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January 11, 2005 – *VIA ELECTRONIC MAIL*

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

Dear Ms. Bayo,

RE: DOCKET NO. 040604-TL In re: Adoption of the National School Lunch Program and an income-based criterion at or below 135% of the Federal Poverty Guidelines as eligibility criteria for the Lifeline and Link-Up programs

VERIZON RESPONSE TO BELL SOUTH SETTLEMENT PROPOSAL

On January 7, 2004, BellSouth filed its settlement proposal in the above-referenced docket. Verizon Florida Inc. (Verizon) supports BellSouth's settlement proposal, and, in the interest of compromise, proposes to join in the one-year trial described in BellSouth's letter pursuant to the following terms and conditions:

1. Verizon proposes to file a tariff to implement Verizon's version of BellSouth's simplified certification process for a period of one year. This process would enable all eligible customer to receive the full Lifeline and Link-Up (if applicable) credit. The Lifeline/Link-Up credit would apply after Verizon receives the customer's signature on a document certifying "under penalty of perjury" that the customer participates in one of the Florida Lifeline eligible programs and identifies the qualifying program.
2. During the course of the year, Docket No. 040604-TL would be held in abeyance in its entirety, as to all parties.
3. A review of the simplified certification process would be held after six months of the trial period. Verizon would provide its findings of the first six

months worth of data to Staff and the parties to the docket. If fraud levels appear controllable, the Commission would conduct an annual review. This review would include the findings of an initial verification after the first six months. Verizon currently has incorporated a verification procedure in conjunction with the Dept. of Children and Families (DCF) whereby Verizon provides DCF with a list of enrolled Lifeline subscribers. DCF then verifies the current list with its own internal database and informs Verizon of the enrolled customers who are no longer eligible for Lifeline. Verizon does not propose using a secure web-based system as BellSouth has indicated.

4. Similarly, if circumstances arise that warrant a review earlier than six months (e.g. indications of significant fraud), such review would be held with the Staff and parties to the docket.
5. At the review or when the Florida Supreme Court rules on consolidated Case No. SC04-9, SC04-10 and SC04-946 (the rate rebalancing case) whichever is earlier, Verizon and the Staff may revisit the issue of adding the National School Lunch Program and an income based criterion of 135% of the federal poverty level as additional eligibility criteria.
6. Verizon would commit to working with the Staff and the Office of Public Counsel to include a formal public school outreach effort in the Lifeline education program.
7. If this proposal and BellSouth's proposal are accepted by the Commission in their entirety, Verizon would file its tariff to implement the proposal within forty-five (45) days of an Order formally approving the abeyance of the docket.

Through this proposal, Verizon seeks to minimize litigation on unproven and costly Lifeline enrollment practices. Adopting this proposal will enable the Commission to collect and analyze data that may provide valuable insight into the effectiveness of establishing new Lifeline procedures. In agreeing to this proposal Verizon does not wave any of its rights or public policy positions filed in testimony or rebuttal testimony in Docket No. 040604. Please call me if you have any questions or wish to discuss.

Sincerely,

s/ David M. Christian
Vice President – Regulatory Affairs