. Once Verizon receives the Lifeline application and DCF eligibility letter, Verizon immediately provides the Lifeline benefit to the customer. Given the simplicity and ease of this process, the Commission, DCF and the industry should work together to increase outreach to DCF families, and thus enrollment in Florida's Lifeline program.

OPC Enrollment Process

Section 364.10(3)(a) provides that companies that have rebalanced rates shall offer Lifeline service to customers who have incomes at or below 125% of the Federal Poverty Guidelines. Even though the order approving Verizon's rate rebalancing application is not yet final, Verizon **voluntarily** offers Lifeline service to customers who meet this income eligibility criterion.

Customers that are eligible under the 125% FPG criterion may apply for Lifeline through the Office of Public Counsel. Each month, OPC sends Verizon a list of customers who satisfy this income-based criterion. Verizon reviews the OPC list for accuracy, and typically applies the Lifeline credit to eligible customer accounts within seven working days, if not sooner. The Lifeline credit is applied to customer accounts retroactive to the date the customer is approved by OPC.

Because this is a voluntary program (for the time being) and because Verizon efficiently enrolls applicants under this criterion, it is unnecessary and inappropriate to establish a rule requiring Verizon to enroll customers in the program within 30 days of receiving the eligibility list from OPC. This is particularly true given that delays in

enrolling customers are generally attributable to erroneous or incomplete entries on OPC's customer list.

III. Establishment of Lifeline Subscribership Goals

Verizon firmly believes that it is important to develop a plan that is sustainable over the long-term to help ensure that Florida families do not drop off the network because they cannot afford telephone service. However, Verizon steadfastly opposes any rule that would impose penalties on ILECs for failing to meet arbitrary Lifeline subscribership goals. Self-effectuating service penalties are illegal, unnecessary and undesirable. They are illegal because the Commission derives its power from the Florida Legislature, and there is nothing in Chapter 364 that gives the Commission the power to impose this extraordinary penalty mechanism on ILECs. They are unnecessary because Verizon is committed to enrolling customers in the Lifeline program, and the data shows that Verizon is meeting this commitment. Indeed, Verizon's subscribership in the Lifeline and Link-up programs has increased by over 30% in the last year. Finally, penalties are undesirable for several reasons. First, there is no evidence suggesting – let alone demonstrating – that Verizon is responsible for customer decisions not to enroll in Lifeline. Second, penalties that apply only to ILECs would unfairly tilt the competitive playing field in favor of Verizon's competitors that are not subject to such penalties. Third, penalties can distort Verizon's investment and operational decisions, resulting in adverse consequences for consumers, competition, and the Company.

IV. Reporting Requirements

The transition from a regulated monopoly to a competitive market inevitably poses challenges to the regulator, incumbent carriers, and new entrants. However, it is highly likely that this transition will be impeded and competition will not develop undistorted if the Commission mistakenly redoubles its efforts to impose greater regulatory constraints when they are not needed. In today's competitive environment, the Commission should not be imposing additional, unnecessary reporting requirements on companies. To the contrary, the Commission should be striving to eliminate such requirements so that the industry can respond unhindered to market forces. Here, additional reporting requirements are not necessary, because there is no evidence that the existing reporting requirements are not effective. Moreover, additional reporting requirements are undesirable because they needlessly consume industry and Commission resources. If the Commission nevertheless decides to adopt additional reporting requirements, Verizon and other ETCs should not be the sole or default providers of Lifeline data to the Commission. Since OPC is verifying large numbers of customers via the income-eligibility requirements, the PSC should request pertinent information from them.

V. Should Rural ETCs be Treated Differently from Non-Rural ETCs?

No. All wireline ETCs should be treated the same. The lifeline needs of residents in rural Florida are no different from the lifeline needs of residents in non-rural Florida. Equal Lifeline service obligations should be required of all wireline ETCs.

ISSUES RAISED IN OPC'S HANDOUT

1. Optional calling plans and promotional discount packages.

Verizon does not provide Lifeline and Link-Up discounts to customers that subscribe to bundles. However, there are no restrictions on Lifeline customers wishing to purchase additional independent discretionary or ancillary services. This policy is consistent with Florida Statutes, Section 364.025, which states that Local Exchange Telecommunications companies "shall be required to furnish **basic local exchange telecommunications service** within a reasonable time period to any person requesting such service within the company's service territory." (Emphasis added). Requiring Verizon to offer its bundled services at Lifeline discounted rates would, in effect, be requiring the Company to inappropriately offer a double discount on a non-basic service to the customer.

2. Proving Lifeline and/or Link-Up eligibility.

Verizon's customers can enroll in the Lifeline and/or Link-Up programs without providing any exceptional or non standard documentation.

3. Customers with more than one line.

Verizon does not prohibit Lifeline customers from purchasing additional lines, but the Lifeline benefit is only provided on one line.

4. Customers with the incorrect name listed on the account.

Verizon requires that the customer of record be the party named on the account. Therefore, if the spouse of a deceased customer requests Lifeline service, the surviving spouse needs to be certified as eligible.

5. Recertification.

As stated above, beginning in May 2005, Verizon will require recertification only once a year.

6. Social security numbers.

Verizon does not require subscribers to provide a social security number. However, Verizon has a legitimate need to know with whom it is doing business, and therefore customers must provide some proof of their identity. A driver's license, a bill from another company or some other evidence of identity is acceptable.

7. Paths of communication between customers and the Company.

It is not difficult to communicate with Verizon regarding Lifeline issues. A customer that contacts Verizon business offices wishing to enroll in Lifeline will be given information about Lifeline and Link-Up. Verizon service representatives are trained and able to answer questions about Lifeline and Link-Up, provide Lifeline applications to customers, and generally discuss the program's benefits. Verizon is unaware of any obstacles that hinder or block customer communication regarding Lifeline issues.

8. Continued customer eligibility.

Verizon's recertification procedures are reasonable. The Company receives a list of customers who are no longer eligible for Lifeline from DCF. Verizon asks these customers to provide proof that they are still eligible for Lifeline. If they are not eligible, Verizon offers them Transitional Lifeline service.

9. Link-Up requests.

Verizon makes it easy for customers to learn about and enroll in the Link-Up program. Customers are made aware of the program at the time of application. All

that a customer has to do to enroll in the program is to establish service and verify eligibility.

ADDITIONAL ISSUES RAISED DURING THE WORKSHOP

1. Should all ETCs and wireless carriers follow state lifeline guidelines?

Only wireless providers that have been certified as ETCs should follow Lifeline guidelines. Wireless companies are integral to the transformation that is occurring today in the communications world. It is not necessary and indeed would be harmful to the new emerging technologies to fetter wireless companies with the types of carrier of last resort obligations that the wireline companies carry.

2. Is Verizon able to provide subscriber statistics by county?

No. Verizon's customer data is available by exchange, area code or prefix. Traditional wireline service boundaries do not correspond to city or county boundaries.

3. What is Verizon's policy when the customer of record dies and the surviving spouse requests that the lifeline service be transferred into his/her name?

Verizon requires that its customer of record be certified as the eligible recipient of the lifeline benefit. In the situation of a surviving spouse, Verizon will attempt to facilitate transfer but, to protect the integrity of the program, the surviving spouse must certify eligibility with the Company. Because Verizon is sensitive to security concerns of these customers, the surviving spouse may choose from a number of options to protect his or her privacy (e.g., opting not to publish his or her name in the directory or changing the directory listing to only include a first initial, rather than listing the first name).

4. How often are subscribers required to recertify in other Verizon states?

In compliance with the FCC guidelines, beginning in May 2005, Verizon will require recertification in all states on an annual basis. Verizon currently requires recertification twice a year in Florida, South Carolina and North Carolina.

5. Can Verizon provide Link-up credits on the first bill to help “defray” the cash out lay of an eligible customer?

Verizon’s current practices allow customers to defer nonrecurring charges on a 6-month payment arrangement. The Link-Up credit is provided (following verification) in a "lump sum" on either the customer’s first or subsequent bill. Verizon is continuing to review its practices to ensure that customers are not burdened or hindered in their application process.

6. Would Verizon support using only the last four digits of the social security number when enrolling subscribers in the lifeline program?

No. As a practical matter, since Verizon does not require that a customer provide a social security number, this may not be an issue. However, in conjunction with commercial credit bureaus, Verizon uses the social security numbers, of customers willing to give them, as a means to determine new applicant credit worthiness. Requesting only the last four digits would be of no value.

7. Pursuant to Staff’s request, attached hereto as Exhibit 1 are copies of examples of advertisements Verizon has used in its territory targeted at Spanish language or African-American communities.

8. Pursuant to Staff's request, attached hereto as Exhibit 2 is a copy of the January 20, 2004 Verizon response to the Florida Senate Commission on Communications data request.

9. Pursuant to Staff's request, attached hereto as Exhibit 3 is a copy of the June 30, 2004 response to the OPC data request.

COST RECOVERY PROPOSAL

One of the inherent problems built into the current Florida Lifeline program is the fact that the Company must subsidize \$3.50 of each Lifeline customer's total benefit. In other words, \$3.50 of each Lifeline customer's benefit is not reimbursed to Verizon, and successful efforts to increase subscribership will necessarily impose increasing costs on the Company. In a traditional rate of return environment, this subsidy may have been acceptable. However, in today's competitive environment, increasing Lifeline subscribership means increasing the subsidy borne by Company shareholders. Verizon proposes the Commission allow ETCs to recover Lifeline costs from each company's own customers through a small surcharge applied on all R-1 and B-1 access lines. This surcharge would be used to cover the \$3.50 cost the Company incurs with each customer's subscription to the Lifeline program. Because of Verizon's significant customer base, Verizon estimates this surcharge would not be burdensome to existing customers. Implementing such a cost recovery mechanism is consistent with Florida Statutes, Section 364.025. The Commission has the full authority to implement an interim mechanism with the goal to establish a permanent state funding mechanism by 2009.

CONCLUSION

Verizon is committed to sharing the benefits of Lifeline with eligible consumers – existing customers and those who may need assistance in establishing a phone connection. Verizon has invested significant resources to promote and enroll eligible customers. Among other things, Verizon has launched a proactive campaign that incorporates bi-lingual ads in local print and radio outlets, community outreach, and education (see Exhibit 1). Verizon has also produced collateral materials such as posters and fliers to be used as promotional tools in the community, and Verizon is presently distributing these materials to community-based organizations throughout its service territory.

Verizon has an excellent record of assisting customers and facilitating customer enrollment in Lifeline and Link-Up programs, and Verizon supports OPC and the Commission's efforts to increase subscribership through increased, aggressive and targeted outreach.

Against this backdrop, it should be possible for the companies to enter into a settlement or negotiated memo of understanding to resolve their differences and increase telephone penetration rates in Florida. Accordingly, Verizon proposes that the parties meet immediately to discuss such settlement.

Respectfully submitted on September 2, 2004.

By: /s/ Richard A. Chapkis
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Attorney for Verizon Florida Inc.



Florida Sentinel Bulletin

VOL. 59, NO. 24 FRIDAY, DECEMBER 5, 2003 60 PAGES 50¢

THE NATION'S ONLY TRI-LINGUAL NEWSPAPER • SERVING TAMPA & THE SURROUNDING COMMUNITIES

ENGLISH • ESPAÑOL • ITALIANO

Our 81st Year

LA GACETA

AÑO 81-NUMERO 49 VIERNES, 5 DE DICIEMBRE DE 2003 PRECIO: 50 CENTAVOS

Tiger Wood se casará con la modelo sueca Elín Nordegren

Muere en Barcelona el único gorila albino conocido en el mundo

NUEVO SIGLO

"Uniendo a la Comunidad Hispana a través de la Comunicación Impresa"

GRATIS

AÑO XIII N° 690 7137 N. Armenia Ave. Suite "B" Tampa, FL 33604-5250 Teléfono (813) 932-7181 TAMPA, JUEVES 4 DE DICIEMBRE DEL 2003

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TERRAMÉRICA

Tampa, Florida 05 de Diciembre de 2003 English and Spanish Año 2 No. 48



Need Help?

Let Verizon throw you a Lifeline.

Lifeline and Link-Up can help you with:

- Monthly discount of up to \$13.50 off local service
- 50% Savings on installation charges*
- No charge to block outgoing toll calls or to put a voluntary limit on your long distance calling (toll control)

To be eligible for Lifeline, you must participate in any of the following:

Medicaid, Food Stamps, Supplemental Security Income, Low income Home Energy Assistance Program (LIHEAP), Federal Public Housing/Section 8, Temporary Assistance for Needy Families (TANF). If your household income is less than 125% of the federal poverty income guidelines you may also qualify for Lifeline. Call the Florida Office of Public Counsel at 1-800-540-7039 for details.

Call to see if you or a family member are eligible for a discount on phone service:

1-800-540-7039



*Maximum benefit toward installation charges is \$30.00 and does not include charges for wiring inside the home. Terms and conditions subject to change. Some restrictions may apply. ©2003 Verizon. All Rights Reserved.



¿Necesita Ayuda?

Deje que Verizon le tire un Lifeline

Lifeline y Link-Up le pueden ayudar así:

- Descuento mensual hasta de \$13.50 en su servicio local.
- 50% de ahorros en cargos de instalación*
- Sin cargo por bloquear llamadas por cobrar o por ponerle un límite voluntario a sus llamadas de larga distancia

Para poder recibir Lifeline, debe participar en cualquiera de los siguientes programas:

Medicaid, Estampillas de Alimentos, Ingreso de Seguro Suplementario, Programa de Asistencia de Energía para Hogares de Bajos Ingresos (LIHEAP), Asistencia de Vivienda Pública Federal (Sección 8), Asistencia Temporal para Familias Necesitadas (TANF). Si su ingreso familiar es menor que 125% del establecido por las guías de ingreso de Pobreza del Gobierno Federal, usted puede ser elegible para Lifeline. Llame a la Oficina de Consejería Pública de la Florida al 1-800-540-7039 para más detalles.

Llame para averiguar si usted es elegible para un descuento en su servicio de teléfono:

1-800-540-7039



*Beneficio máximo abonado a los cargos de instalación es de \$30 y no incluye cobros de renta de la línea. Condiciones y límites sujetos a cambios. Algunas restricciones son posibles. Todos los derechos reservados.

GET BASIC PHONE SERVICE

WITHOUT STRETCHING YOUR BUDGET.

Lifeline and Link-Up can help you with:

- Monthly discount of up to \$13.50 off local service
- 50% savings on installation charges*
- No charge to block outgoing toll calls or to put a voluntary limit on your long distance calling (toll control)

To be eligible for Lifeline, you must participate in any of the following:

Medicaid, Food Stamps, Supplemental Security Income, Low Income Home Energy Assistance Program (LIHEAP), Federal Public Housing/Section 8, Temporary Assistance for Needy Families (TANF). If your annual income is less than 125% of the Federal Poverty Level, you may also qualify for Lifeline. Call the Florida Office of Public Counsel at 1 800 540-7039 for details.

Call to see if you are eligible for a discount on phone service:

1 800 483-4000



*Maximum benefit toward installation charges is \$30.00 and does not include charges for wiring inside the home. Terms and conditions subject to change. Some restrictions may apply. © 2003 Verizon. All Rights Reserved. Services provided by your local carrier and subject to applicable tariffs.



Charles J. Rehwinkel
State Vice President - Florida

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January 20, 2004

The Honorable Michael S. Bennett
Room 216, Senate Office Building
404 South Monroe Street
Tallahassee, Florida 32399-1100

Re: January 7, 2004 Information request regarding Lifeline Service

Dear Senator Bennett:

Attachment A contains the answers to the committee's questions submitted in your letter of January 7, 2004. I have attempted to provide these answers on behalf of the members of the industry - BellSouth, Verizon, Sprint and The Florida Cable Telecommunications Association - where appropriate. Please advise me if you need any further information or need clarification of these answers.

Respectfully,

A handwritten signature in black ink, appearing to read "Charles J. Rehwinkel".

Charles J. Rehwinkel

Attachment

Attachment A

QUESTION 1:

- a. How much money have you been fined by the Public Service Commission that was designated for Lifeline and Link-up promotion?

- b. How much money have you agreed to designate through various settlements with the Office of Public Counsel for Lifeline and Link-up promotion?

- c. How much money have you agreed to provide in relation to the passage of SB654 in 2003 for Lifeline and Link-up promotion?

RESPONSE:

- 1.a. No company has been fined with the result that funds were designated for Lifeline and Link-Up promotion. As part of settlement of Docket Number 991377-TL, Sprint agreed with the Office of Public Counsel (OPC) to establish a community service fund for the purpose of educating consumers about and promoting Lifeline service. The fund amount was set at \$100,000. The agreement also provided that Sprint would increase the fund by pre-determined amounts when certain service objectives were not met. Consequently, the total amount of the Sprint fund is currently

\$210,000 (including the initial \$100,000 amount). BellSouth made a similar commitment in a settlement with the OPC in Docket No. 991378-TL, with the total amount of the community service fund commitment set at \$550,000. As a result of these two settlements, Sprint and BellSouth have committed a total of \$760,000 for Lifeline education and promotion as a result of settlement with the OPC. Verizon did not enter into a settlement with the Public Counsel related to funding Lifeline education and promotion.

- b. See response to 1(a).

- c. The signatories to the April 30, 2003 letter to Governor Jeb Bush agreed to provide additional funding and services such that when combined with the settlement commitment amounts identified in 1(a) and (b) above, the total expenditures on Lifeline promotion would be at least \$1 million.

QUESTION 2:

For each of the scenarios described in question 1 above, please account for how the money was spent, including to whom it was paid, whether any funds are still available, and describe generally the promotion that was developed.

RESPONSE:

For Sprint, the funds spent to date on Lifeline promotion have not been material or been accounted for separately from general operations. As a result of contracting with Linking Solutions, Inc. and conducting other planned promotional activities, Sprint expects to spend at least \$200,000 on Lifeline promotion and education in 2004. BellSouth has expended \$183,484 and expects to expend \$150-200,000 in 2004. Verizon has expended approximately \$100,000 to date and expects to expend additional, but unknown funds in 2004.

QUESTION 3:

Please provide the number of customers who subscribe to Lifeline and Link-up for the years 2001, 2002, and 2003.

RESPONSE:

For the three companies (BellSouth, Verizon, and Sprint) participating in the April 30, 2003 letter to the Governor and who were presenting to the Committee on January 6, 2004, the total number of subscribers to Lifeline service was: (2001) - 140,609; (2002) - 138,059 and (Sept. 2003) - 137, 832. This represents a change of (.019%) for this timeframe. During the same timeframe,

the total number of access lines for these companies declined by about 891,000 or 7.8%.

QUESTION 4:

Describe generally the effectiveness of the promotional efforts.

RESPONSE:

Enhanced promotion and awareness of Lifeline began in the Spring of 2003 with statewide television advertising and continued in the Summer of 2003 with the kick-off media event on July 22. Both Sprint and Verizon agreed with the Public Counsel to early implementation of the 125% of poverty level threshold. Although the law allowed the two companies to wait until, and if, the PSC granted any rebalancing petitions. Early implementation means that all three large local exchange companies were qualifying customers at the 125% level as of August 1, 2004. This allowed statewide uniform promotion of Lifeline by state agencies and others.

To date, nearly \$300,000 has been spent by the companies to promote Lifeline. The value of Lifeline promotion exceeds that. As some are already aware, the Florida Cable Telecommunications Association (FCTA) also committed to participate in this public

awareness campaign to make certain that low income Floridians are aware that they might qualify for Lifeline service. Currently the FCTA is running spots in several areas including the Central Florida/Orlando area. These spots advertise the Lifeline program and explain how qualifying Floridians might participate. It is my understanding the FCTA is committed to doing this on a year round basis, statewide for as long as it takes. At this time it is difficult to quantify the exact monetary value of this portion of the industry commitment, but it is real and it is a material portion of the total \$1million commitment.

Additionally, the FPSC held 14 customer hearings statewide in conjunction with the three rebalancing petitions. These hearings resulted in a great deal of media awareness about Lifeline. Ava Parker of Linking Solutions and others testified about Lifeline availability and promotional efforts at several hearings.

On December 17, 2003 the first Connect Florida campaign event was held in Jacksonville. This event brought several hundred representatives of the target Lifeline eligible communities together to help get the word out about Lifeline at the grassroots level. This event was well attended and will be replicated throughout the state

in BellSouth and Sprint territories. Verizon's efforts were also detailed in the January 6, presentation to the Committee.

QUESTION 5:

Do you anticipate designating any further funds for Lifeline and Link-up promotions?

RESPONSE:

At this time there are no plans to designate further funds for Lifeline and Link-Up promotion since the companies are engaged in efforts to effectively promote Lifeline and Link-Up service on a statewide basis.



**THE FLORIDA SENATE
COMMITTEE ON COMMUNICATION
AND PUBLIC UTILITIES**

Location

533 Knott Building

Mailing Address

404 South Monroe Street
Tallahassee, Florida 32399-1100
(850) 487-5722

Michael S. "Mike" Bennett, *Chair*

Jeffrey H. "Jeff" Atwater, *Vice Chair*

Diana Caldwell, *Staff Director*

Senate's Website: www.flsenate.gov

January 7, 2004

Mr. Charles Rehwinkle
Sprint-Florida, Inc.
315 South Calhoun Street, Suite 500
Tallahassee, FL 32301

Dear Mr. Rehwinkle:

On Tuesday, January 6, 2004, the Committee on Communications and Public Utilities had presentations on the effectiveness of the Lifeline and Link-up programs. Thank you for your cooperation and assistance you provided. At the meeting, members of the Committee requested certain information that could not be provided by the presenters. You are requested to provide information to the following questions:

1.
 - a) How much money have you been fined by the Public Service Commission that was designated for Lifeline and Link-up promotion?
 - b) How much money have you agreed to designate through various settlements with the Office of Public Counsel for Lifeline and Link-up promotion?
 - c) How much money have you agreed to provide in relation to the passage of SB654 in 2003 for Lifeline and Link-up promotion?
2. For each of the scenarios described in question 1 above, please account for how the money was spent, including to whom it was paid, whether any funds are still available, and describe generally the promotion that was developed.
3. Please provide the number of customers who subscribe to Lifeline and Link-up for the years 2001, 2002, and 2003.
4. Describe generally the effectiveness of the promotional efforts.
5. Do you anticipate designating any further funds for Lifeline and Link-up promotions?

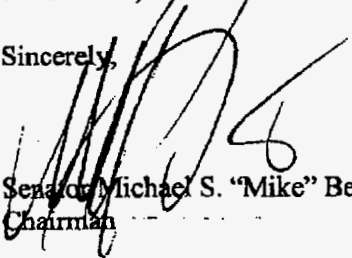
JAMES E. "JIM" KING, JR.
President

ALEX DIAZ DE LA PORTILLA
President Pro Tempore

Charles Rehwinkle
January 7, 2004
Page 2

Please direct your responses by January 20, 2004, to Diana Caldwell, Staff Director, Committee on Communication and Public Utilities, 533 Knott building, 404 South Monroe Street, Tallahassee, FL 32399-1100. Your cooperation in this matter is greatly appreciated.

Sincerely,



Senator Michael S. "Mike" Bennett
Chairman

Cc: Members, Committee on Communication and Public Utilities

EXHIBIT 3

June 30, 2004

The Honorable Harold McLean
Public Counsel
Office of Public Counsel
c/o The Florida Legislature
111 West Madison St.
Room 812
Tallahassee, FL 32399-1400

Re: Verizon Response to June 2, 2004 Letter

Dear Mr. McLean:

Please accept this response to your June 2, 2004, letter regarding Verizon's Link-Up/Life-Line program.

I appreciate the continued dialog between the Office of Public Counsel and Verizon regarding these important issues. I hope this response will provide you with a better understanding of Verizon's Lifeline and Link-Up enrollment procedures and how we may continue to work together to refine the current program.

First, I would like to clarify one issue that was raised in your correspondence regarding Link-Up. Link-Up is a federal program that is designed to assist low-income customers with the cost of establishing service with Verizon. Verizon's Link-Up program offers a 50% discount of the \$55 initial service connection fee for eligible customers, including customers eligible under the OPC income procedures. Link-Up is a separate program from Lifeline that is intended to provide a credit and/or a deferred schedule of payments to help defray the cost of the installation and connection charges applicable to the establishment of residential service. It's important to note that a customer must have an active account before Lifeline credit will be applied by Verizon.

Even with the full Link-Up credit, a remaining balance of \$27.50 is due from the customer. However, Verizon will permit customers to pay the service connection charge in equal monthly installments over a period of at least three months, per FPSC Rule 25-4.108. Verizon also will extend the installments for three additional months at the customer's request. The payments would average \$4.58 per month over a six month period. If the customer qualifies for the Link-Up credit, the credit will be applied to their account after the

order is issued by the Verizon Support and Response Center (SRC), a special center dedicated to processing all Lifeline and Link-Up inquiries.

It may be worthwhile to share with customers who contact OPC that Verizon offers a deferred payment plan for service connection charges. Additionally, the following points below highlight the current procedures Verizon follows for establishing service and providing Link-Up credit.

- A customer approved for Lifeline by OPC that does not currently have service must first call Verizon's Customer Service Support Center (CSSC) to set-up their account. At that time, a Verizon Representative will inform the customer of the \$55 service connection fee that is required to set-up the account. The CSSC does not process Lifeline or Link-Up requests and will be unable to assist the customer further with regard to any credits he/she may be eligible to receive.
- The Lifeline eligible customer could request a deferred payment scheduled when speaking with the Verizon Representative. If payment arrangements are not made by the customer at the time of establishing service, the total charge of \$55 will apply on the first bill statement.
- After setting up the account, the customer should contact your office indicating that service has been established. OPC would then submit the customer's information to Verizon for processing of the Lifeline and Link-Up credits immediately after confirming with the customer that service has been established.
- Following receipt of the customer's information (and after service has been established), Verizon will do two things: 1) apply the Lifeline credit on the customer's account retroactive to the date first certified by OPC; and 2) apply the Link-Up credit if applicable.

With regard to the scenarios you outlined in your letter, Verizon believes these issues are not indicative of Verizon's Lifeline and Link-Up procedures, and hopefully any misunderstandings can be avoided in the future. With regard to the three scenarios noted in your letter, I have addressed each one individually.

1) A customer qualifies with the Office of Public Counsel as eligible for Lifeline/Link-Up. The customer then calls the telephone company and is told they must "front" the money for the connection charges, but that they will receive a credit at some later time.

Response:

Under Verizon's procedures eligible customers will be placed on Lifeline service with no further action required by the customer, if all of the information submitted by OPC is accurate and complete, service has been established, and the customer does not have a Verizon calling package. The Lifeline credit is applied to their account once notice is received by Verizon from OPC. However, if a customer does not have an account with Verizon, they must first establish phone service with Verizon before any credits are applied. As discussed above, Link-Up credits will be applied following the establishment of service, and customers who qualify for Link-Up are required to pay some establishment charges. However, the customer impact to "front" any money is lessened with payment arrangements spread over a period of time, up to six months.

When a credit appears on the customer's bill depends upon their billing cycle. Verizon's billing procedures are cyclical in nature. Each customer is assigned a billing cycle that determines the date the bill is mailed. Even after the customer is enrolled, the credit may not appear on the very first bill after the Link-Up credit is applied to the account.

2) A customer qualifies with OPC as eligible for Lifeline/Link-Up. The customer then calls the telephone company, but finds that he or she has "waited too long" between establishing eligibility and seeking a connection.

Response:

When an eligible customer is approved by OPC and submitted to Verizon, the Lifeline credit is applied to the date the customer is approved by OPC.

It is Verizon's policy that the customer has 90 days to establish service in order to be eligible to receive the Link-Up credit following OPC certification. This is due to a records and system issue that will not be easily addressed.

3) A customer qualifies with OPC as eligible for Lifeline/Link-Up. The customer then calls the telephone company, is connected but receives a bill which does not reflect the Link-Up credit. The customer calls the telephone company, is told to deduct the Link-Up credit, but the customer is terminated at a later time because they failed to pay the entire connection charges.

Response:

Verizon does not automatically disconnect a Lifeline customer for non-payment of connection charges. The remaining balance (\$27.50) may be paid in equal monthly

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installments over a period of at least three months per *FPSC Rule 25-4.108*, and at the customer's request for up to six months. The Lifeline customer will not be disconnected from the Verizon network during this period for non-payment of connection charges. However, if the customer has *not* elected a deferred payment schedule, disconnection is possible if the customer does not remit payment in a timely manner, or call to establish payment arrangements.

Verizon is committed to enrolling all eligible customers in Lifeline. To that end, Verizon would like to offer the following suggestions to OPC to further enhance the established procedures:

- At the point of initial contact with a potential Lifeline customer OPC should inquire if the customer has an active account. If not, the customer will have to first establish service before any credits are applied to the account. To the extent possible, OPC should refrain from submitting any customer information to Verizon until the customer has confirmed with OPC that service has been established. Verizon will not establish service until the customer has contacted the CSSC and placed an order.
- On occasion Verizon has received incorrect information from OPC and cannot process the request to add Lifeline. The name and or telephone number submitted by OPC must match the name on the existing account.
- OPC should submit lists of qualified customers on a weekly basis. More frequent submissions of qualified customers could potentially avoid customer confusion of when credits are applied to an account.

I hope this information will provide you with a greater understanding of our procedures, and that if there are specific concerns with Verizon or the customers we serve that you will contact me immediately for resolution. Please do not hesitate to contact me with any further questions.

Sincerely,

David Christian
Vice President
Regulatory Affairs - Florida