Report on the Status of

Competition in the Telecommunications Industry

AS OF DECEMBER 31, 2010

Florida Public Service Commission
Division of Regulatory Analysis

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List of Acronyms

3G	Third Generation (wireless)
4G	Fourth Generation (wireless)
ARRA	American Recovery and Reinvestment Act
Bus	Business
CAF	Connect America Fund
CDC	Centers for Disease Control
CLEC	Competitive Local Exchange Company
DSL	Digital Subscriber Line
ETC	Eligible Telecommunications Carrier
FCC	Federal Communications Commission
FiOS	Verizon's trademark name for its fiber-to-the-home package of services
FPSC	Florida Public Service Commission, the Commission
F.S.	Florida Statutes
Gbps	Gigabits per second
ICA	Interconnection agreements
ILEC	Incumbent Local Exchange Company
IP	Internet Protocol
kbps	kilobits per second
LEC	Local Exchange Company
LTE	Long Term Evolution
Mbps	Megabits per second
NBP	National Broadband Plan
NFBA	North Florida Broadband Authority
NOI	Notice of Inquiry
NPRM	Notice of Proposed Rulemaking
NTIA	National Telecommunications and Information Administration
PURC	University of Florida's Public Utility Research Center
Res	Residential
USF	Universal Service Fund
VoIP	Voice over Internet Protocol
VRS	Video Relay Service

Executive Summary

This report fulfills the statutory obligations set forth in Section 364.386, Florida Statutes (F.S.), which requires the Florida Public Service Commission (the Commission or FPSC) to report on "the status of competition in the telecommunications industry" to the Legislature by August 1 of each year.[1] The Commission is required to address specific topic areas within the realm of competition. On February 16, 2011, information requests were sent to the 10 incumbent local exchange companies (ILECs) and 287 competitive local exchange companies (CLECs) certificated by the Commission to operate in Florida, as of December 31, 2010.

Analysis of the data produced the following conclusions:

- Many CLECs reported offering a variety of services and packages comparable to those offered by ILECs. This factor contributes to the conclusion that competitive providers are able to offer functionally equivalent services to both business and residential customers.

- The continued decrease in both business and residential ILEC access lines demonstrates customers are finding reasonable pricing packages and functionality with CLECs, cable providers, and wireless providers.

- Based on the continued growth of interconnected Voice over Internet Protocol (VoIP) services and wireless-only households, network reliability of non-ILEC providers is sufficient to satisfy customers. The FCC reported telephone penetration rate of 94 percent suggests that the overwhelming majority of Florida residents are able to afford telephone service.[2] The number and variety of competitive choices among all types of service providers and recent high customer satisfaction rates for interconnected VoIP providers suggests that competition is having a positive impact on the telecommunications market in Florida.

Wireline Competition

The following data relates exclusively to the ILEC and CLEC wireline market and does not reflect the number of wireless and VoIP subscribers in Florida. Overall, the residential market, which accounts for 54 percent of all access lines, is slightly larger than the business market in Florida. This report addresses changes in the telecommunications market for the period January 1, 2010, through December 31, 2010. Significant findings relating to the wireline market as of December 2010 include:

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[1] The 2011 Florida Legislature amended Chapter 364, F.S., and those changes became effective July 1, 2011. Some of those amendments affect the form of this and future editions of this report. A more thorough discussion of the changes affecting the report appears in Chapter I.

[2] FCC, "Telephone Subscribership in the United States as of July 2010," May 2011, Table 2, <http://transition.fcc.gov/Daily_Releases/Daily_Business/2011/db0519/DOC-306752A1.pdf>, accessed on May 31, 2011.

CLEC Market Share

- CLECs' market share of all wireline access lines in (residential and business) in Florida increased to 20 percent as of December 2010, from 14 percent as of December 2009.
- CLEC residential market share decreased to 4 percent from 5 percent in 2009.[3]
- CLEC business market share increased to 39 percent from 25 percent in 2009.[4]

CLEC Access Lines

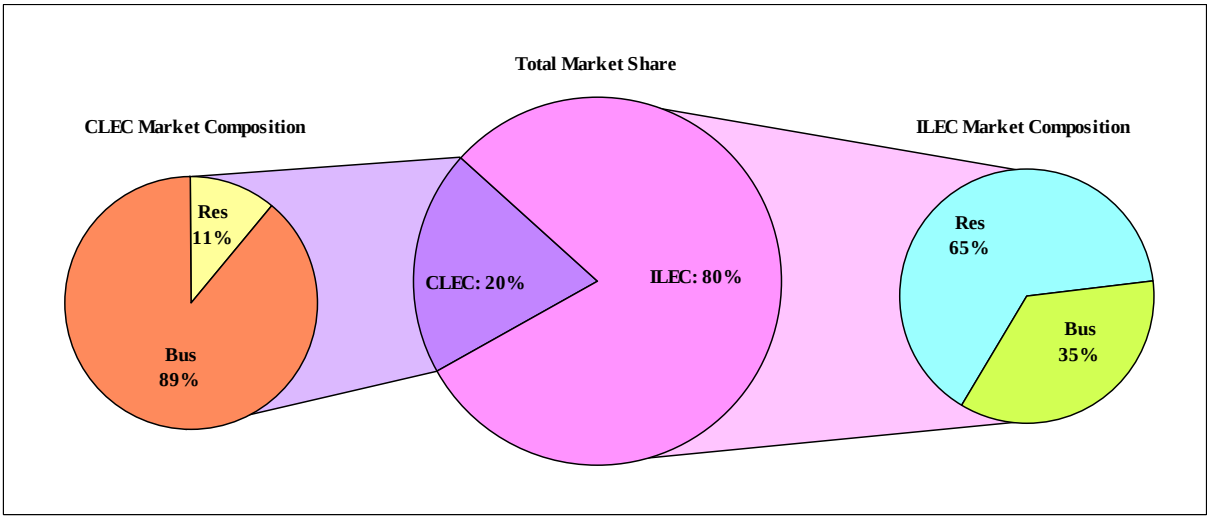
- CLEC business lines accounted for 89 percent of all CLEC access lines in 2010.
- Total CLEC access lines increased by 27 percent from December 31, 2009 to December 31, 2010.
    - CLEC residential access lines decreased by 27 percent.
    - CLEC business access lines increased by 40 percent.

ILEC Access Lines

- ILEC residential lines accounted for 65 percent of all ILEC access lines in 2010.
- Total ILEC access lines decreased by 20 percent from December 31, 2009 to December 31, 2010.
    - ILEC residential lines decreased by 15 percent.
    - Residential access lines decreased 17 percent for AT&T, 17 percent for Verizon, 9 percent for CenturyLink, and 4 percent for the rural ILECs from December 31, 2009 to December 31, 2010.
    - ILEC business lines decreased by 27 percent.
    - Business access lines decreased by 36 percent for AT&T, 17 percent for Verizon, 10 percent for CenturyLink, and 5 percent for rural ILECs between 2009 and 2010.

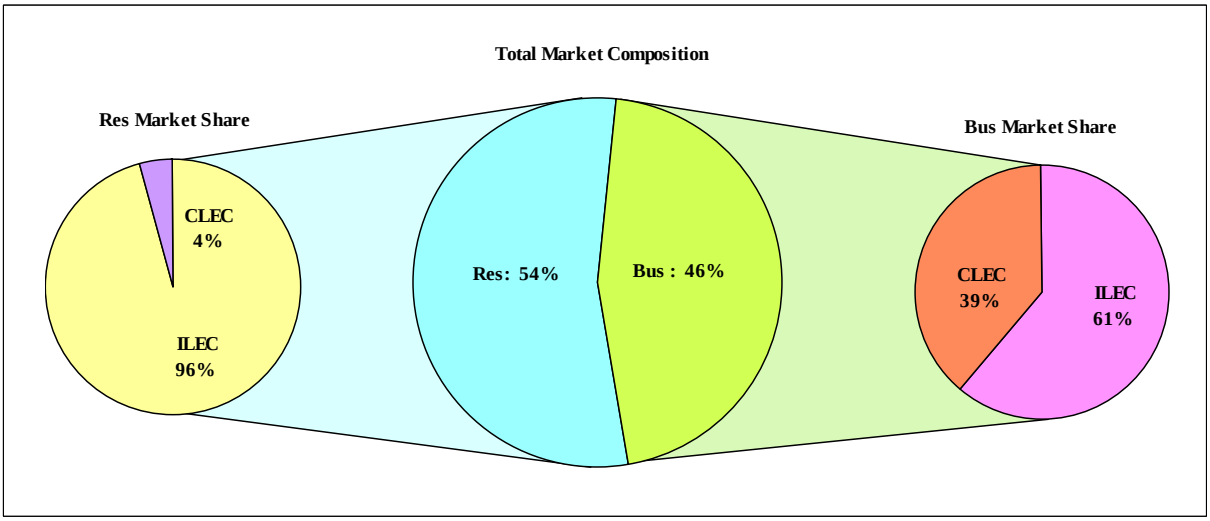
[3] CLEC residential data as of December 2009 was recalculated for the 2011 edition of this report due to a provider reporting error.
[4] The methodology for counting ILEC-affiliated CLEC access lines in the affiliated ILEC's territory changed starting with the 2008 report. The access lines of a CLEC related to AT&T, Verizon, or CenturyLink are accounted for as competitive lines only when those access lines are outside of the parent company's footprint.

Figure E-1. Access Line Composition by Company Type



Source: Responses to FPSC data requests (2011)

Figure E-2. Access Line Composition for Residential & Business Line Types



Source: Responses to FPSC data requests (2011)

Intermodal Competition

Wireless and VoIP services compete with traditional wireline service and represent a significant portion of today's communications market in Florida. Broadband service also provides the basis for some VoIP services. These three services are not subject to FPSC jurisdiction, and Florida-specific data are not readily available. However, the number of wireless handsets in service and VoIP customers in Florida far exceeds the 1.3 million wireline access lines served by CLECs. Four ILECs and 46 CLECs furnished VoIP data. Highlights relating to wireless, VoIP, and broadband services include:

Wireless

- Approximately 16.9 million wireless handsets were in service in Florida as of June 2010, the most current data available.[5]

- The Centers for Disease Control (CDC) estimates that nearly 29.7 percent of U.S. households were wireless only as of December 2010.[6]

- The percentage of Florida adults living in wireless-only households reached 27.3 percent for the period July 2009 – June 2010, compared to 22.9 percent estimated for the July 2008 – June 2009 period.[7]

VoIP

- An estimated 2 million Florida residential VoIP subscribers were reported as of December 2010, an increase of 11 percent over the 1.8 million estimated in 2009.

- Forty-six CLECs and 4 ILECs voluntarily reported 578,346 VoIP lines to the FPSC in response to the 2011 data request. This figure is nearly twice the number reported for 2009.

- The Florida Cable Telecommunications Association reported 1.7 million residential cable digital voice (VoIP) subscribers as of December 2010, an increase of 20 percent from the number reported for December 2009.

Broadband

- Federal Communications Commission (FCC) statistics show that Florida's broadband connections reached approximately 9.8 million as of June 2010, an increase of 33 percent from the 7.4 million reported as of June 2009.[8, 9]

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[5] FCC, "Local Telephone Competition: Status as of June 30, 2010," March 2011, Table 17, <http://www.fcc.gov/Daily_Releases/Daily_Business/2011/db0321/DOC-305297A1.pdf >, accessed on March 24, 2011.

[6] Stephen J. Blumberg, Julian V. Luke, "Wireless Substitution: Early Release of Estimates From the National Health Interview Survey, July – December 2010," June 8, 2011, pp. 1-3, < http://www.cdc.gov/nchs/data/nhis/earlyrelease/ wireless201106.pdf>, accessed on June 10, 2011.

[7] Stephen J. Blumberg, Julian V. Luke, "Wireless Substitution: State-level Estimates From the National Health Interview Survey, January 2007-June 2010," National Center for Health Statistics, April 20, 2011, <http://www.cdc.gov/nchs/data/nhsr/nhsr039.pdf>, accessed on April 21, 2011.

[8] FCC, "High-Speed Services for Internet Access: Status as of June 30, 2010," released March 2011, Table 18, <http://transition.fcc.gov/Daily_Releases/Daily_Business/2011/db0520/DOC-305296A1.pdf>, accessed May 31, 2011.

[9] FCC, "High-Speed Services for Internet Access: Status as of June 30, 2009," released September 2010, Table 18, <http://transition.fcc.gov/Daily_Releases/Daily_Business/2010/db0902/DOC-301294A1.pdf>, accessed May 31, 2011.

- Approximately 43 percent of those connections are at download speeds of 3 Mbps or greater and 20 percent of those connections have download speeds that are greater than or equal to 10 Mbps.[10]

- Residential subscribership in Florida reached 70 percent as of June 2010, 6 points above the national subscribership level of 64 percent.[11]

- There are 98 providers of high-speed Internet access in Florida, including 46 digital subscriber line (DSL) providers, 18 cable providers, 34 fiber providers, and 7 mobile wireless providers, as of June 2010.[12]

[10] FCC, "High-Speed Services for Internet Access: Status as of June 30, 2010," released March 2011, Table 18, <http://transition.fcc.gov/Daily_Releases/Daily_Business/2011/db0520/DOC-305296A1.pdf>, accessed May 31, 2011, Table 20.
[11] Ibid, Table 16.
[12] Ibid, Table 23.

Chapter I: Introduction and Background

Chapter 364, F.S., sets forth the principles by which the FPSC regulates wireline telecommunications companies. Commission oversight is primarily focused on traditional local telephone companies, ILECs. Competitors to the ILECs, known as CLECs, and interexchange companies are subject to minimal retail regulation.[13] The Commission does not regulate wireless, broadband, or VoIP services.

Chapter 364, F.S., requires the Commission to prepare and deliver a report on "the status of competition in the telecommunications industry" to the President of the Senate, the Speaker of the House of Representatives, and the majority and minority leaders of the Senate and the House of Representatives on August 1 of each year. Section 364.386, F.S., as amended by the 2011 Florida Legislature, requires that the report address the following four issues:

1. The ability of competitive providers to make functionally equivalent local exchange services available to both residential and business customers at competitive rates, terms, and conditions.

2. The ability of customers to obtain functionally equivalent services at comparable rates, terms, and conditions.

3. The overall impact of competition on the maintenance of reasonably affordable and reliable high-quality telecommunications services.

4. A list and short description of any carrier disputes filed under Section 364.16, F.S.

As of December 31, 2010, 10 ILECs and 287 CLECs were certificated by the Commission to operate in Florida.

A. Provisions and Goals of Chapter 364, F.S.

1. Chapter 364, F.S.

In 1995, the Florida Legislature amended Chapter 364, F.S., to allow for competition in the state's local telecommunications markets. The Legislature found that "the competitive provision of telecommunications services, including local exchange telecommunications service, is in the public interest and will provide customers with freedom of choice, encourage the introduction of new telecommunications services, encourage technological innovation, and encourage investment in telecommunications infrastructure."

[13] The 2011 Florida Legislature passed legislation, effective July 1, 2011, that eliminated FPSC regulatory oversight of intrastate interexchange carriers, with the exception that those carriers remain subject to section 364.02(12) and (13), and section 364.163, F.S., pertaining to intercarrier compensation and network access services.

2. Recent Changes to Chapter 364, F.S.

The 2011 Florida Legislature amended Chapter 364, F.S., and some of those changes will directly affect the form of this and future reports. The Commission may no longer request access line data by exchange (local calling scope) from local exchange telecommunications companies (LECs). In addition, Section 364.386, F.S., contained six issues the Commission report was required to address and the amended statutes have only four issues to be addressed. The statutes previously required the Commission to provide a summary of all complaints filed by CLECs against ILECs. The amended statute requires a list and short description of all carrier disputes filed under new Section 364.16, F.S.

The amended statutes became effective July 1, 2011. Pursuant to Section 364.386, F.S., the Commission is required to make an annual request to local exchange telecommunications providers, on or before March 1 of each year, for the data required to complete the report. A provider of local exchange telecommunications service is required to file its response with the Commission on or before April 15 of each year. The FPSC data request was mailed on February 16, 2011, and responses were due April 15, 2011. Since the amended statutes were not in effect at the time the request was sent and responses were received, local telecommunications companies were expected to provide local access line data, including exchange location information. This report includes an analysis of that data, however, future reports will not contain exchange level analysis.

Chapter II. Wireline Market Overview

A. Economy

General economic conditions improved across the country in 2010 as the recovery from the major recession, which officially ended in 2009, continued. Gross Domestic Product, which measures the market value of all final goods and services produced, increased by 2.9 percent for the 6 quarters ending December 2010.[14] Unemployment figures remained high through 2010, peaking at 9.8 percent in April and finishing the year at 9.4 percent in December.[15] Two factors account for a less than robust recovery: (1) the collapse of the housing market and, (2) a slow rebound in consumer spending.[16] With an abundance of available housing, residential investment in homes during 2010 was significantly below typical investment levels following previous major recessions. With unemployment rates remaining high, housing values dropping, and lingering employment insecurity, consumers increased personal savings from slightly below 2 percent of income in 2007, to roughly 6 percent in the first year of recovery.[17] While efforts to repair household monetary balance sheets bodes well for the future, such consumer behavior tends to restrain overall economic recovery.[18]

Florida's economy continued to struggle throughout 2010. The unemployment rate in Florida was higher than the national average during each month of 2010 and reached 12 percent in December.[19] Personal income in Florida improved slightly throughout 2010.

The population in Florida increased by 0.7 percent in 2010 following a 0.5 percent increase in 2009. This increase contrasts with more robust growth figures earlier in the decade, which peaked at 2.3 percent in 2005. According to 2010 U.S. Census data, Florida experienced a population growth of 17.6 percent from 2000 to 2010, reaching 18.8 million.[20] Florida's growth exceeded the national population growth of 9.7 percent for the decade.[21]

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[14] Lacker, Jeffery M., "Economic Outlook, April 2011," EconSouth Federal Reserve Bank of Richmond, Volume 12, No. 4, Fourth Quarter 2010, < http://www.richmondfed.org/press_room/speeches/president_jeff_lacker/2011/lacker_speech_20110414.cfm>, accessed on May 23, 2011.

[15] Unemployment Rate, U.S. Bureau of Labor Statistics, <http://data.bls.gov/pdq/SurveyOutputServlet>, accessed on May 24, 2011.

[16] Lacker, Jeffery M., "Economic Outlook, April 2011," EconSouth Federal Reserve Bank of Richmond, Volume 12, No. 4, Fourth Quarter 2010, < http://www.richmondfed.org/press_room/speeches/president_jeff_lacker/2011/lacker_speech_20110414.cfm>, accessed on May 23, 2011.

[17] Ibid.

[18] Hammill, Mike, "Good News, Bad News in 2010 Color Outlook for 2011," Federal Reserve Bank of Atlanta. Fourth Quarter 2010, <http://www.frbatlanta.org/documents/pubs/econsouth/10q4_national.pdf>, accessed on May 23, 2011.

[19] U.S. Department of Labor, Bureau of Labor Statistics, <http://data.bls.gov/pdq/SurveyOutputServlet>, accessed on May 24, 2011.

[20] "Florida growth outpaces national trend," Bureau of Economic & Business Research, University of Florida, March 21, 2011, <http://www.bebr.ufl.edu.edu/news/florida-growth-outpaces-national-trend>, accessed on May 24, 2011.

[21] 2010 Census Data: Apportionment Data, <http://2010.census.gov/2010census/data/>, accessed on May 24, 2011.

The economy was likely a contributing factor to Florida ILECs losing approximately 900,000 access lines, or roughly 12 percent of their wireline market in 2009, and 1.2 million, or approximately 20 percent, in 2010.

B. Incumbent Carriers

The three largest ILECs providing wireline service in Florida are AT&T, CenturyLink, and Verizon. These providers continued to experience access line losses in the national wireline market in 2010. Two of these carriers, Verizon and AT&T, are also the largest wireless carriers nationwide and both increased national wireless subscribership in 2010. Some of the declines in access lines are the result of substitution of one service type for another from the same provider. For example, both Verizon and AT&T have reported increased subscription of digital voice services provided via VoIP as consumers transition from traditional circuit switched services to digital services. One analyst noted that Verizon alone had added more digital voice customers nationally (326,000), than Comcast and Time Warner Cable combined (250,000) in the third quarter of 2010.[22]

Nationally, AT&T reported losses of approximately 5.7 million local access lines from the end of 2009 to the end of 2010. AT&T's residential lines fell 14.6 percent during this period while business lines declined by 7.5 percent.[23] The company attributed the access line declines to economic pressures and increased competition. AT&T's strategy has been to offset these line losses by increasing non-access-line-related revenues from customer connections for data, video, and voice.[24] For 2010, AT&T's total operating revenues increased by $1.7 billion despite access line losses. In Florida, AT&T's residential lines decreased by 17 percent, and business lines dropped 30 percent.[25] By comparison, Verizon lost access lines and also had a decline in operating revenue.[26] For 2010, Verizon's access lines declined by about 8 percent. This represents a slower rate of access line loss than in 2009, when Verizon lost 10 percent of its access lines. Between 2008 and 2009, Verizon saw its total operating revenue increase by $10 billion (or about 10 percent), while in 2010, Verizon experienced a total operating revenue decrease of $1 billion (or about 1 percent).[27] Verizon did, however, report growth in both their FiOS Internet and FiOS TV subscribers of 24 percent and 26 percent, respectively.[28] In Florida,

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[22] Bernie Arnason, "Telcos Revive Battle Against Cable for Residential Voice" Telecompetitor, May 5, 2011, <http://www.telecompetitor.com/telcos-revive-battle-against-cable-for-residential-voice/>, accessed on May 11, 2011.

[23] AT&T Inc., 2010 Annual Report, p. 39, <http://www.att.com/Common/about_us/annual_report/pdfs/ATT2010_Full.pdf >, accessed on April 22, 2011.

[24] AT&T Inc. Form 10-K, December 31, 2010, Exhibit 13, p. 9, <http://sec.gov/Archives/edgar/data/732717/000073271711000014/ex13.pdf>, accessed on April 22, 2011.

[25] Responses to the FPSC Local Competition Data Request for 2010 and 2011.

[26] Verizon Communications Inc., Form 10-K, December 31, 2010, Exhibit 13, <http://sec.gov/Archives/edgar/data/732712/000119312511049476/dex13.htm>, accessed on April 24, 2011.

[27] Verizon Communications Inc, 2010 Annual Report, p. 42, <http://www22.verizon.com/investor/investor-consump/groups/public/documents/investorrelation/2010_annualreport_quicklinks.pdf>, accessed on April 24, 2011.

[28] Verizon Communications Inc., Form 10-K, December 31, 2010, Exhibit 13, <http://sec.gov/Archives/edgar/data/732712/000119312511049476/dex13.htm>, accessed on April 24, 2011.

Verizon experienced reductions in residential and business access lines of 17 percent and 13 percent, respectively.[29]

CenturyLink lost approximately 535,000 switched access lines in the U.S. in 2010.[30] This figure represents an approximate 8 percent loss in access lines. Despite these losses in access lines, operating revenues increased by 42 percent from last year to $7 billion.[31] Unlike AT&T and Verizon, CenturyLink relies on reselling wireless and video services provided by other companies.[32] However, CenturyLink has purchased 69 wireless spectrum licenses nationwide and is considering developing its own wireless voice and data service capabilities.[33] CenturyLink's access line loss in Florida totaled 9 percent for both the residential and business sectors.[34]

The seven remaining smaller ILECs in Florida also experienced business contraction in their respective service areas.[35] Rural carriers in Florida saw residential access lines fall by 4 percent in 2010,[36] about the same decline reported in the previous year. In Florida, Windstream is the largest of the "rural" ILECs. As of December 31, 2010, Windstream reported approximately 3.3 million access lines in 29 states. Windstream also provides data services to approximately 1.3 million high-speed Internet access customers.[37] Nationally, Windstream did see access line growth this year, primarily as a result of its acquisition of other telecommunications carriers.[38] After removing the impact of acquired consumer lines, Windstream also experienced a decrease of residential access lines nationally of 82,000, or 4.2 percent during 2010. Similarly, after removing the impact of acquired business lines, business lines decreased 37,000, or 3.9 percent during 2010.[39] Total revenues, absent acquired businesses, were also lower than last year for Windstream.[40] Including the acquired businesses, however, total revenues increased 24 percent over the previous year.

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[29] Responses to the FPSC Local Competition Data Request for 2010 and 2011.
[30] CenturyLink, Form 10-K, December 31, 2010, p. 8, <http://sec.gov/Archives/edgar/data/18926 /000001892611000006/file10k.htm>, accessed on April 26, 2011.
[31] Ibid, p. 54.
[32] Ibid, p. 12.
[33] Ibid, p. 11.
[34] Responses to FPSC Local Competition Data Request for 2010 and 2011.
[35] The companies included in the rural ILEC calculations are ITS Telecommunications Systems, Inc., Northeast Florida Telephone Company d/b/a NEFCOM, Windstream Florida, Inc., Quincy Telephone Company d/b/a TDS Telecom/Quincy Telephone, GTC, Inc. d/b/a FairPoint Communications, Smart City Telecommunications LLC d/b/a Smart City Telecom, and Frontier Communications of the South, LLC.
[36] Ibid.
[37] Windstream Corp., Form 10-K, December 31, 2010, p. 2, <http://sec.gov/Archives/edgar/data/ 1282266/000119312511042169/d10k.htm>, accessed on April 28, 2011.
[38] During 2010, Windstream purchased the following telecommunication carriers: NuVox, Iowa Telecom, and Q-Comm.
[39] Windstream Corp., Form 10-K, December 31, 2010, p. F-3, <http://sec.gov/Archives/edgar/data/ 1282266/000119312511042169/d10k.htm>, accessed on April 28, 2011.
[40] Windstream 2010 Annual Report, Proxy Statement and Form 10-K, December 31, 2010, pp. F7 – F10, <http://sec.gov/Archives/edgar/vprr/11/9999999997-11-007157>, accessed on May 10, 2011.

Throughout 2010, FairPoint Communications (FairPoint) was reorganizing under Chapter 11 bankruptcy protection.[41] FairPoint is a rural carrier serving 18 states and has more than 37,000 access lines in Florida.[42] Florida represents FairPoint's fourth largest market in terms of access lines. FairPoint's financial problems were primarily a result of its acquisition of exchanges from Verizon in Maine, New Hampshire, and Vermont in 2007.[43] In January 2011, FairPoint emerged from bankruptcy protection.[44] The bankruptcy proceeding has allowed FairPoint to eliminate a substantial amount of its debt from the Verizon acquisitions.[45]

1. Mergers / Acquisitions

Approval of merger and acquisition petitions for telecommunications carriers peaked nationally in 2006 with more than 90 communications companies consolidating their operations.[46] By comparison, 79 mergers and acquisitions occurred in 2010.[47] This figure represents an increase of 46 percent from the previous year. Recent transactions of interest to Florida are described below.

a. CenturyLink / Qwest

On April 22, 2010, the boards of directors of CenturyLink and Qwest Communications Company, LLC, (Qwest) announced approval of an agreement under which CenturyLink would acquire Qwest. The merger[48] was completed on April 1, 2011.[49] The result of this merger created the third largest telecommunications company in the United States, providing service in 37 states, including Florida.

b. AT&T / T-Mobile

AT&T Inc. and Deutsche Telekom AG announced on March 20, 2011, that they entered into an agreement under which AT&T will acquire T-Mobile USA from Deutsche Telekom in a transaction valued at approximately $39 billion. According to AT&T's press release, the acquisition of T-Mobile USA provides wireless network assets to add capacity sooner than any

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[41] FairPoint Comm., Form 10-K, December 31, 2010, p. 6, <http://sec.gov/Archives/edgar/data/1062613/000095012311031500/g26634e10vk.htm>, accessed on May 11, 2011.
[42] Response to Local Competition Data Request for 2011.
[43] Ibid, p. 10.
[44] Ibid, p. 11.
[45] Ibid, p. 34.
[46] FCC, "2006 Completed Domestic Section 214 Transfer of Control Transactions," <http://www.fcc.gov/wcb/cpd/214Transfer/214completed2006.html>, accessed on April 20, 2011.
[47] FCC, "2009 Completed Domestic Section 214 Transfer of Control Transactions," <http://www.fcc.gov/wcb/cpd/214Transfer/214completed2010.html>, accessed on April 20, 2010.
[48] "CenturyLink and Qwest Agree to Merge," CenturyLink / Qwest Joint Press Release, April 22, 2010, <http://www.centurylinkqwestmerger.com/downloads/pressreleases/CenturyLink%20Qwest%20Merger%20Press%20Release%204-22-2010.pdf>, accessed on April 20, 2011.
[49] "CenturyLink and Qwest Complete Merger," CenturyLink News Release, April 1, 2011 <http://www.centurylinkqwestmerger.com/downloads/news/CTL%20Merger%20Close%20Release%20FINAL.pdf>, accessed on April 20, 2011.

other alternative.[50] This transaction quickly provides the spectrum and network efficiencies necessary for AT&T to address impending spectrum shortages in key markets driven by growth in mobile broadband traffic.

The acquisition, if approved, would make AT&T the largest wireless carrier in the United States. With the addition of T-Mobile's 34 million customers, AT&T will have approximately 130 million wireless customers. By comparison, the next largest carrier, Verizon Wireless, has approximately 101 million wireless customers. The acquisition is expected to close in approximately 12 months. AT&T has also committed to expand 4G LTE (Fourth Generation Long Term Evolution) deployment to 97 percent of the population in the United States to increase mobile broadband speeds.[51, 52]

c. CLEC Transactions

On April 11, 2011, Level 3 Communications, Inc. (Level 3) and Global Crossing Limited announced an agreement under which Level 3 will acquire Global Crossing in a stock-for-stock transaction. Level 3's current footprint is focused largely in North America with a European presence as well. In Florida, Level 3 is the eleventh largest competitive local exchange carrier based on access lines.

EarthLink, Inc. (EarthLink), an IP infrastructure and services company, completed acquisitions of three telecommunications companies between December 2010 and April 2011. The first, ITC^DeltaCom, was acquired by EarthLink in the fourth quarter of 2010.[53] ITC^DeltaCom operates a fiber optic network in the southeast United States. Earthlink acquired STS Telecom, which provides voice, data, and Internet services to small and medium-sized business customers in Florida and Georgia. The acquisition was completed in March 2011.[54] STS Telecom's customer base overlaps with EarthLink's fiber network in south Florida, providing additional capacity. Finally, the acquisition of One Communications Corporation was completed in April 2011. With the completion of these transactions, the EarthLink Business IP network now spans over 28,000 route miles across 27 states.[55]

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[50] "AT&T to Acquire T-Mobile USA From Deutsche Telekom," AT&T News Release March 20, 2011 <http://www.att.com/gen/press-room?pid=19358&cdvn=news&newsarticleid=31703&mapcode=corporate|financial>, accessed on April 20, 2011.

[51] "AT&T And T-Mobile USA: The Future Of Mobile Broadband," Factsheet, updated April 21, 2011, <http://www.mobilizeeverything.com/documents/Factsheet.pdfm>, accessed June 27, 2011.

[52] 4G LTE is different from previous wireless protocols because it is IP based and designed for data, rather than voice traffic.

[53] "EarthLink Completes ITC^DeltaCom Acquisition," EarthLink New Release, December 8, 2010, <http://www.earthlink.net/about/press/pressrelease.faces?id=823>, accessed on April 21, 2011.

[54] "EarthLink Completes Acquisition of STS Telecom Adds Hosted VoIP Expertise to EarthLink Business Product Portfolio," EarthLink New Release, March 2, 2011, <http://www.earthlink.net/about/press/pressrelease.faces?id=838>, accessed on April 21, 2011.

[55] "EarthLink Completes Acquisition of One Communications," EarthLink New Release, April 1, 2011, <http://www.earthlink.net/about/press/pressrelease.faces?id=840>, accessed on April 21, 2011.

Chapter III. Status of Wireline Competition In Florida

A. Wireline Access Lines In Florida

1. 2010 Summary of Results

During 2010, total traditional wireline access lines for ILEC and CLEC combined declined 13 percent, from approximately 7.4 million in 2009, to 6.4 million as of December 2010.[56] The decline of wireline access lines began in 2001 and the cumulative decline reached 47 percent through 2010. Residential wireline access lines declined by 16 percent, or 652,762 access lines, in 2010.[57] From 2001 through December 2010, combined wireline residential access lines have declined by 58 percent, or 4.9 million lines.[58]

Total wireline business access lines, ILEC and CLEC combined, decreased by more than 330,000 lines, or 10 percent, between December 2009 and December 2010. The net decline was comprised of a decrease of 658,000 ILEC business lines and an increase of 328,000 CLEC business access lines (a 40 percent increase in CLEC business lines). AT&T, Verizon, and CenturyLink all experienced business access line losses in 2010. From May 2001 to December 2010, total wireline business (ILEC and CLEC) access lines decreased by 767,000 lines to a total of 3 million lines, a decline of 21 percent. The decline of business access lines has not been consistent over that entire period. Between May 2001 and June 2006, total wireline business access lines increased slightly each year.

The composition of ILEC and CLEC access lines served has also undergone a noticeable shift since 2001. As of December 2010, total ILEC business lines were 35 percent of total ILEC lines served, compared to 28 percent in 2001. CLEC business access lines were 89 percent of total CLEC access lines served, compared to 64 percent in 2001.

2. Factors Contributing to Access Line Decline

The primary reason for the decline in residential access lines is the increase of wireless-only households and subscribers to VoIP services, including fiber-based digital voice service, in lieu of traditional wirelines. The persistently weak economy has also contributed to the decline; however, other factors have also had an impact on the decline. The increasing demand for mobility and for more data intensive services like video is changing the way consumers think about voice services and influencing product selection. Pricing strategies that bundle broadband, mobility, and voice services together are contributing to the continuing decline in residential wireline access lines.

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[56] VoIP connections reported by CLECs and cable companies are not included in wireline CLEC market share analyses.

[57] CLEC residential data as of December 2009 was recalculated for the 2011 edition of this report due to a provider reporting error.

[58] Market share calculations for 2007 were adjusted to correct a misclassification of lines. The impact on the business market share was immaterial.

As addressed more thoroughly in Chapter IV, both VoIP and wireless services are popular choices across the nation and in Florida. The FPSC estimates 2 million residential interconnected VoIP subscribers reside in Florida as of December 2010. The FCC reports that approximately 16.9 million wireless handsets were in use in Florida as of June 2010.[59] Wireless and VoIP services are increasingly popular among business customers as well, and are responsible for a portion of the business line decline.

3. CLEC Market Composition

Table 3-1 shows a distribution for 2009 and 2010 of the number of CLECs by ranges of residential access lines served. The 3 largest residential providers constitute 68 percent of the CLEC residential market. The remaining CLECs represent 32 percent of the residential CLEC market. There are 49 CLECs that serve fewer than 1,000 residential access lines each. The number of CLECs reporting access line data decreased from 72 in 2009 to 64 in 2010.

Table 3-1. Summary of CLEC Residential Access Line Providers

Number of Lines	2009		2010	
	Number of Providers	% of Total CLEC Res Lines	Number of Providers	% of Total CLEC Res Lines
20,000 +	4	64	2	60
10,000 - 20,000	1	10	1	8
1,000 - 10,000	14	20	12	25
Less than 1,000	53	6	49	7

Source: Responses to FPSC data requests (2010-2011)

B. Wireline Market Share and Access Lines

Charts and graphs in this section of the report show a gap in 2007 data due to a statutory change in the timeline of this report. Data collected for this year's edition of the report are as of December 31, 2010.[60]

Figures and tables are arranged to provide market share (expressed as a percentage) and actual line counts (presented as raw numbers). Market share data are presented first, followed by actual line counts.

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[59] FCC, "Local Telephone Competition: Status as of June 30, 2010," March 2011, Table 17, <http://transition.fcc.gov/Daily_Releases/Daily_Business/2011/db0321/DOC-305297A1.pdf>, accessed on March 30, 2011.

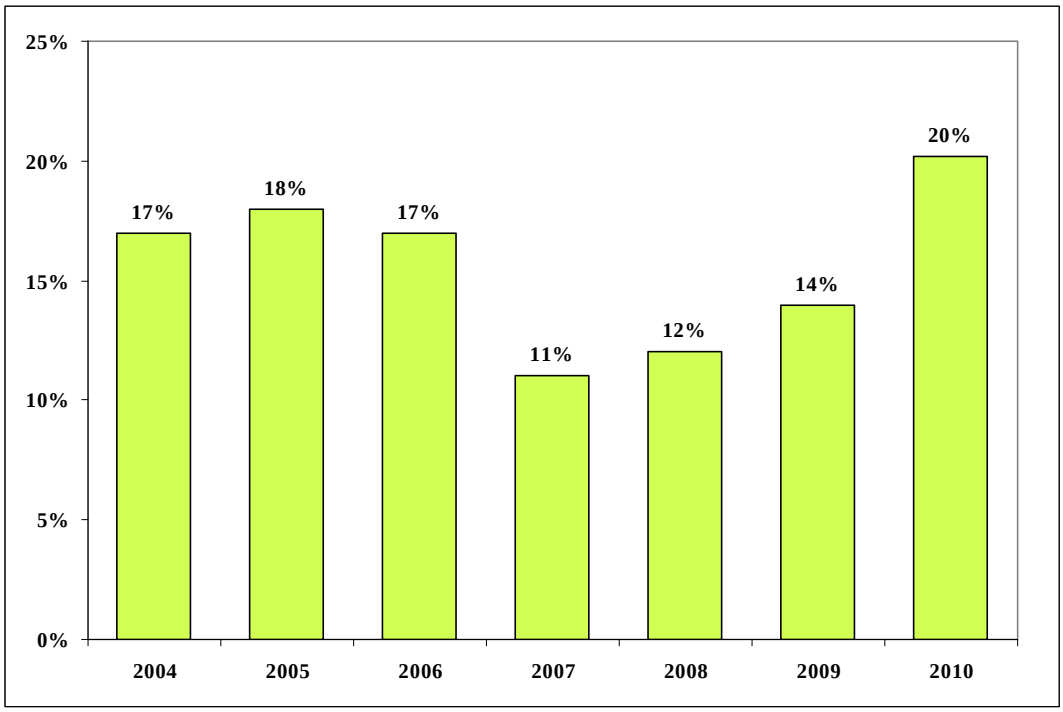
[60] The methodology for counting ILEC-affiliated CLEC access lines in the affiliated ILEC's territory changed starting with the 2008 report. The access lines of a CLEC related to AT&T, Verizon, or CenturyLink are accounted for as competitive lines only when those access lines are outside of the parent company's footprint.

1. CLEC Market Share

a. Florida

Calculations based on responses to the Commission's data request indicated the overall CLEC market share was 20 percent as of December 2010. The large increase can be attributed to the number of business lines that the CLECs gained in 2010. Figure 3-1 provides the CLEC market share percentages for total access lines (combined residential and business lines) from 2004 through 2010.

Figure 3-1. Florida CLEC Market Share



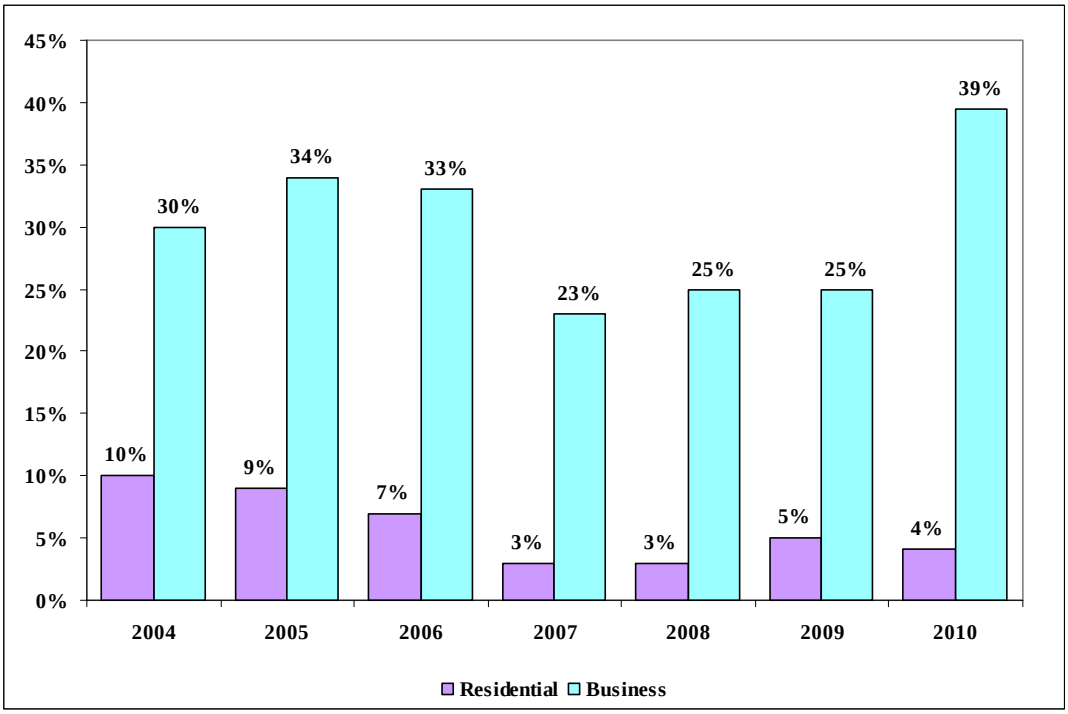
Source: Responses to FPSC data requests (2005-2011)

Figure 3-2 shows the CLEC residential and business market shares for 2004 to 2010.

- CLEC residential market share decreased, falling from 5 percent as of December 2009 to 4 percent as of December 2010.

- CLEC business market share increased to 39 percent from 25 percent in 2009.

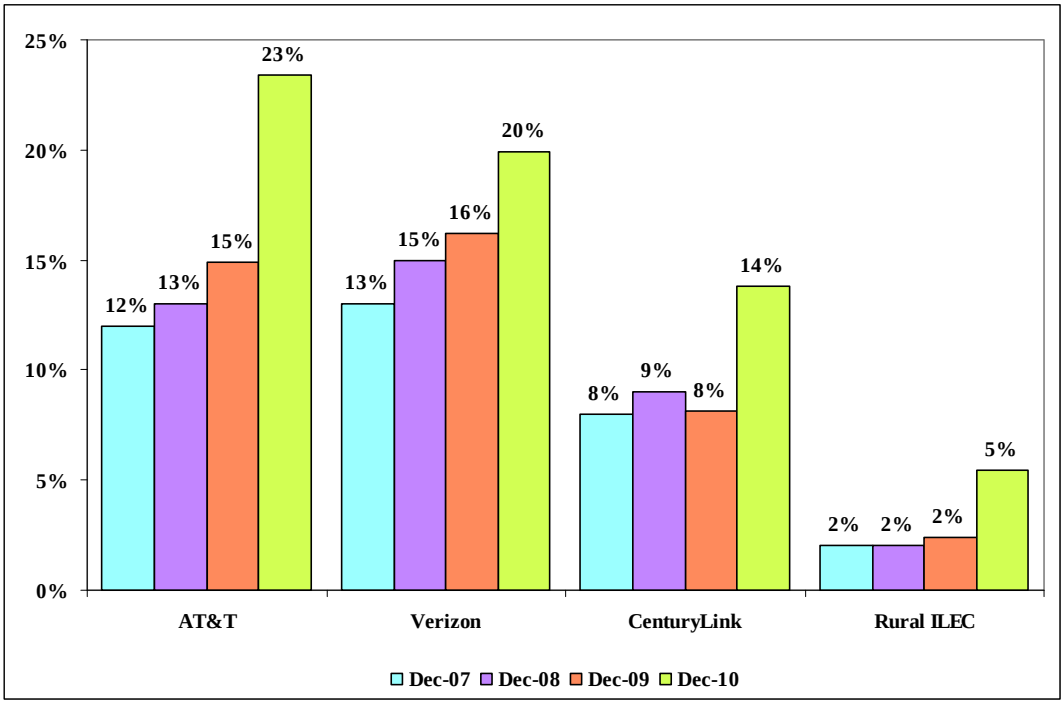
Figure 3-2. Florida Residential & Business CLEC Market Share



Source: Responses to FPSC data requests (2005-2011)

Figure 3-3 displays the CLEC market share of combined residential and business lines within the service territories of AT&T, Verizon, CenturyLink, and the combined rural ILECs for 2007 through 2010. CLEC market share increased in each ILEC territory with the largest increases reported in AT&T's and CenturyLink's territories.

Figure 3-3. Florida CLEC Market Share by ILEC Service Territory



Source: Responses to FPSC data requests (2008-2011)

b. National

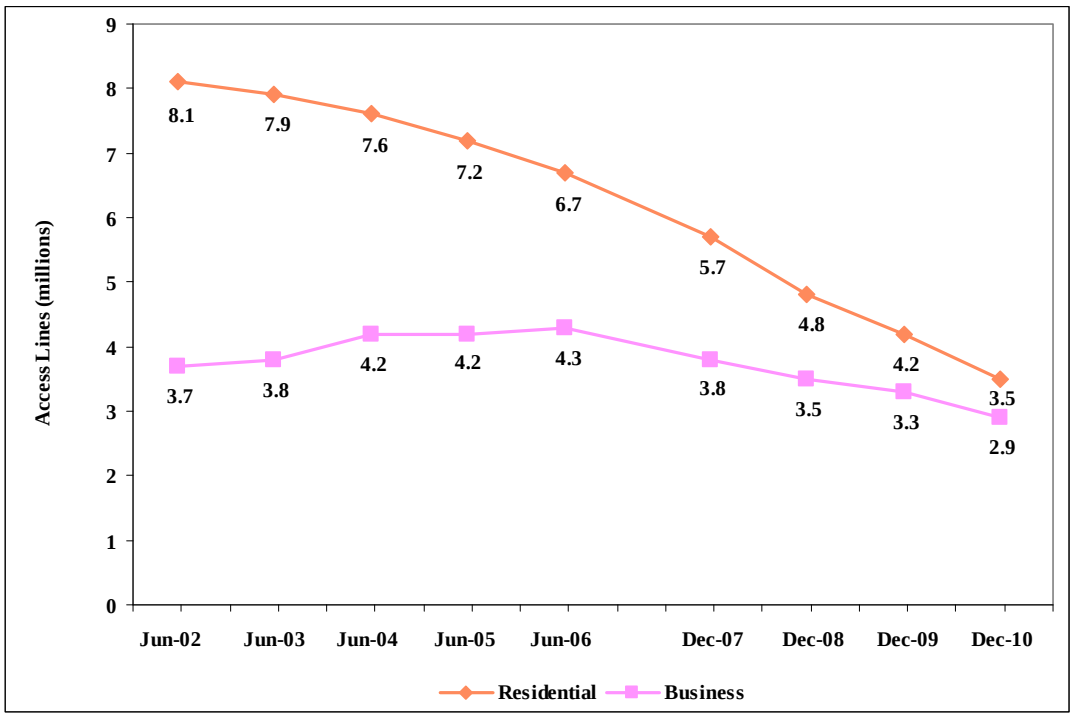
The FCC reports Florida's CLEC market share at 36 percent as of June 2010.[61] The FCC started including VoIP subscriber lines in the market share calculations with its December 2008 Local Competition Report. The inclusion of VoIP subscriber lines account for the majority of the difference in market share totals calculated by the FPSC compared to those reported by the FCC.

[61] FCC, "Local Telephone Competition: Status as of June 30, 2010," March 2011, Table 11, <http://transition.fcc.gov/Daily_Releases/Daily_Business/2011/db0321/DOC-305297A1.pdf>, accessed on March 31, 2011.

2. Access Line Overview

Local exchange companies were serving approximately 6.4 million lines in Florida as of December 31, 2010, a decline of 5.5 million lines from June 30, 2001. As Figure 3-4 illustrates, the number of residential lines has declined every year since 2001. The number of business lines continues to decline, after a slight increasing trend from 2001 through 2006.

Figure 3-4. Florida Access Line Trends



Source: Responses to FPSC data requests (2003-2011)

Table 3-2 displays the residential and business access line counts for ILECs and CLECs from 2008 to 2010. Between December 2009 and December 2010:

- Total access lines in Florida decreased by 13 percent.
- Total ILEC access lines decreased by 20 percent, reflecting a 16 percent decrease in residential lines and a 27 percent decrease in business lines.
- Total CLEC access lines increased by 27 percent.
- ILEC business access lines accounted for 35 percent of total ILEC lines in December 2010, compared to 28 percent in June 2001.
- CLEC business access lines accounted for 89 percent of total CLEC lines in December 2010, compared to 64 percent in June 2001.

Table 3-2. Florida Access Line Comparison

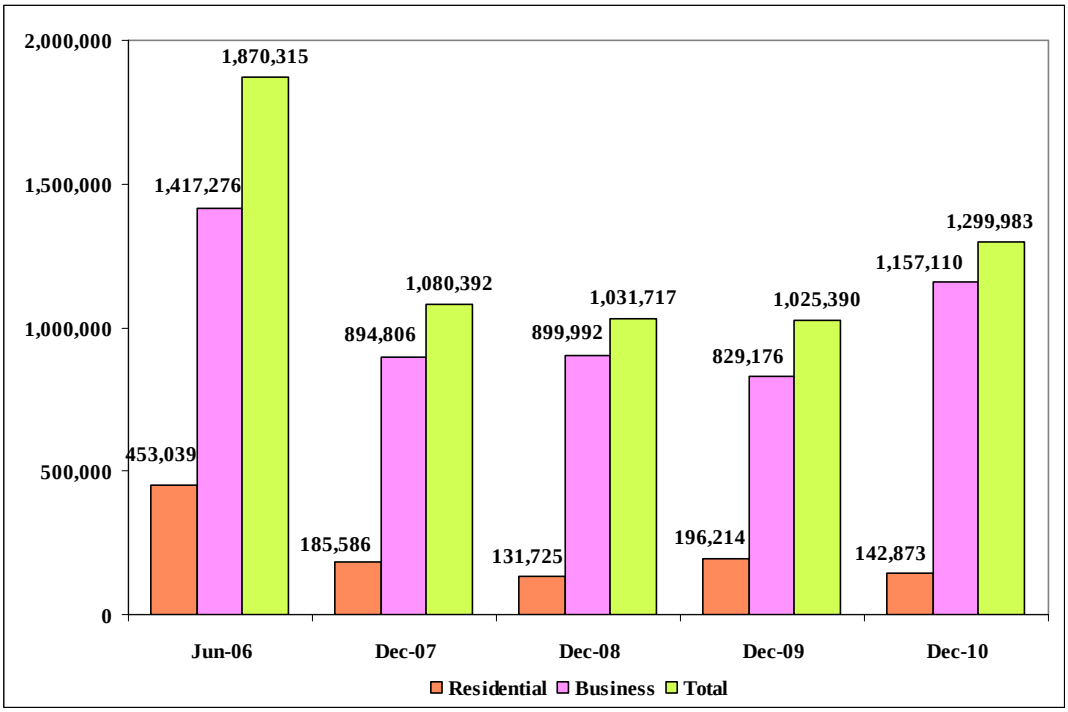
	Dec 2008			Dec 2009			Dec 2010			Change from 2009
	Res	Bus	Total	Res	Bus	Total	Res	Bus	Total	
ILECs	4,654,512	2,644,821	7,299,333	3,960,176	2,433,601	6,393,777	3,360,755	1,775,197	5,135,952	-20%
CLECs	131,725	899,992	1,031,717	196,214	829,176	1,025,390	142,873	1,157,110	1,299,983	27%
Total	4,786,237	3,544,813	8,331,050	4,156,390	3,262,777	7,419,167	3,503,628	2,932,307	6,435,935	-13%

Source: Responses to FPSC data requests (2009-2011)

Figure 3-5 graphically displays CLEC residential and business access line counts from 2006 to 2010.

- CLEC residential access lines decreased by over 53,000 from December 2009 to December 2010, a 27 percent decrease.
- CLEC business access lines increased by approximately 328,000 from December 2009 to December 2010, a 40 percent gain.

Figure 3-5. Florida CLEC Lines



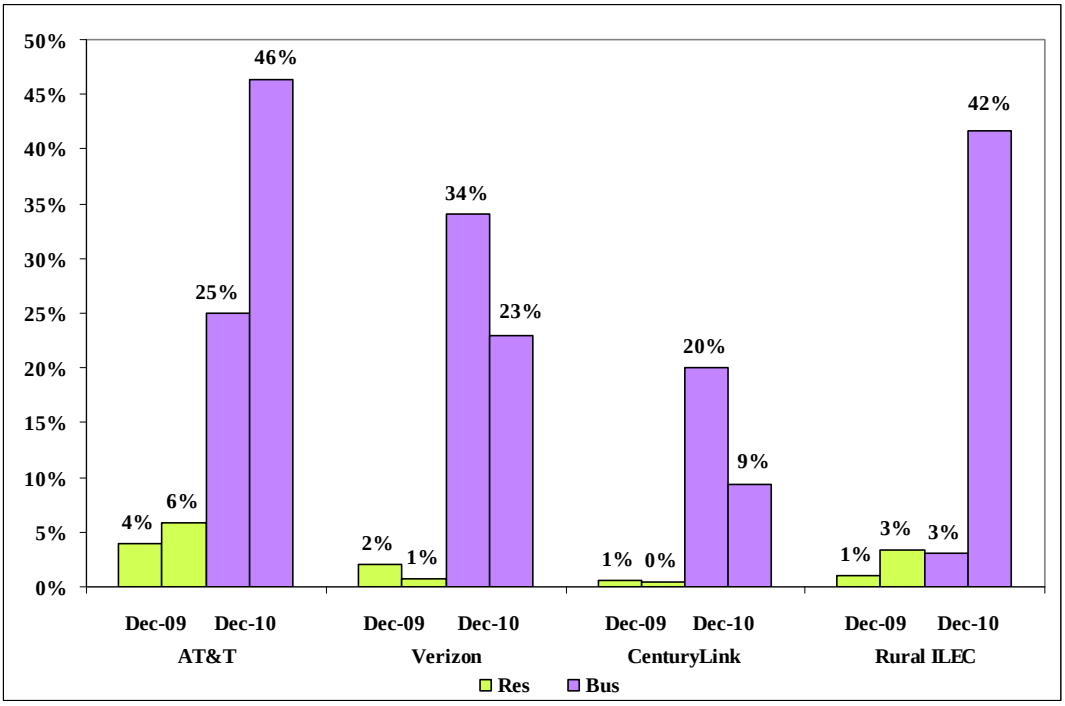
Source: Responses to FPSC data requests (2007-2011)

3. CLEC Market Penetration by ILEC Territory

Figure 3-6 displays the CLEC residential and business wireline market share by ILEC territory for 2009 and 2010. CLEC residential market share increased in AT&T's and the rural ILECs' territories and decreased in the territories of Verizon and CenturyLink.

CLEC business market share increased significantly in AT&T's and the rural ILECs' territories, but decreased in Verizon's and CenturyLink's territories. CLECs have their highest penetration rates in the business market, with a 46 percent share in AT&T's territory and a 42 percent share in the rural ILECs territories.

Figure 3-6. Florida CLEC Residential & Business Market Share by ILEC Service Territory



Source: Responses to FPSC data requests (2010-2011)

4. Competitive Presence by Exchange

Table 3-3 lists the five Florida exchanges in AT&T's territory with the greatest number of CLEC providers reporting access lines.[62] Verizon's Tampa exchange and CenturyLink's Tallahassee exchange are listed for comparison. The number of CLEC residential providers decreased from 2009 levels in all but one exchange, while the number of CLEC business providers remained relatively stable from 2009 to 2010 in all exchanges. The number of overall providers decreased in five of the seven exchanges.

Table 3-3. Florida Exchanges with the Most CLEC Providers

Exchange	Rank by Total Access Lines	Residential		Business		Total CLECs	
		Dec-09	Dec-10	Dec-09	Dec-10	Dec-09	Dec-10
Miami	1	44	37	51	46	77	71
West Palm Beach	6	42	38	45	45	68	64
Orlando	5	37	31	47	45	68	63
Fort Lauderdale	3	38	32	49	45	72	61
Jacksonville	4	38	36	43	44	63	61
Tampa (Verizon)	2	18	13	35	40	46	46
Tallahassee (CenturyLink)	10	14	14	23	23	34	34

Source: Responses to FPSC data requests (2010-2011)

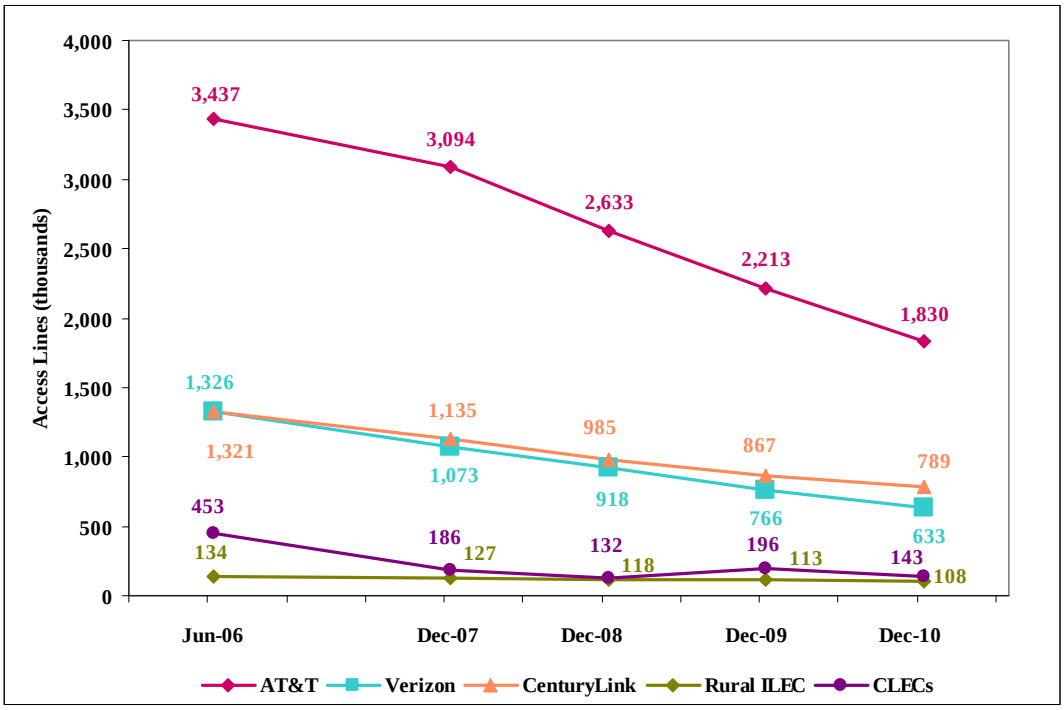
[62] Changes to Section 364.386, F.S., effective July 1, 2011, no longer required the FPSC to report on the status of competition at the exchange level; however, the data for the 2010 reporting year was received prior to the statutory change and analysis of the data is included in this year's report.

C. Competitive Market Trends

1. Residential Access Line Trends

Figure 3-7 displays the residential access line trends separately for AT&T, Verizon, CenturyLink, the rural ILECs, and the CLECs. All companies reported a decline in residential access lines from December 2009 to December 2010.

Figure 3-7. Florida Residential Line Trends by ILECs and CLECs



Source: Responses to FPSC data requests (2007-2011)

Analysis of exchange level residential access line data reveals:

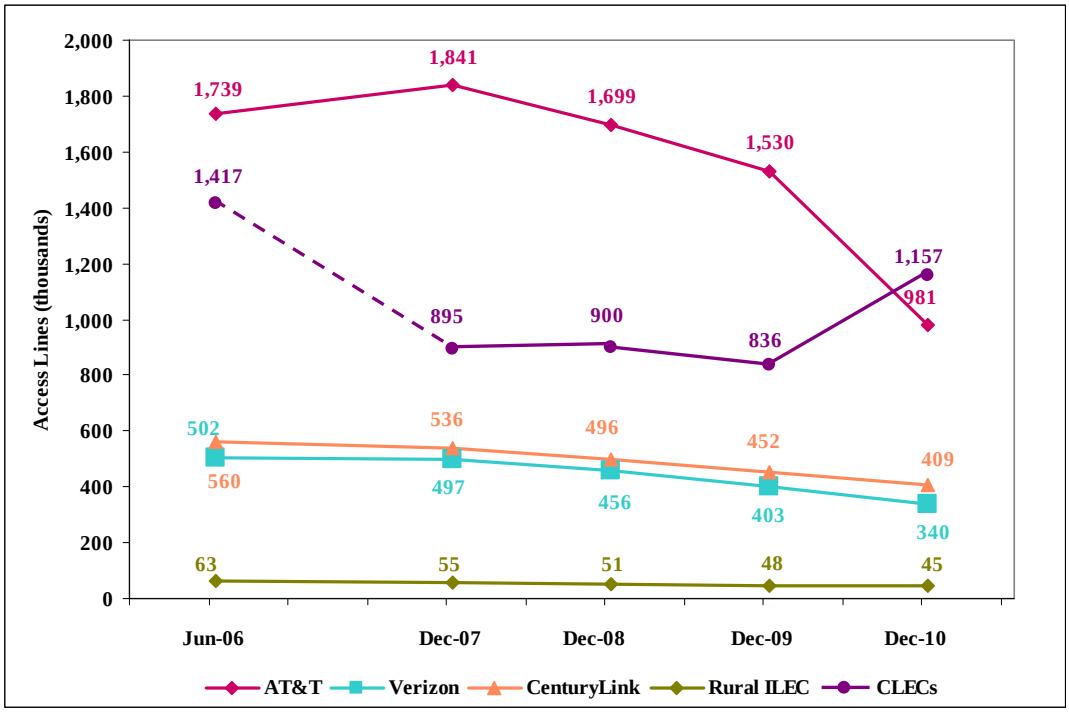
- CLECs gained 100 or more residential access lines in 11 of 276 exchanges in 2010.
- CLECs lost 100 or more residential access lines in 49 of 276 exchanges.
- ILECs lost residential access lines in all but 4 of 276 exchanges statewide.
    - Losses exceeded 1,000 access lines in 53 of 93 AT&T exchanges, in 26 of 104 CenturyLink exchanges, and in 18 of 25 Verizon exchanges.
    - Losses exceeded 10,000 access lines in 9 AT&T exchanges and in 3 Verizon exchanges.

ILEC residential access lines declined for AT&T, Verizon, CenturyLink, and the rural ILECs at approximately the same rate in 2010 as in 2009. CLECs experienced a 27 percent decrease in residential access lines from December 2009 to December 2010, compared with a 49 percent gain from December 2008 to December 2009.

2. Business Access Line Trends

Figure 3-8 displays the business line trends for AT&T, Verizon, CenturyLink, the rural ILECs, and CLECs. AT&T, Verizon, CenturyLink, and the rural ILECs experienced a decrease in business access lines between 2009 and 2010. Losses for AT&T, Verizon, and CenturyLink were 36, 16, and 9 percent, respectively. CLEC business access lines increased dramatically in 2010. The percentage change went from a 7 percent decline in 2009 to a 40 percent increase as of December 2010. Ninety-seven percent of the CLEC business access line gains for 2010 were in AT&T's territory.

Figure 3-8. Florida Business Line Trends by ILECs and CLECs[63]



Source: Responses to FPSC data requests (2007-2011)

[63] Reclassification of ILEC-affiliated CLEC lines as ILEC lines accounted for 12 percent of the loss of CLEC business lines between June 2006 and December 2007.

CLECs have traditionally targeted medium and large businesses by offering lower prices and advanced services. In addition, cable companies offering interconnected VoIP service and cable modem service are making inroads in the small and medium business market. However, the Commission is not aware of any particular factor that would explain the large gain in business access lines by CLECs during 2010. It is possible that reporting errors contributed to the large changes in reported lines. For example, the Commission has seen a growing number of companies that do not distinguish between switched access lines and VoIP access lines. While Commission staff has been diligent in following up with companies and analyzing FCC data, it has been unsuccessful in determining the exact cause of the data anomalies.

D. Rural Access Line Trends

Total rural ILEC access lines decreased by approximately 7,500 lines from December 2009 to December 2010, a 20 percent decrease. Rural ILECs experienced access line decline in the residential market of 5 percent and business markets of 4 percent.

Rural residential access lines declined by almost 5,000 lines and rural business declined by approximately 2,500 lines, from December 2009 to December 2010. Each rural ILEC, with the exception of Smart City, experienced some residential access line decline. Smart City reported a minimal increase in residential lines. During the same time period, all rural ILECs reported a slight loss in business access lines.

E. Prepaid Telecommunications Services

There are 18 CLECs that provide only prepaid services. Prepaid-only carriers typically target high-risk consumers and businesses. Nearly 15 percent of all CLECs providing service in Florida are prepaid only carriers. The largest prepaid-only carrier serves 44 percent of all CLEC residential access lines. Of carriers serving less than 10,000 access lines, prepaid-only carriers account for 47 percent of lines served.

F. Pay Telephone Services

The pay telephone industry and the availability of pay telephone service in Florida have undergone significant contraction over the past several years. Current industry estimates provided by the Florida Public Telecommunications Association indicate that the number of Florida pay telephones has dropped approximately 50 percent, from 16,500 as of December 31, 2009, to 8,300 as of December 31, 2010. The number of certificated pay telephone service providers in Florida has dropped 23 percent, from 146 as of December 31, 2009, to 113 as of December 31, 2010.

G. Competitive Market Analysis and Statutory Issues

The 2011 Florida Legislature amended Chapter 364, F.S., and the amended sections became effective July 1, 2011. Some of those changes directly affect the form of this report. Section 364.386, F.S., previously contained six issues the Commission was required to address in its annual report on telecommunications competition. The amended statutes have only four

issues the report must address. The new issues emphasize analysis of the impact of competition and regulatory changes on the telecommunications market.

1. The ability of competitive providers to make functionally equivalent local exchange services available to both residential and business customers at competitive rates, terms, and conditions.

While the total number of access lines in Florida decreased by 13 percent, the CLECs' lines actually increased 27 percent between December 2009 and December 2010. Total CLEC market share also rose in Florida in 2010, increasing from 14 percent in 2009 to 20 percent in 2010. The increase is mostly due to an increase in CLEC business access lines, now accounting for 89 percent of total CLEC access lines. In addition, wireless and VoIP subscribers continued to increase in 2010, to 16.9 million wireless subscribers (handsets in service) and nearly 2 million residential interconnected VoIP subscribers. This data would suggest that CLECs, VoIP, and wireless carriers are able to provide functionally equivalent services to residential and business customers at rates, terms, and conditions acceptable to consumers. The number of CLECs offering a variety of services also points to the provision of services at comparable terms. Other services offered by the 121 CLECs that reported providing local service include:

- Bundles including services other than local voice (33 CLECs)
- VoIP (46 CLECs)
- Prepaid Service (28 CLECs)
- Broadband Internet Access (24 CLECs)
- Fiber to end users (11 CLECs)
- Video Service (54 CLECs)

The majority of CLECs reported no barriers to competition in the comment portion of the survey; however, several mentioned an inability to work effectively with Verizon and AT&T to take care of customers' needs. Other barriers to competition mentioned by CLECs were deregulation of ILECs and the inability to charge rates that are competitive with ILEC rates, due to the cost of wholesale service.

Conclusion: The majority of CLECs did not report any significant barriers to competition. Subscribers to CLEC, VoIP, and wireless services increased significantly in 2010, giving customers an increased opportunity to seek out services from providers other than traditional ILECs. Many CLECs reported offering a variety of services and packages comparable to those offered by ILECs. All of these factors contribute to the conclusion that competitive providers are able to offer functionally equivalent services to both business and residential customers.

2. The ability of consumers to obtain functionally equivalent services at comparable rates, terms, and conditions.

Customers may obtain functionally equivalent services via wireline telephony, wireless telephony, or VoIP. The primary focus of this report is the provision of wireline telecommunications by ILECs and CLECs, which submit responses to the FPSC's annual data request. As of December 31, 2010, 121 CLECs reported providing local voice service in contrast to 128 CLECs as of December 31, 2009, continuing a gradual decline in the number of CLECs providing service. CLECs can offer service through resale of an ILEC's or a CLEC's wholesale services, by using its own facilities, by leasing portions of its network from an ILEC, or a combination of any of these methods. According to the FCC, 36 percent of the total Florida access lines are provided by companies other than ILECs, with 34 percent of residential and 39 percent of business customers choosing to use a provider other than an ILEC.[64]

As of December 31, 2010, 16 of the 276 exchanges in Florida had no CLECs offering service compared to 15 exchanges with no CLECs as of December 31, 2009.[65] Table 3-4 lists selected exchanges, the ILEC serving that exchange, the total number of CLEC lines in that exchange, and the total number of CLECs offering service in that exchange as of December 2009 and 2010. A complete list of exchanges along with the number of CLECs providing service in each exchange can be found in Appendix B. The exchanges listed in Table 3-4 were arbitrarily selected to reflect a broad range based on the number of lines. In the exchanges listed, access lines overall decreased by 94,763 lines, although lines increased in several exchanges, as did the number of competitive providers. The largest number of lines served by CLECs continues to occur in the largest exchanges. The 27 percent decline in ILEC business lines between December 2009 and December 2010 suggests business customers have the ability to find reasonable pricing packages with CLECs and other providers such as cable and in some cases, wireless. Residential ILEC lines also decreased 16 percent in Florida during the same period, while nationally, wireless-only households continued to grow, reaching 29.7 percent.[66] In addition, as reported in Chapter IV of this report, there are approximately 2.2 million interconnected VoIP subscribers in Florida.[67] These and other factors demonstrate that customers are able to find comparable services at reasonable prices through wireless, CLEC, and VoIP providers.

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[64] FCC, "Local Telephone Competition: Status as of June 30, 2010," March 2011, Tables 8 and 9, <http://transition.fcc.gov/Daily_Releases/Daily_Business/2011/db0321/DOC-305297A1.pdf>, accessed on March 30, 2011. Note: The referenced access lines consist of switched access lines as well as VoIP subscriber lines.

[65] The 16 exchanges without CLEC service are Bristol, Raiford, Walnut Hill, Jennings, Keaton Beach, Dowling Park, Blountstown, Hosford, East Point, Wellborn, Florida Sherriff's Boy Ranch, Paxton, Luraville, Kingsley Lake, Orange Springs, and Carrabelle.

[66] Stephen J. Blumberg, Julian V. Luke, "Wireless Substitution: Early Release of Estimates From the National Health Interview Survey, July – December 2010," June 8, 2011, pp. 1-3, < http://www.cdc.gov/nchs/data/nhis/earlyrelease/ wireless201106.pdf>, accessed on June 10, 2011.

[67] FCC, "Local Telephone Competition: Status as of June 2010," Table 9 and Table 10, March 2011, <http://transition.fcc.gov/Daily_Releases/Daily_Business/2011/db0321/DOC-305297A1.pdf>, accessed May 31, 2011.

Table 3-4. CLEC Providers by Florida Exchange

ILEC	Exchange	Total Number CLEC Access Lines		Number of CLECs Offering Services	
		2009	2010	2009	2010
Windstream	Jasper	14	32	2	3
Windstream	Callahan	82	37	4	3
TDS Telecom	Quincy	195	84	1	1
CenturyLink	Crawfordville	148	92	16	14
CenturyLink	Leesburg	1,098	840	23	22
CenturyLink	Tallahassee	8,764	8,568	34	34
Verizon	Mulberry	444	510	16	17
Verizon	Zephyrhills	1,308	1,399	20	19
Verizon	Lakeland	9,786	11, 306	26	28
Verizon	St. Petersburg	29,674	32,833	35	32
Verizon	Tampa	104,968	110,951	47	46
AT&T	Jay	78	69	16	15
AT&T	Gulf Breeze	813	833	24	26
AT&T	Gainesville	9,630	9,255	49	49
AT&T	Orlando	68,241	115,234	69	63
AT&T	Miami	139,375	169,945	78	71

Source: Responses to FPSC data requests (2010-2011)

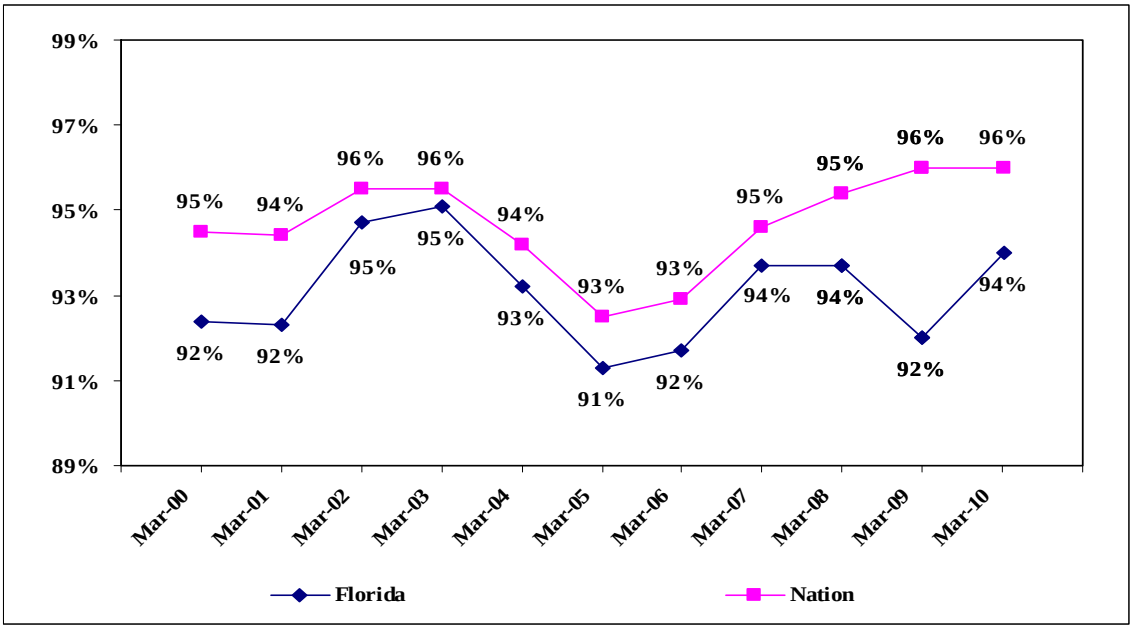
Conclusion: The continued decrease in both business and residential ILEC access lines and the increase in CLEC business lines demonstrates that customers are finding comparably priced packages and functionality with CLECs, cable providers, and wireless providers.

3. The overall impact of competition on the maintenance of reasonably affordable and reliable high-quality telecommunications services.

The FCC reported that 94 percent of Florida households had telephone service as of July 2010, slightly lower than the national penetration rate of 96 percent.[68] As shown in Figure 3-9, the Florida telephone penetration rate has consistently been below the national penetration rate, and the gap has varied from as little as one percent in 2003, to as much as four percent in 2009. The gap persists despite successful efforts in recent years by Florida carriers and FPSC to make Lifeline and Link-Up benefits more accessible to eligible low-income consumers. The majority of Florida residents have a choice between several non-ILEC providers, with 85 percent of Florida zip codes having ten or more providers for telephone service. Only 1 percent of the Florida population has no access to a non-ILEC provider.[69]

[68] FCC, "Telephone Subscribership in the United States as of July 2010," May 2011, Table 2, <http://transition.fcc.gov/Daily_Releases/Daily_Business/2011/db0519/DOC-306752A1.pdf>, accessed on May 31, 2011.
[69] Ibid, Table 20.

Figure 3-9. Telephone Service Penetration: Florida vs. Nation



Source: FCC, Telephone Penetration by Income by State

The CDC released a report on wireless substitution for the period from January through June 2010 and found that 27.3 percent of adults in Florida live in wireless-only households. Orange County had the highest wireless-only penetration rate in Florida at 34 percent. The CDC report found 12 percent of Florida adults living in households with only a wireline phone and 1.8 percent of Florida adults living without any kind of telephone service.[70] This data points to the conclusion that most Florida households are able to afford telephone service and have access to a variety of service providers, including ILECs, CLECs, VoIP, and wireless. This data also supports the fact that many consumers choose to subscribe to more than one type of telephone service.

Historically, regulatory reliability standards have applied to landline telecommunications service making it the most reliable of telecommunications services. Reliability in landline networks is no longer insured as many states, including Florida, have eliminated service quality standards. In an annual survey conducted by JD Power and Associates, the cable companies Bright House Networks and Cox Communications ranked above traditional wireline carriers in customer satisfaction in the southern United States for the provision of residential telephone service.[71] The survey results add further credence to the idea that interconnected VoIP is viewed as a reliable alternative to traditional wireline service. Given the continued growth of

[70] Stephen J. Blumberg, Julian V. Luke, "Wireless Substitution: State-Level Estimates from the National Health Interview Survey, January 2007-June 2010," April 20, 2011, pp. 7-11, <http://www.cdc.gov/nchs/data/nhsr/nhsr039.pdf>, accessed on May 31, 2010.

[71] "Customer Service Support Initiatives Help to Drive Industry-Wide Satisfaction Gains Among Residential Telephone Customers," J.D. Power and Assoc. Press Release, September 15, 2010, <http://businesscenter.jdpower.com/news/pressrelease.aspx?ID=2010184>, accessed May 31, 2011.

interconnected VoIP and wireless-only households and the continued erosion of landline access lines, it appears that the reliability of these alternatives is acceptable to consumers. Moreover, mobility, pricing, and the demand for data-based services are consumer preference factors that may be changing how consumers view reliability.

Conclusion: Based on the continued growth of interconnected VoIP and wireless-only households and the ongoing erosion of landline access lines, network reliability of non-ILEC providers appears to be sufficient. The telephone penetration rate of 94 percent supports the conclusion that the overwhelming majority of Florida residents are able to afford telephone service. The number and variety of competitive choices among all types of service providers and recent high customer satisfaction rates for interconnected VoIP providers suggests that competition is having a positive impact on the telecommunications market in Florida.

4. A listing and short description of any carrier disputes filed under Section 364.16, F.S.[72]

Conclusion: This information can be found in Appendix C.

[72] As of the release date of this report, amended Section 364.16, F.S., will only have been in effect one month. For that reason, the referenced table reports those disputes previously required by the statute as well as those that are required by the amended statute.

Chapter IV. Wireless, VoIP, and Broadband

A. Wireless

The communications market, including voice and data, has become dominated by wireless technology. Smartphone adoption has continued to expand and wireless devices have been packed with increasing capabilities. Application developers have been creating more applications of greater complexity to take advantage of this increased capability. Included among those capabilities are live streaming of mobile video and video on demand. Smartphones accounted for 75 percent of net additions in 2010 and now represent 26 percent of the wireless market as measured by type of device.[73] One limiting factor is network capability, which includes both spectrum availability and backhaul capability. Greater demand for mobile bandwidth has led carriers to invest in their infrastructure at a higher rate than ever before. In-Stat, a market research firm, anticipates that it will take $117 billion in backhaul investment by 2014, an increase of 41 percent from 2009, to create an effective network that can keep up with data demands.[74] AT&T is also using its wireless networks to resell service to other providers, such as TracFone, and to connect to other types of devices, such as e-readers. Combined, these services accounted for 74 percent of AT&T's wireless additions in 2010. Given the increased demand on AT&T's network from non-phone devices, reselling, and the application friendly iPhone, it is no surprise that AT&T's capital expenditures increased by 14.9 percent in 2010.[75]

The need for data services also led Sprint to announce the shutdown of the Nextel network it acquired in 2005. The network was not designed for smartphone use as it does not support fast data transfers. Since 2005, the number of consumers that use the Nextel network has decreased by seven million subscribers. Currently, one-third of the remaining 11 million consumers on that network are prepaid Boost Mobile subscribers.[76]

Verizon Wireless (Verizon) began offering Apple's iPhone 4 to its customers for the first time in February 2011. Critics have suggested that Verizon may experience network issues due to the increase in demand for data transfers related to the iPhone. However, Verizon has thus far avoided any serious network problems related to iPhone use. In anticipation of high data demand, Verizon invested in Long Term Evolution (LTE) technology. The performance of Verizon's LTE network has thus far exceeded the company's expectations, achieving 10 Mbps

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[73] Bernstein Research, "Quick Take – Verizon: Separating the Secular from the Cyclical in 4Q Results and is that worth 17x earnings," January 25, 2011, pp.1-2.
< http://reports.bernsteinresearch.com/researchlinks/View.aspx?eid=mNrwRkRbpnh9a5%2fQOR%2foBA1%2foIRN0tDlnpNnXNl0%2fRIjhZekgWrMTaXrBvBoL6hy>, accessed on January 25, 2011.
[74] "Big and Getting Bigger: Wireless Backhaul Expenditures to Grow 41% by 2014," *In-stat Market Alert*, In-Stat, September 15, 2010.
[75] Bernstein Research, "Quick Take – AT&T: The Twilight of Monogamy," January 27, 2011, p. 1,
< http://reports.bernsteinresearch.com/researchlinks/view.aspx?eid=mAxpoaR%2bM02RWqe0Y7McFIpYZmm3g5s6q7drngNd7AJh3hpLdSG1sZrDgtEp4dHI>, accessed on January 27, 2011.
[76] Peter Svensson, "Sprint to start phasing out Nextel network in 2013," *USAToday.com*, December 6, 2010, <http://www.usatoday.com/tech/news/2010-12-06-Sprint-Nextel_N.htm>, accessed on April 13, 2011.

speeds and higher.[77] Verizon's smartphone adoption was just 26 percent before the introduction of the iPhone, while AT&T's smartphone penetration was 61 percent.[78, 79] AT&T has offered the iPhone since 2007.

The increase in demand for bigger and better networks is a problem that does not have many solutions. The spectrum needed to operate such data intensive devices is a limited resource. Wireless data usage is expected to grow 30 percent over the next five years. Both texting and voice require relatively small amounts of bandwidth, while data applications, common to smartphones, require a much greater amount of bandwidth. Recent changes to AT&T's and Verizon's wireless data plans now reflect usage based pricing, ostensibly as a way to manage usage of available spectrum. Neither AT&T nor Verizon offer unlimited smartphone data packages to new customers. Verizon offers three options for data usage: 2 GB, 5GB, or 10 GB, charging $30, $50, and $80, respectively.[80] AT&T also offers three tiers of usage pricing which differ by type of device. AT&T's plans include usage amounts of 200 MB for $15, 2 GB for $20, and 4 GB for $45.[81]

News that AT&T is buying T-Mobile USA for $39 billion has raised concerns about a potential wireless duopoly. If the merger is approved, AT&T will have 38.8 percent of wireless subscribers. Verizon currently accounts for another 31.3 percent of wireless subscribers. Together, they will serve 70 percent of the wireless market. The next largest company is Sprint with 11.9 percent of the market.[82] Given the scarcity of readily available spectrum and a sluggish economy, experts speculate that approval will be granted based on the need for spectrum consolidation. If the merger is approved, AT&T's earnings will go from 48 percent wireless to approximately 55 percent wireless.[83]

Wireless services fall into two major categories: pre- and post-paid service. Prepaid wireless plans continue to attract consumers in an unsteady economy by offering low-priced service without a long-term commitment. The prepaid market has been dominated by smaller carriers such as Sprint and T-Mobile. In contrast to that trend, Verizon recently announced that it is selling prepaid smartphones, including a version of Google's Droid. The unlimited data plan costs $30, the same price available to customers under contract. Verizon also just released a prepaid unlimited data and text plan for $50 per month. AT&T has also started offering a

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[77] Christina Bonnington, "Verizon's 4G Network Leaves Other Carriers in the Dust," *Wired.com*, March 21, 2011, < http://www.wired.com/gadgetlab/2011/03/4g-network-test/ >, accessed on May 27, 2011.

[78] Bernstein Research, "Weekend Media Blast: The 9% Solution," February 16, 2011, p.1, <http://reports.bernsteinresearch.com/researchlinks/view.aspx?eid=lY8jlLkqbNVc4PTpWppjllvkHBCFWd9RLz09VzDNm2A%2f6WokxDGr9DPmxU63ob0E>, accessed on April 22, 2011.

[79] In this report wireless subscribers are individual wireless handsets in service and smartphone penetration refers to the percentage of wireless handsets in service that are smartphones.

[80] Verizon Wireless, http://www.verizonwireless.com/b2c/mobilebroadband/?page=plans, accessed on July 21, 2011.

[81] AT&T, <http://www.wireless.att.com/cell-phone-service/cell-phone-plan-details/?q_sku=sku3830304&q_planCategory=cat1370013#>, accesssed on July 21, 2011.

[82] Ibid.

[83] Bernstein Research, "AT&T (T): A New U.S. Air Force…Upgrading to Outperform, Raising Target Price to $31," March 24, 2011, p. 2, <http://reports.bernsteinresearch.com/researchlinks/view.aspx?eid=pQ9EQA4VTUx%2bDCAmslRudHvhUeUFi4bxLlq8EAv%2f09koGE5q2pdM1hIeq2vVjj3N>, accessed on March 26, 2011.

prepaid Droid smartphone. With both AT&T and Verizon offering similar prepaid plans and both selling versions of the iPhone, AT&T may be forced to compete on the quality of its network.[84]

1. Wireless-Only Households

Wireless-only households continued to increase in 2010. The CDC recently reported that wireless-only households reached 29.7 percent as of December 2010, an increase of 5.2 percent since the second half of 2009. In addition, the report concluded that 15.7 percent of U.S. households with both a landline and wireless phone received most calls via a wireless phone. The CDC reported that of those surveyed:

- More than half of adults (53.5 percent) between the ages of 25 and 29 live in wireless-only households.
- Two thirds of adults (69.4 percent) that live with an unrelated person had only wireless telephones.
- Hispanic adults are more likely to reside in a wireless-only household (38.4 percent) than non-Hispanic white adults (25 percent).
- Adults in the South (31.1 percent) are more likely to live in wireless-only households than adults in other parts of the country.
- Of adults ages 30 to 34 years, 43.8 percent reported that they live in wireless-only households, and 45.5 percent of adults between the ages of 18 and 24 reported that they were living in wireless-only households.[85]

2. Florida Trends

Wireless handsets in service in Florida, as of June 2010, reached 16.9 million.[86] Florida wireless handsets in service continued to grow from June 2009 to June 2010, but at a decreasing rate compared to previous years. The growth rate of wireless handsets has been declining since June 2006. Florida experienced an increase of 470,000 subscribers from June 2009 to June 2010, a 3 percent increase.

Total subscribership results as of June 2010 show that Florida exceeds the national subscription level by 2 percent, however, this difference is the smallest since 2001. Initially,

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[84] Kendra Svrivastava, "Verizon Offers $50 Unlimited Prepaid Plan," MOBILEDIA, April 28, 2011, <http://www.mobiledia.com/news/88542.html>, accessed on May 2, 2011.
[85] Stephen J. Blumberg, Julian V. Luke, "Wireless Substitution: Early Release of Estimates From the National Health Interview Survey, July – December 2010," June 8, 2011, pp. 1-3, < http://www.cdc.gov/nchs/data/nhis/earlyrelease/ wireless201106.pdf>, accessed on June 10, 2011.
[86] FCC, "Local Telephone Competition: Status as of June 30, 2010," May 2011, Table 17, <http://www.fcc.gov/Daily_Releases/Daily_Business/2011/db0321/DOC-305297A1.pdf >, accessed on March 24, 2011.

Florida was ahead of the nation in adopting wireless technology, but now that wireless handset levels are getting closer to market saturation points, the overall growth is declining.

Since the fourth quarter of 2003, Florida wireless handsets in service have exceeded Florida wireline access lines, and the gap continues to widen. Wireless handsets outnumbered wireline access lines by 10.5 million as of June 2010.[87, 88]

B. Voice over Internet Protocol (VoIP)

As VoIP technologies continue to evolve and improve, more residences and businesses in Florida are subscribing to VoIP services. The FCC's most recent data shows that there are approximately 25.2 million interconnected residential VoIP subscribers and nearly 3.7 million business subscribers nationwide as of June 2010. This represents an increase of 23 percent of total interconnected VoIP subscribers nationwide from June 2009 to June 2010.[89, 90] The FCC further reports approximately 2.2 million interconnected VoIP subscribers in Florida as of June 2010, an increase from 1.7 million in June 2009.[91, 92] Data collected by the FPSC shows an estimated 2 million residential interconnected VoIP service subscribers in Florida as of December 2010.[93] FCC data through June 2010 reports a comparable 1.9 million interconnected residential VoIP subscribers in Florida.[94]

The majority of cable VoIP subscribers are residential but cable providers are beginning to make inroads in the business market. A report by the telecommunications market research firm, Insight, states that business service revenues represented nearly 39 percent ($130 billion) of the total U.S. telecommunications market in 2009. Cable operators garnered only 3 percent of that market segment in 2009. Insight suggests that cable providers are likely to increase their market share to 6.4 percent or $9 billion by 2014.[95]

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[87] Ibid.
[88] Responses to the FPSC Local Competition Data Request for 2010.
[89] FCC, "Local Telephone Competition: Status as of June 2010," Table 9 and Table 10, May 2011, <http://transition.fcc.gov/Daily_Releases/Daily_Business/2011/db0321/DOC-305297A1.pdf>, accessed on May 31, 2011.
[90] FCC, "Local Telephone Competition: Status as of June 2009," Table 8, September 2010, <http://transition.fcc.gov/Daily_Releases/Daily_Business/2010/db0903/DOC-301310A1.pdf >, accessed on May 31, 2011.
[91] FCC, "Local Telephone Competition: Status as of June 2009," Table 8, September 2010, <http://transition.fcc.gov/Daily_Releases/Daily_Business/2010/db0903/DOC-301310A1.pdf >, accessed on May 31, 2011.
[92] FCC, "Local Telephone Competition: Status as of June 2010," Table 8, March 2011, <http://transition.fcc.gov/Daily_Releases/Daily_Business/2011/db0321/DOC-305297A1.pdf>, accessed on May 31, 2011.
[93] Responses to the FPSC Local Competition Data Request for 2011.
[94] FCC, "Local Telephone Competition: Status as of June 2010," Table 9, March 2011, <http://transition.fcc.gov/Daily_Releases/Daily_Business/2011/db0321/DOC-305297A1.pdf>, accessed on May 31, 2011.
[95] The Insight Research Corporation, "Cable TV Operators, Telecom Services, and the Push into the Enterprise, 2010-2015," October 2010, <http://www.insight-corp.com/reports/enterprise10.asp>, accessed on March 14, 2011.

1. National Market Analysis

Cable companies have dominated the VoIP market in recent years, but the traditional wireline carriers, AT&T and Verizon, have made gains with their fiber-based offerings. Other wireline carriers, both ILECs and CLECs, have also increased their VoIP service subscriptions. In addition, public Internet service providers, including Google and Skype, are also providing VoIP services.

a. Facilities-Based VoIP Providers

ILECs, CLECs, and cable companies provide facilities-based interconnected VoIP services. Cable companies continue to dominate the facilities-based VoIP market with an estimated 23.5 million residential VoIP subscribers at the end of 2010.[96] Based on the number of subscribers, the top U.S. cable VoIP providers are:

- Comcast Corporation 8.6 million subscribers[97]
- Time Warner Cable 4.5 million subscribers[98]
- Cablevision Systems Corp. 2.9 million subscribers[99]
- Cox Communications 2.0 million subscribers[100]

[96] Yankee Group Research, Inc., "U.S. VoIP Consumer Forecast," December 2003-2013, updated December 2009, provided to FPSC staff via e-mail, March 14, 2011.

[97] Comcast Corporation, Comcast Reports Fourth Quarter and Year End 2010 Results, February 16, 2011, <http://www.cmcsk.com/releasedetail.cfm?ReleaseID=550450> and SEC 10-K filing <http://files.shareholder.com/downloads/CMCSA/796600112x0xS1193125-11-47243/1166691/filing.pdf>, accessed on March 9, 2011.

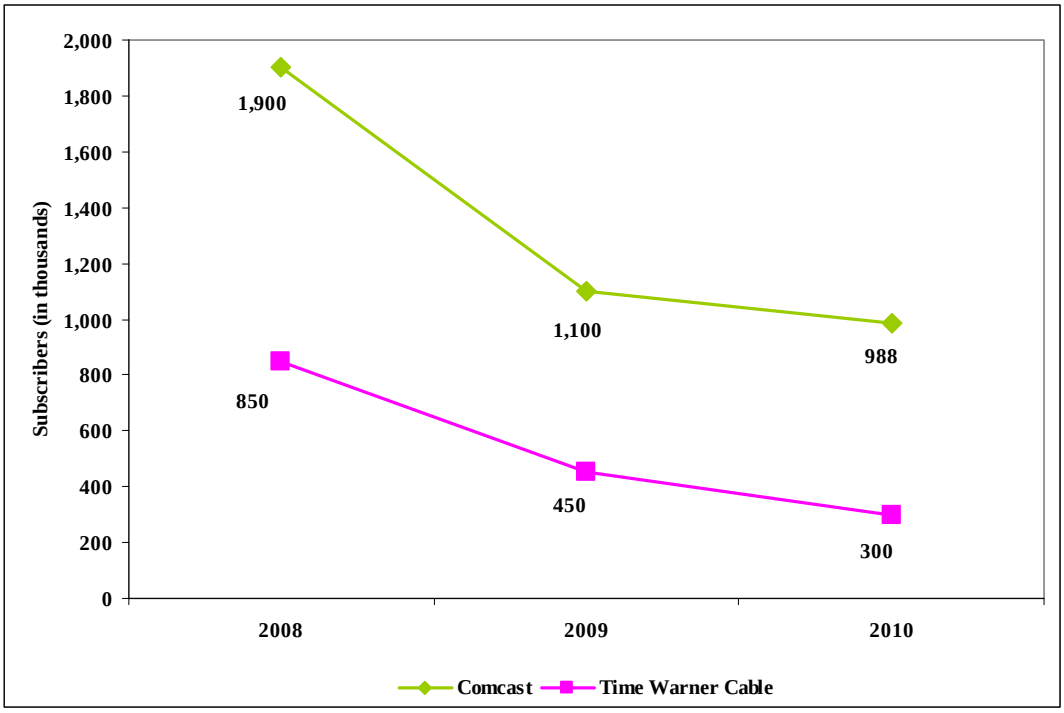
[98] Time Warner Cable, Inc., Form 10-K, Fourth Quarter 2010 Results, February 18, 2011, <http://ir.timewarnercable.com/phoenix.zhtml?c=207717&p=irol-sec>, accessed on March 14, 2011.

[99] Cablevision Systems Corporation, Fourth Quarter and Full Year 2010 Results, February 16, 2011, <http://www.sec.gov/Archives/edgar/data/784681/000114036111010213/form10k.htm>, accessed on March 14, 2011.

[100] Point Topic, Cox Communications – 3.825 Million Users As of June 30, 2010, November 19, 2010, <http://point-topic.com/content/bmm/profiles/voip/Cox%20Communications%20VoIP.htm&comp_id=3249&g=9>, accessed on March 15, 2011. Cox does not distinguish between VoIP and POTS subscribers. Thus, In-Stat's estimated 1.83 million POTS subscribers as of July 2008, <http://www.instat.com/abstract.asp?id=288&SKU=IN0804053MBS>, has been used to approximate the number of VoIP subscribers.

As seen in Figure 4-1, both Time Warner Cable and Comcast saw a decline in the number of new residential subscribers in 2010. The growth rate for Time Warner Cable went from 47 percent in 2009 to 33 percent in 2010.[101] Comcast's growth rate fell from 42 percent in 2009 to 10 percent in 2010.[102]

Figure 4-1. Cable VoIP Residential Subscriber Lines



Source: Comcast Reports Fourth Quarter and Year End 2010 Result (February 2010) & Time Warner Cable, Inc., SEC Filings (2008-2010)

Wireline telephone companies also offer facilities-based VoIP services, in particular, over fiber-based facilities. According to the Yankee Group, a market research firm, an estimated 2.9 million residential VoIP subscribers were served over fiber-to-the-home broadband connections at the end of 2010.[103] While AT&T and Verizon continue to show losses in traditional voice access lines, both companies have posted gains associated with their fiber-based digital voice service offerings. AT&T reported approximately 1.7 million U-verse Voice[104] subscribers at the

[101] A comparison of SEC financials.
[102] Comcast Corporation, Comcast Reports Fourth Quarter and Year End 2010 Results, February 16, 2010, <http://www.cmcsk.com/releasedetail.cfm?ReleaseID=550450>, accessed on March 14, 2011; also, SEC filings.
[103] Yankee Group Research, Inc., "U.S. VoIP Consumer Forecast," December 2003-2013, updated December 2009, provided to FPSC staff via e-mail, March 14, 2011.
[104] U-verse Voice is an IP-based service provided via a fiber-to-the-curb network configuration, often referred to as a fiber-to-the-node, with a copper digital subscriber line (DSL) access line extending from the network node to the subscriber premises.

end of 2010, a substantial increase from the 945,000 connections at the end of 2009.[105] Verizon reported 977,000 FiOS Digital Voice subscribers at the end of first quarter 2011.[106] Verizon has slowed new investment in deployment of its FiOS network, while it seeks to increase penetration in areas where FiOS is already available.[107]

b. Over-the-Top VoIP Providers

Over-the-top VoIP providers offer low-priced independent interconnected VoIP service, but service reliability and call quality varies because calls are transmitted over the public Internet rather than privately managed IP networks.[108] The price advantage enjoyed by over-the-top providers has allowed them to attract a number of customers. VocalTec, Vonage, 8x8, Inc., Skype, and Google are some of the leading over-the-top VoIP providers.

Vonage, a publicly traded company, reported 2.4 million subscribers at the end of 2010, a decline of 30,013 customers since the previous year.[109] 8x8, Inc., which focuses primarily on the business market, ended 2010 with 23,251 customers, a 20 percent increase from the previous year.[110]

Skype's VoIP services consist of its interconnected subscription services SkypeIn and SkypeOut, as well as its free Internet-based peer-to-peer service. Skype reported 663 million registered users worldwide at the end of 2010, which is an increase of 40 percent from 2009. Skype reported 25 million registered users in the U.S at the end of 2010, up 25 percent since mid-year 2010. In the last six months of 2010, Skype's average monthly paying users grew 11 percent, from 1.9 million to 2.1 million.[111]

Google Voice had some 1.4 million registered users in October 2009, 570,000 of which used the service seven days a week.[112] Google Voice provides call management features, voicemail transcription via e-mail, and the ability for users to save text and voicemail messages using a searchable online inbox.

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[105] AT&T 2010 Annual Report, February 11, 2010, <http://www.att.com/Common/about_us/annual_report/pdfs/ATT2010_Full.pdf>, accessed on March 16, 2011.

[106] Verizon Communications' Financial and Operating Information, April 21, 2011 <http://www22.verizon.com/investor/investor.portal>, accessed on May 5, 2011.

[107] "Broadband in America Come sooner, future: Verizon has paid dearly to build a fast network. Now it needs customers," *The Economist*, October 28, 2010, <http://www.economist.com/node/17363790>, accessed on March 16, 2011.

[108] The phrase "over-the-top VoIP" refers to a VoIP service that requires a consumer to obtain broadband access from another company.

[109] Vonage Holdings Corp., 2010 Annual Report - SEC Form 10-K, February 17, 2011, <http://ir.vonage.com/secfiling.cfm?filingID=1193125-11-38059>, accessed on March 17, 2011. Note that about 2.26 million lines (94 percent) serve U.S. subscribers and 144,293 lines serve customers in Canada and the U.K.

[110] 8x8, Inc., Third Quarter of Fiscal 2011 Financial Results - SEC Form 8-K, filed on January 26, 2011, <http://investors.8x8.com/secfiling.cfm?filingID=1136261-11-45>, accessed on March 18, 2011.

[111] Skype, SEC Amended Form S-1, March 4, 2011, <http://sec.gov/Archives/edgar/data/1498209/000119312511056174/ds1a.htm>, accessed on May 20, 2011.

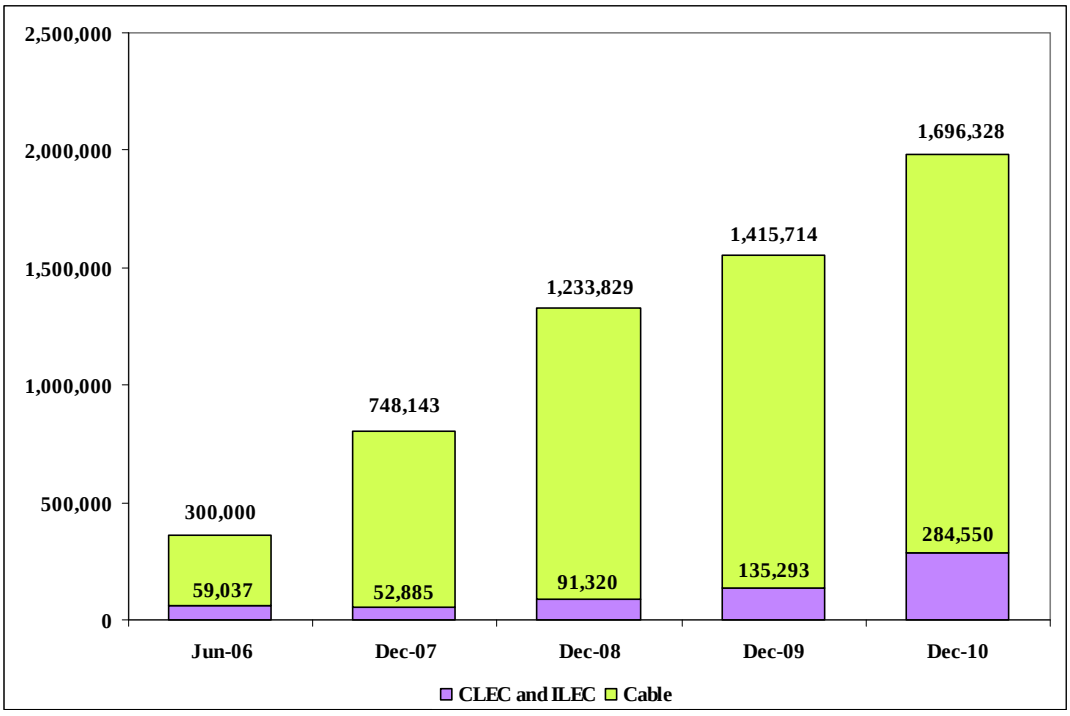
[112] Sam Diaz, "Business Week: 1.4 Million Google Voice Users, Global Push in the Works," *BusinessWeek*, October 30, 2009, http://www.zdnet.com/blog/btl/business-week-14-million-google-voice-users-global-push-in-the-works/26813>, accessed on May 24, 2011.

2. Florida Market

Limitations exist in determining an accurate estimate of VoIP subscribers in Florida because the Commission does not have jurisdiction over VoIP service. The Florida Cable Telecommunications Association voluntarily reported residential VoIP line data for its six largest member providers; in addition, a number of CLECs and ILECs also voluntarily responded to the Commission's data request. In past reports, the Commission has also provided an estimate of over-the-top VoIP subscribers in Florida. Due to the lack of any Florida-specific data for this market segment, a Florida estimate for 2010 is not possible. Based on a review of available data, there are an estimated 2 million residential interconnected VoIP subscribers in Florida. FCC data also supports a conclusion of increasing growth in business VoIP service, reporting 191,000 business interconnected VoIP subscribers as of June 2009 and 319,000 as of June 2010, an increase of 67 percent.[113, 114]

Figure 4-1 shows the number of residential interconnected VoIP lines in Florida as of December 2010, by provider type.

Figure 4-1. Estimated Florida Residential VoIP Access Lines



Source: Responses to FPSC data requests (2007-2011)

[113] FCC, "Local Telephone Competition: Status as of June 2010," Table 10, March 2011, <http://transition.fcc.gov/Daily_Releases/Daily_Business/2011/db0321/DOC-305297A1.pdf>, accessed on May 31, 2011.
[114] FCC, "Local Telephone Competition: Status as of June 2009," Table 10, September 2010, <http://transition.fcc.gov/Daily_Releases/Daily_Business/2011/db0321/DOC-305297A1.pdf>, accessed on May 31, 2011.

The Florida Cable Telecommunications Association reports collectively from its member companies a total of 1.7 million Florida residential cable VoIP subscribers as of December 2010. Florida cable VoIP subscribership increased by 280,614 subscribers, or 20 percent, from a year earlier.[115]

In response to the Commission's data request, 46 CLECs and 4 ILECs provided VoIP line counts. These CLECs and ILECs reported 284,550 residential and 293,796 business VoIP lines as of December 31, 2010, an increase from 135,293 residential and 116,914 business VoIP lines reported for 2009.

C. Broadband

Interest in all things broadband related remains high for consumers and policy makers alike. Consumers and businesses rely on Internet access for more purposes than ever before, from simple inquiries to data storage and retrieval. More electronic devices than ever before integrate Internet access into their functionality, including such devices as e-readers, gaming systems, and Blu-ray video players. The demand for mobile broadband services and devices has also continued to grow. The demand for these and other products and services is forcing service providers and policy makers to address issues such as efficient, consumer friendly network management practices, the provision of services to unserved and underserved areas, and technological innovation to expand network capacity at both a national and local level.

1. National Broadband Trends

A National Telecommunications and Information Administration (NTIA) study released in February 2011, found that more than 68 percent of U.S. households subscribe to broadband services. The NTIA figure is a 5 percent increase from the 63 percent of subscribers the Pew report listed for 2009. The NTIA report also found that while 68 percent of the population are accessing broadband from their homes, an additional 4 percent are accessing it from other locations, including work, school, public libraries, and other people's homes.[116]

Interestingly, while overall subscription did not dramatically increase, certain demographic groups had a much higher rate of adoption than others. Broadband adoption by African Americans increased at least 10 percent, nearly halving the gap in adoption between Caucasians and African Americans in only one year.[117] Other notable demographic trends include:

- Households with family income ranging from $15,000 to $24,999, $25,000 to $34,999, and $35,000 to $49,999 annually each experienced at least a 5 percent

[115] Responses to the FPSC Local Competition Data Request for 2010 and 2011.
[116] NTIA, "Expanding Internet Usage," U.S. Department of Commerce, Washington, D.C., February 2011, p. 5.
[117] Aaron Smith, "Home Broadband 2010," Pew Internet and American Life Project, Washington, D.C., August 11, 2010, p. 2.

increase in adoption, while families with incomes of less than $15,000 and above $50,000 experienced marginal, if any, increase.[118]

- Rural in-home broadband use increased 46 percentage points to reach 60 percent in 2010; however, rural in-home broadband use still lags 11 percentage points behind that of urban households.[119]

- The subscription rate disparity between Americans with no high school diploma and those with a college degree is over 55 percent.

- The age 55 and older group had the highest increases in adoption of any age group, exceeding 50 percent in 2010, an increase of 4 percentage points from 2009.

- People with disabilities have broadband subscription rates of 38 percent, in contrast to 68 percent for the remainder of the population.

- The state with the highest percentage of broadband adoption is Utah, with subscription at nearly 80 percent. Mississippi has the lowest subscription rate at 52 percent.[120]

Approximately 30 percent of Americans do not have access to broadband at home. The NTIA reported that 58 percent of non-adopters cite lack of need or interest for broadband, followed by 18 percent who say it is too expensive.[121] The Pew report found, however, that 48 percent polled were either not interested, thought the Internet was a waste of time, or simply felt that they did not need or want broadband at home. Pew also reported that over 60 percent of non-Internet users stated that they would not be able to access the Internet without help from someone more knowledgeable.[122]

2. Florida Broadband Trends

The percentage of households with broadband access in their homes in Florida was above the national average at 70 percent, a 2 percent increase from 2009, with 9.8 million connections as of June 2010. The FCC reports there are 98 providers of high-speed Internet access in Florida, including 46 DSL providers, 18 cable providers, 34 fiber providers, and 7 mobile wireless providers.[123] The NTIA report provides state specific broadband adoption data, and placed Florida toward the center of the list at number 22 in broadband adoption. Florida is the leader in broadband adoption among southern states.[124]

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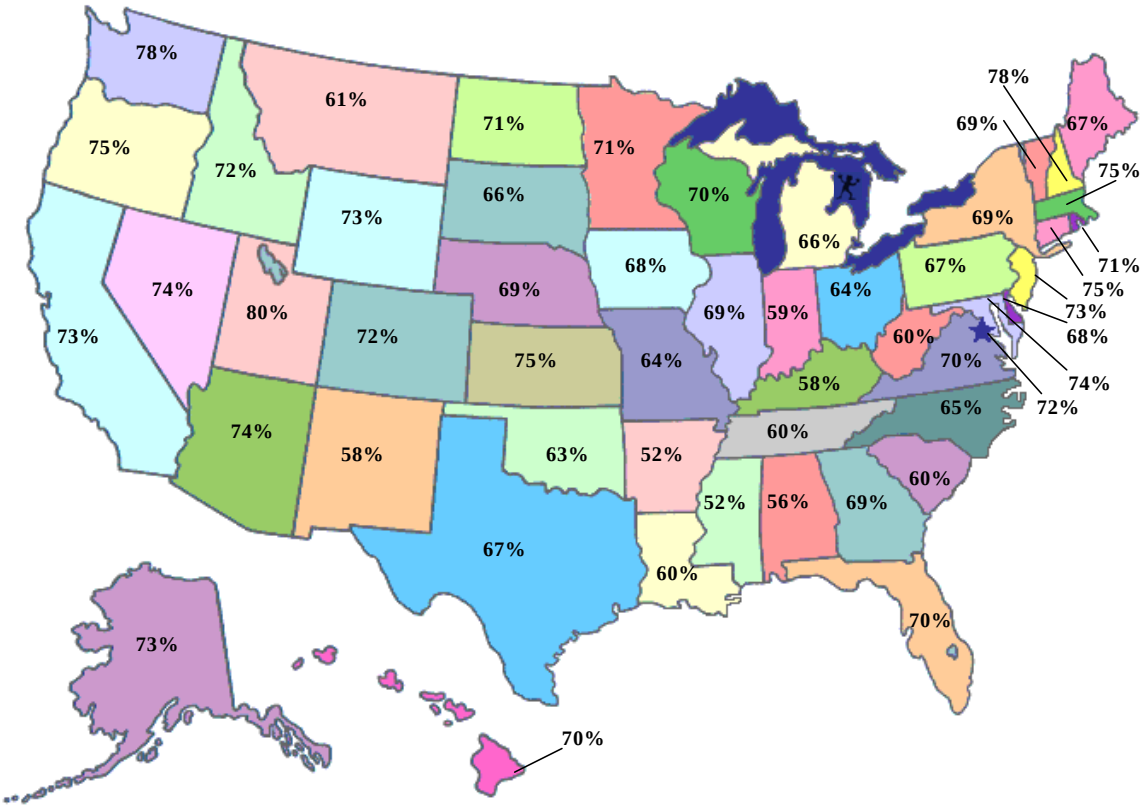
[118] NTIA, "Expanding Internet Usage," U.S. Department of Commerce, Washington, D.C., February 2011, p. 8.
[119] Aaron Smith, "Home Broadband 2010," Pew Internet and American Life Project, Washington, D.C., August 11, 2010, p. 8.
[120] NTIA, "Expanding Internet Usage," U.S. Department of Commerce, Washington, D.C., February 2011, p. 9.
[121] Ibid, p. 35.
[122] Aaron Smith, "Home Broadband 2010," Pew Internet and American Life Project, Washington, D.C., August 11, 2010, pp. 11-12.
[123] Ibid, Tables 16, 18, 20, and 23.
[124] NTIA, "Expanding Internet Usage," U.S. Department of Commerce, Washington, D.C., February 2011, p. 17.

Figure 4-2. Broadband Subscription by State



Source: NTIA

The FCC reported that over half of the broadband subscribers in Florida are served by data speeds that are less than 3 Mbps downstream. Just over 20 percent of those connections exceeding 3 Mbps are also greater than or equal to 10 Mbps downstream. Most of the subscriptions in excess of 3 Mbps are via a cable modem. Despite numerous federal and state projects initiated to increase broadband availability and subscription, data shows that availability of broadband has not measurably increased from 2009 to 2010, with DSL availability still at 91 percent where ILECs offer service and cable modem availability at 98 percent where cable providers offer television service.[125]

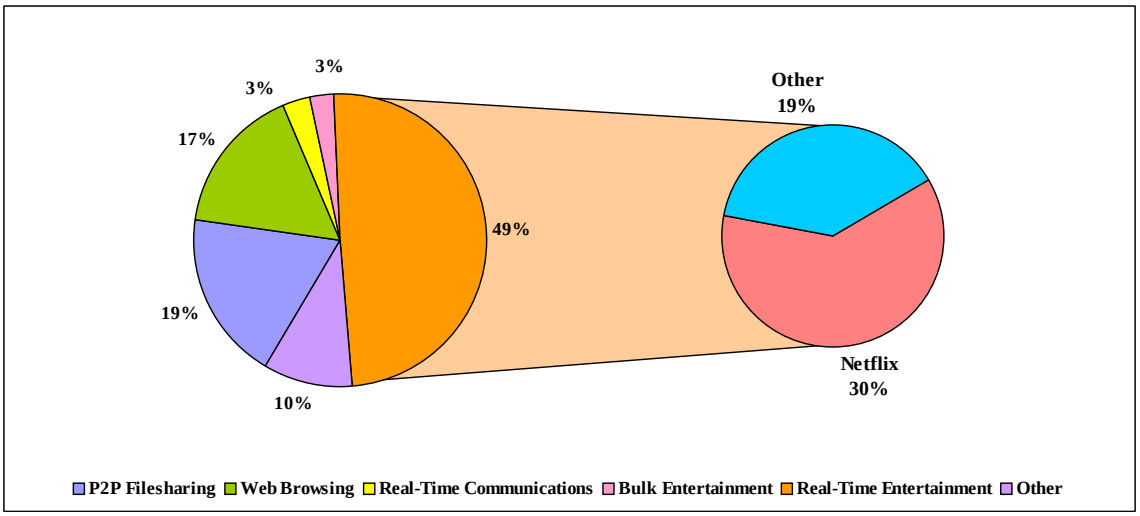
[125] FCC, "Internet Access Services: Status as of June 30, 2010," released March 2011, <http://www.fcc.gov/Daily_Releases/Daily_Business/2011/db0321/DOC-305296A1.pdf>, accessed on April 1, 2011.

3. Technology and Innovation Trends

a. Netflix and Data Caps

Streaming video content is now growing at over 200 percent per year, and a large cause of this growth is Netflix subscribers streaming movies online. Netflix alone is estimated to be responsible for as much as 20 percent of Internet traffic during peak hours in the U.S. For a monthly subscription fee of only $10, consumers can stream unlimited high-definition movies.[126] At the end of 2010, Netflix had over 20 million subscribers.[127]

Figure 4-3. Broadband Usage Types During Peak Hours



Source: Global Broadband Phenomena Report: May 17, 2011, Sandvine

Netflix is emblematic of the changes in how American households are using the Internet now that the majority of consumers have access to broadband. Approximately 30 percent of households already have a gaming system, television, or other video capable device connected to the Internet. The percentage of adults watching at least one program via these devices doubled in 2010, from 5 to 10 percent.[128] With the higher bandwidth requirements of online movies and streaming television shows, cable providers have struggled to keep networks moving smoothly during peak hours. In 2008, Comcast was the first provider to begin imposing a monthly download limit on residential customers to alleviate the increasing demand on its system. The FCC attempted to block this action, but was later struck down in a federal appeals court.[129] As a

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[126] "The Difference Engine: Download Dilemma," *The Economist*, May 6th, 2011, <http://www.economist.com/blogs/babbage/2011/05/net_neutrality?fsrc=scn/fb/wl/bl/thedifferenceenginedownloadilemma>, accessed on May 6, 2011.

[127] "Research Notes; Actionable Research on Broadband, Media & Entertainment Industries," Leichtman Research Group, Durham, NH, 1Q 2011, pp. 1-3.

[128] Ibid.

[129] "The Difference Engine: Download Dilemma," *The Economist*, May 6, 2011, <http://www.economist.com/blogs/babbage/2011/05/net_neutrality?fsrc=scn/fb/wl/bl/thedifferenceenginedownloadilemma>, accessed on May 6, 2011.

result, Comcast, Cox Communications, and Charter Communications currently have usage ceilings in place. AT&T also began to implement usage caps as of May 2, 2011, for its U-verse and DSL customers. By comparison, Verizon has managed to avoid placing similar limitations on its fixed line fiber product, FiOS. Currently, 56 percent of America's fixed-line broadband subscribers have some kind of cap on their data usage, whether overages cause a consumer to incur fees or generate a warning.[130]

b. 4G LTE

The era of bandwidth intensive mobile broadband arrived with the rollout of LTE technology, first by MetroPCS in the fall of 2010,[131] followed by Verizon Wireless in December 2010.[132] Verizon Wireless released its first 4G LTE powered Smartphone, the HTC "Thunderbolt," in March 2011, with advertised speeds of up to 12 Mbps.[133] While T-Mobile and AT&T have advertised products associated with 4G, both networks are actually advanced 3G networks; and the Verizon Wireless network is fully 4G. AT&T has announced its transition to LTE technology once it completes expansion of its 3G network. LTE is considered by many to be a "4G" technology, both because it is faster than 3G and because it uses an "all-IP" architecture where everything (including voice) is handled as data, similar to the Internet.[134] AT&T has announced plans to begin upgrading its network to LTE in mid-2011 and will complete deployment by the end of 2013, the same time announced by Verizon.[135]

Verizon Wireless has initiated a program to facilitate the deployment of 4G LTE infrastructure throughout North America for use by its customers. The Verizon Wireless LTE in the Rural America program was launched in February 2011, and immediately generated interest from over 250 rural carriers. Verizon Wireless works with rural carriers to build and operate 4G LTE networks using the rural carriers' tower, and backhaul assets; Verizon Wireless integrates its equipment and spectrum with the rural carriers' assets. This way, the rural carriers' customers are able to access the latest mobile broadband technology, and Verizon's customers can roam on 4G LTE networks in the rural carriers' service territories.[136] As of the end of April

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[130] Todd Spangler, "Usage Caps Will Now Apply to 56% of Broadband Users," *Multichannel News*, April 29, 2011, <http://www.multichannel.com/article/print/467475Usage_Caps_Will_Now_Apply_To_56_Of_Broadband_Users.php>, accessed on May 2, 2011.

[131] "MetroPCS Launches First 4G LTE Services in the United States and Unveils World's First Commercially Available 4G LTE Phone," MetroPCS Press Release, September 21, 2010, <http://www.metropcs.com/presscenter/articles/mpcs-news-20100921.aspx>, accessed on May 5, 2011.

[132] LTE Information Center, <http://news.vzw.com/LTE/Overview.html>, accessed May on 9, 2011.

[133] Bernie Arnason, "Verizon Sets HTC Thunderbolt Launch, First 4G LTE Smartphone," *Telecompetitor*, March 15, 2011, <http://www.telecompetitor.com/verizon-sets-htc-thunderbolt-launch-first-4g-lte-smartphone/>, accessed on May 9, 2011.

[134] LTE, Glossary, <phonescoop.com, http://www.phonescoop.com/glossary/term.php?gid=355>, accessed on June 7, 2011.

[135] Jason Hiner, "How AT&T and T-Mobile Conjured 4G Networks Out of Thin Air," *Techrepublic*, January 12, 2011, <http://www.techrepublic.com/blog/hiner/how-at-t-and-t-mobile-conjured-4g-networks-out-of-thin-air/7361>, accessed on May 10, 2011.

[136] "Verizon to Roll out LTE to Rural Communities in the South and Midwest," *Intomobile.com*, February 15, 2011, <http://www.intomobile.com/2011/02/17/verizon-to-roll-out-lte-to-rural-communities-in-the-south-and-midwest/2/>, accessed on May 10, 2011.

2011, at least nine rural carriers, including rural mobile and landline providers, have partnered with Verizon Wireless.[137]

[137] Jesse Ward, "Verizon Wireless Expands LTE in Rural America Program to 8 Partners," NCTA, April 18, 2011, <http://www.ntca.org/new-edge/wireless/verizon-wireless-expands-lte-in-rural-america-program-to-8-partners>, accessed on May 10, 2011.

Chapter V. State Activities

A. Intercarrier Disputes

1. Bright House / Verizon Arbitration

Bright House Networks Information Services Florida, LLC, (Bright House) filed a petition for arbitration with Verizon Florida, LLC, on November 3, 2009, pursuant to state and federal law.[138] Initially, over 40 issues were in dispute, including billing, compensation, and pricing issues; however, through negotiations, the parties resolved all but 8 issues prior to hearing. An order was issued on December 3, 2010, requiring the parties to file their interconnection agreement (ICA), incorporating the Commission's decisions on the 8 remaining issues, within 45 days. The parties filed their ICA incorporating the Commission's rulings and the docket has been closed.

2. Qwest's Discrimination Complaint

Qwest Communications Company, LLC (Qwest), filed a complaint on December 11, 2009, regarding rate discrimination in connection with the provision of intrastate switched access services, against a large number of CLECs.[139] On October 22, 2010, the Commission granted Qwest leave to file an amended complaint.

Qwest seeks relief from all parties for engaging in unlawful rate discrimination. Specifically, Qwest alleges that by extending contracts to other interexchange carriers' for switched access, advantages were withheld from Qwest. The complaint further alleges that all parties have failed to abide by their pricelists, and charged Qwest more for switched access than other similarly situated interexchange companies. The Commission has addressed several procedural filings in this docket. While an issue identification meeting has been scheduled, several CLECs have recently filed joint motions to stay and dismiss the proceeding asserting the Commission lacks jurisdiction to hear the complaint based on recent changes in Florida statutes. The motions will be addressed in the near future.

3. AT&T Florida / Sprint Nextel Arbitration

On April 9, 2010, AT&T filed two petitions for arbitration, one with Sprint Communications Company L.P., a CLEC, and the other with Nextel Partners, a wireless

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[138] Docket No. 090501-TP, In re: Petition for arbitration of certain terms and conditions of an interconnection agreement with Verizon Florida, LLC, by Bright House Networks Information Services (Florida), LLC.

[139] Docket No. 090538-TP, In re: Amended Complaint of Qwest Communications Company, LLC against MCImetro Access Transmission Services (d/b/a Verizon Access Transmission Services); XO Communications Services, Inc.; tw telecom of florida, l.p.; Granite Telecommunications, LLC; Broadwing Communications, LLC; Access Point, Inc.; Birch Communications, Inc.; Budget Prepay, Inc.; Bullseye Telecom, Inc.; DeltaCom, Inc.; Ernest Communications, Inc.; Flatel, Inc.; Lightyear Network Solutions, LLC; Navigator Telecommunications, LLC; PaeTec Communications, Inc.; STS Telecom, LLC; US LEC of Florida, LLC; Windstream Nuvox, Inc.; and John Does 1 through 50, for unlawful discrimination.

provider.[140] On July 19, 2010, an issue identification meeting was held and 93 issues were identified as being in dispute. Direct and rebuttal testimonies were filed in accordance with the procedural order and several rounds of discovery were conducted. In early 2011, the parties filed a joint motion to withdraw the petitions and close the dockets. The parties hope to continue negotiations on the issues and also have similar cases pending in other states. The Commission granted the joint motion at its April 5, 2011 Commission Conference and the dockets were closed.

4. AT&T / LifeConnex Dispute

AT&T filed a complaint and petition for relief against LifeConnex Telecom, LLC, f/k/a Swiftel, LLC (LifeConnex), on January 8, 2010. AT&T sought resolution of billing disputes, determination of the amount LifeConnex owes AT&T under the parties' ICA, and a requirement that LifeConnex pay that amount to AT&T.[141] AT&T alleged that LifeConnex purchased telecommunications services from AT&T for resale to consumers. Under the terms of the ICA and federal law, LifeConnex was authorized to receive certain discounts or promotional credits which AT&T applies to its own customers. AT&T asserted that LifeConnex improperly calculated the amount of discounts or credits LifeConnex was entitled to. AT&T also alleged that LifeConnex failed to pay disputed amounts owed to AT&T, as required by the ICA. Instead LifeConnex deducted the amounts in dispute from its payments.

In its response to AT&T's petition, LifeConnex alleged that it was entitled under federal law to the same discounts and promotional credits AT&T offers its own retail customers. As a result, LifeConnex argued that AT&T owed LifeConnex significant monetary compensation, which AT&T refused to pay. LifeConnex also suggested that this matter should either be dismissed or held in abeyance by the Commission pending the results of similar lawsuits pending in federal court and a petition pending at the FCC.

At its July 13, 2010 Commission Conference, the Commission addressed the dispute and granted LifeConnex's Request for Emergency Relief with conditions. Those conditions included:

- AT&T had the right to insist on strict compliance with the payment terms of the ICA beginning from July 13, 2010. If LifeConnex failed to comply with the terms of the ICA, AT&T could take action as authorized by the ICA, including suspension and/or termination of service to LifeConnex.

- Requiring LifeConnex to post a bond in the amount of $1.4 million by July 21, 2010.

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[140] Docket No. 100176-TP, In re: Petition for arbitration of interconnection agreement between BellSouth Telecommunications, Inc. d/b/a AT&T Florida and Sprint Communications Company L.P. and Docket No. 100177-TP, Petition for arbitration of interconnection agreement between BellSouth Telecommunications, Inc. d/b/a AT&T Florida and Sprint Spectrum L.P., Nextel South Corp. and NPCR, Inc. d/b/a Nextel Partners.

[141] Docket No. 100021-TP, In re: Complaint and petition for relief against LifeConnex Telecom, LLC f/k/a Swiftel, LLC by BellSouth Telecommunications, Inc. d/b/a AT&T Florida.

- Requiring LifeConnex to provide notice to its end use customers, within 14 days of the receipt of written notice by AT&T, that AT&T was initiating suspension and/or termination of LifeConnex's service.

On July 21, 2010, LifeConnex notified the Commission that it could not post a bond for $1.4 million and on December 10, 2010, AT&T terminated LifeConnex's ICA.[142]

5. ADT / AT&T Dispute

On November 4, 2010, American Dial Tone, Inc. (ADT) filed a Request for Emergency Relief asking that the Commission prohibit AT&T from suspending, discontinuing, terminating, or otherwise disrupting ADT's service in Florida pending resolution of the disputed matters.[143] According to the request, the proceeding concerns: (1) the suspension of services to ADT, and thus, the services of some 18,500 ADT retail customers, and (2) the proper interpretation of the parties' ICA as to whether and under what conditions, if any, ADT may provide certain wholesale services to another CLEC.

AT&T filed its response and stated that ADT's complaint should be dismissed because AT&T contends it has the right under the ICA to refuse service to ADT for its unlawful use of AT&T Florida's residential services. AT&T argues that ADT's "wholesale arrangement" with its affiliate, LifeConnex violates: (1) the FPSC's Order in Docket No. 100021-TP, (2) the parties' ICA, and (3) AT&T Florida's General Subscriber Services Tariff.

On December 2, 2010, the parties entered into an agreement for AT&T to restore order processing for ADT on its Florida resale accounts on an interim basis, pending resolution of the dispute before the Commission. The docket remains open pending resolution of the original disputes regarding interpretation of the ICA.

6. Bright House / Verizon Access Charge Complaint

Bright House filed a complaint on February 22, 2011, alleging Verizon Florida LLC (Verizon) and MCI Communications Services, Inc., d/b/a/ Verizon Business Services failed to pay Bright House's lawful intrastate access charges for the origination and termination of intrastate interexchange telecommunications service.[144] Bright House notes that on the date the complaint was filed, Verizon had withheld $2.2 million, an amount Bright House contends increases at a rate of approximately $500,000 per month.

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[142] In order to continue to serve its customers, LifeConnex chose to reach a wholesale arrangement with its affiliate American Dial Tone (ADT) whereby LifeConnex would purchase service from ADT. This wholesale arrangement was challenged by AT&T and is the subject of another docket (Docket No. 100432-TP).

[143] Docket No. 100432-TP, In re: Request for emergency relief and complaint of American Dial Tone, Inc. against BellSouth Telecommunications, Inc. d/b/a AT&T Florida to resolve interconnection agreement dispute.

[144] Docket No. 110056-TP, In re: Complaint against Verizon Florida, LLC and MCI Communications Services, Inc. d/b/a Verizon Business Services for failure to pay intrastate access charges for the origination and termination of intrastate interexchange telecommunications service, by Bright House Networks Information Services (Florida), LLC.

The Verizon companies filed a motion on March 14, 2011, requesting that the complaint be dismissed or stayed. In its motion, Verizon alleges, among other things, that since Bright House's end users originate their calls using VoIP technology and Florida Statutes exempt VoIP service from the Commission's jurisdiction, the Commission cannot hear Bright House's complaint. Verizon also argues the same statute exempts intrastate interexchange telecommunications services from the Commission's jurisdiction. In its response, Bright House argues Verizon selectively quotes aspects of Florida Statutes while ignoring statutory provisions that compel the Commission to hear the matter. The Commission is expected to rule on the motion in the near future.

7. Easy Telephone / AT&T Dispute

On March 9, 2011, Easy Telephone Services Company (Easy Telephone) filed a complaint asking for the Commission's assistance in resolving a billing dispute with AT&T.[145] In its complaint Easy Telephone asserts that its current ICA had expired and that AT&T would not allow it to opt into a new ICA unless Easy Telephone paid all open, disputed charges. According to Easy Telephone, it had submitted a total of $1,632,000 in promotions-related disputes to AT&T, which remain open and unresolved.[146]

AT&T Florida filed its response to the complaint and a motion to dismiss the complaint on March 29, 2011, stating that Easy Telephone is not entitled to any relief. AT&T argues, among other things, that Easy Telephone admits that the parties' ICA does not allow Easy Telephone to withhold disputed amounts. The Commission is expected to address this matter at a Commission Conference in the near future.

8. Express Phone / AT&T Disputes

Express Phone Service, Inc. (Express Phone) and AT&T have two significant disputes pending before the Commission. The first is Express Phone's March 15, 2011, emergency complaint requesting emergency relief to avoid customer disconnection. The emergency complaint states that on March 18, 2011, AT&T intended to improperly disrupt Express Phone's service order provisioning, and ultimately cut off all services to existing Express Phone customers due to billing disputes arising out of the parties' ICA.[147] The second dispute relates to Express Phone's allegation that AT&T failed to honor Express Phone's request to opt into (adopt) the ICA between AT&T and another CLEC. The alleged failure would violate the Federal Telecommunications Act.

On April 4, 2011, AT&T filed its response arguing that Express Phone had not honored its commitments under the ICA but instead, under the guise of a billing dispute, has stopped

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[145] Docket No. 110065-TP, In re: Complaint for relief by Easy Telephone Services Company against BellSouth Telecommunications, Inc. d/b/a AT&T Florida for dispute over interpretation of interconnection agreement regarding cash back promotions.

[146] Easy Telephone was disconnected by AT&T on March 15, 2011.

[147] Express Phone states that the billing disputes stem from the calculation/application of promotional credits for resold services.

paying its bills contrary to ICA language which states that Express Phone must "make payment to [AT&T Florida] for all services billed including disputed amounts."

AT&T opposed Express Phone's request to adopt a different agreement alleging Express Phone had no right to switch from one ICA to another in mid-stream since the current ICA is in effect until November 2011. At its June 14, 2011 Conference the FPSC addressed both disputes and found that Express Phone could not adopt a different ICA because it was in material breach of its existing ICA and that the billing disputes regarding promotional credits can only be resolved after an evidentiary hearing is held to gather additional data.[148]

9. Wholesale Performance Measurement Plans

Wholesale performance measurement plans provide a standard against which the Commission can measure performance over time to detect and correct any degradation in the quality of service ILECs provide to CLECs. The Commission adopted performance measurements for AT&T in August 2001, for CenturyLink in January 2003, and for Verizon in June 2003. Trending analysis is applied to monthly performance measurement data provided by each ILEC.

For AT&T, the Commission approved a settlement agreement in August 2010 between AT&T and interested parties that made revisions to the current Performance Assessment Plan. The parties agreed that the current remedy structure was no longer appropriate based on market conditions. Remedies that AT&T paid to the State of Florida, to maintain an appropriate financial incentive to ensure AT&T's level of service to CLECs, were removed from the Performance Assessment Plan beginning in August 2010. However, the parties agreed to increase the remedies AT&T pays directly to Florida CLECs. AT&T's approved Performance Assessment Plan consists of 47 measurements, of which 24 measurements have remedies applied to them. For the calendar year 2010, AT&T paid approximately $770,107 in remedies to CLECs.

CenturyLink's current Performance Measurement Plan contains 36 performance measures designed to ascertain if the ILEC is providing nondiscriminatory service to CLECs. CenturyLink furnishes monthly performance reports to the Commission for review and assessment. The company also prepares a monthly root cause analysis report of measurements that have not met established standards for three consecutive months. For the 2010 calendar year, CenturyLink's monthly compliance with established standards has ranged from 88.6 percent to 92.2 percent.

Verizon's current Performance Measurement Plan contains more than 40 measures. Under this plan, Verizon furnishes monthly performance reports to the Commission for review and assessment. For the calendar year 2010, Verizon's monthly compliance with approved standards ranged from 85.5 percent to 89.2 percent.

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[148] Docket No. 110087-TP, In re: Notice of adoption of existing interconnection, unbundling, resale, and collocation agreement between BellSouth Telecommunications, Inc. d/b/a AT&T Florida d/b/a AT&T Southeast and Image Access, Inc. d/b/a NewPhone, Inc. by Express Phone Service, Inc.

B. Florida Broadband ARRA Projects

Two programs in Florida that received funding from the Broadband Opportunities Program under the American Recovery and Reinvestment Act (ARRA) are the North Florida Broadband Authority (NFBA) and the Florida Rural Broadband Alliance (FRBA). The NFBA project focuses on the build-out of middle mile infrastructure in 15 north Florida and panhandle counties.[149] These north Florida counties constitute a Rural Area of Economic Concern as designated by Governor Jeb Bush and for which increasing broadband access is a priority. The NFBA plans to provide speeds of up to 1 Gbps to these areas within the next three years. The NFBA network will cover over 154,000 households and 26,893 businesses, support community anchor institutions, and encourage private investment in last mile infrastructure.[150]

The FRBA is also focusing on middle-mile deployment and received $23.7 million to improve access in another Rural Area of Economic Concern in central Florida and several additional counties in northwest Florida. FRBA will be building out middle-mile infrastructure in seven central Florida and eight northwest Florida counties.[151] While these counties represent 20 percent of the land area of Florida, according to the FRBA website, the area lags behind the rest of the state with only 39 percent of the population having access to broadband. The FRBA also expects to generate over 200 jobs in these rural areas of Florida.[152]

The Department of Management Services also received ARRA funding for broadband mapping. In May 2009, the initial phase of Florida's mapping project was completed and an interactive map showing the availability of broadband in the state went live.[153] A portion of the mapping grant, $500,000, was to be used specifically for planning over a five-year period. A focus of the planning grant is to research and analyze how government and anchor institutions in Florida are using, procuring, and providing broadband services. In addition, funded analysis should determine if there are options to optimize broadband investments through leveraging demand aggregation. The Department of Management Services commissioned the University of Florida's Public Utility Research Center (PURC) to provide research that will be used to determine how the state can most cost effectively facilitate broadband availability for certain anchor institutions.

PURC issued its findings in a February 2011 report, *Strategic Planning for Florida Governmental Broadband Capabilities*. The report found that the lack of an overall strategic plan for broadband provision in the state led to conflicts and disagreements over who could and should plan broadband procurement for state and local entities.[154] An additional finding shows that the efficiency and effectiveness of governmental broadband service procurement in Florida

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[149] The counties include Baker, Bradford, Columbia, Dixie, Gilchrist, Hamilton, Jefferson, Lafayette, Levy, Madison, Putnam, Suwanee, Taylor, Union, and Wakulla Counties.

[150] North Florida Broadband Authority, <http://www.nfba-fl.org/Purpose.asp>, accessed on April 28, 2011.

[151] Hendry, Glades, Okeechobee, Desoto, Highlands, Hardee, and Collier counties in central Florida; Calhoun, Franklin, Gadsden, Gulf, Holmes, Jackson, Liberty and Washington counties in northwest Florida.

[152] Florida Rural Broadband Alliance, <http://www.weconnectflorida.com/>, accessed on April 28, 2011.

[153] The map can be accessed at http://connect-florida.org/.

[154] Dave Brevitz, Herb Cash, et al, "Strategic Planning for Florida Governmental Broadband Capabilities," Public Utility Research Center, University of Florida, February 28, 2011, p. 86, <http://warrington.ufl.edu/purc/docs/StrategicPlanFLGovBroadbandCapabilities.pdf>, accessed on May 31, 2011.

would not be significantly impacted by changes in the current delivery model. PURC found no compelling reason to change the degree of centralization or the modes of insourcing or outsourcing currently in practice.[155]

The PURC report recommends that the state develop an overall strategic plan that covers all governmental entities for information technology and communications needs, including broadband. The strategic plan should include the following features:

Goals and Objectives. Set the desired outcomes for governmental use of broadband. The goals should explain priorities for operational efficiency, value, and effectiveness of government services and taxpayer impacts.

Service Delivery Modes. Explain how government entities would obtain broadband services, including various forms of insourcing and outsourcing.

Collaboration and Centralization. Address how government entities may join to procure and use broadband, identify barriers preventing collaboration, and suggest ways to resolve or overcome those barriers.

Performance Assessment. Develop assessment plans for the implementation of the strategic plan by various government entities and vendors and determine how those assessments will be used to update practices.[156]

Governance. Describe the division of authority and accountability to be followed across government entities to implement the strategic plan.

C. State Legislation

CS/CS/HB 1231, the Regulatory Reform Act, was signed by Governor Scott on May 5, 2011, and became effective July 1, 2011. The bill eliminated retail regulation of local exchange telecommunications services by the FPSC, including the elimination of rate caps on all retail telecommunications services; elimination of telecommunications related consumer protection and assistance duties of the FPSC; and the elimination of FPSC oversight of telecommunications service quality. The bill also reforms the FPSC's certification processes, authority over intercarrier matters, and other general provisions.

Some specific areas where FPSC retail jurisdiction is reduced or eliminated include:

- Repeal of the requirements to provide a flat-rate pricing option for local service and to inform new subscribers of the least cost service option.

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[155] Dave Brevitz, Herb Cash, et al, "Strategic Planning for Florida Governmental Broadband Capabilities," Public Utility Research Center, University of Florida, February 28, 2011, p. 88, <http://warrington.ufl.edu/purc/docs/StrategicPlanFLGovBroadbandCapabilities.pdf>, accessed on May 31, 2011.
[156] Ibid, p. 86.

- Repeal of the authority to designate wireless carriers as Eligible Telecommunications Carriers (ETCs) for the purpose of receiving USF benefits (including Lifeline).[157]

- Repeal of the provision allowing ILECs to recover storm damages through a Commission approved surcharge.

- Elimination of the Commission's authority to compel repairs, rendering unenforceable the Commission-ordered pole inspection program.

- Repeal of the requirement that the Commission disseminate information to consumers to assist in understanding the competitive market and billing related issues.

- Repeal of the requirement that the Commission provide informational materials and conduct outreach to inform consumers of the benefits available through the Lifeline program (the Commission may continue to do so but is no longer required).

- Repeal of a specific prohibition against discriminatory pricing of telecommunications services.

- Repeal of the Commission's authority to resolve retail billing and service complaints.

- Repeal of specific consumer protection relating to cramming.

- Restriction of slamming complaints to those filed by carriers against other carriers.

Statutes related to the Commission's authority over intercarrier issues were also amended to consolidate authority into a single section. The Commission retains authority over intercarrier disputes, arbitrations, and interconnection agreements as well as authority over numbering issues such as area code exhaust.

Finally, the Commission must, by August 1, 2011, initiate rulemaking to reduce the regulatory assessment fee factor for telecommunications companies to reflect the reduction in regulation resulting from the amendments to Chapter 364, F.S., that took affect July 1, 2011.

[157] Wireless carriers seeking ETC designation in Florida must now petition the FCC for such designation.

Chapter VI. Federal Activities

A. Universal Service

Consumers in Florida pay significantly more into the federal USF than what is returned to eligible service providers in Florida.[158] For this reason, the FPSC continues to actively monitor and participate in ongoing proceedings at the FCC and with the Federal-State Joint Board on Universal Service (Joint Board). Table 6-1 shows Florida's estimated contribution and receipts for 2009. Florida was a net recipient in the low-income support programs (Lifeline and Link-Up) for the first time in 2009. Low-income is one of four broad support categories that comprise the federal universal service program.

Table 6-1. 2009 Federal Universal Service Programs in Florida
(Annual Payments and Contributions in Thousands of Dollars)

	Payments to Service Providers 2009	Estimated Contributions from Consumers 2009	Estimated Net 2009	Estimated Net 2008
High-Cost	$70,395	$285,907	($215,511)	($219,566)
Low Income	74,720	68,289	6,431	(30,033)
Schools & Libraries	75,933	125,116	(49,183)	(40,365)
Rural Health Care	854	4,043	(3,189)	(3,009)
Total[159]	$221,903	$495,839	($273,936)	($304,268)

Source: FCC Universal Service Monitoring Report, Table 1.12 (2009-2010)

1. Reform of Universal Service and Intercarrier Compensation

The FCC issued two comprehensive notices relating to the National Broadband Plan (NBP), one in April 2010 and another in February 2011. The first notice was a combined Notice of Inquiry (NOI) and Notice of Proposed Rulemaking (NPRM). The NOI sought comment in three areas:

- How to modify existing support mechanisms in order to transition them from voice support to both voice and broadband support.

[158] FCC, "Universal Service Monitoring Report," CC Docket No. 98-202, released December 30, 2010, Table 1.12, <http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-303886A3.pdf>, accessed on May 12, 2011.
[159] The total contribution in this table includes approximately $12.5 million in administrative expenses for the Universal Service Administrative Company.

- Proposals to modify the existing voice support mechanisms in order to keep the size of the fund in check.

- The best way to target funding toward deployment of broadband networks in unserved areas, while the FCC is considering final rules to implement the new Connect America Fund (CAF).

The NPRM asked for comments on proposals to cut legacy universal service spending on voice services in high-cost areas and to shift support to broadband communications. These proposals included:

- Capping the overall size of the high-cost program at 2010 levels.

- Re-examining the current regulatory framework for smaller carriers in light of competition and growth in unregulated revenues.

- Phasing out support for multiple competitors in areas where the market cannot support even one provider.

The FPSC filed comments with the FCC on August 11, 2010, in which the FPSC supported capping the high-cost fund size for all carriers. The FPSC also urged the FCC to adopt several other refinements that would make the fund more efficient and posture the fund for the transition to support broadband and voice services.

On February 9, 2011, the FCC released a 289-page notice following up on its previous NPRM related to the NBP. The FCC sought comment on proposed reforms to both the high-cost universal service programs and intercarrier compensation (ICC) regimes. The FCC proposed transitions that it believes will facilitate adaptation to reforms. Comments filed by the FPSC on April 14, 2011, supported:

- The transition from a voice oriented fund to one that supports both voice and broadband.

- Limitations on per line support levels.

- The creation of a fund cap.

- A reduction in the size of the fund when savings result from adopted reforms.

2. Reform of Lifeline and Link-Up[160]

On May 4, 2010, the FCC asked the Joint Board to review the rules relating to the federal

[160] The Lifeline and Link-Up programs under the Universal Service Fund provide support to qualifying low-income consumers to ensure access to telephone service.

Lifeline and Link-Up programs.[161] The FCC sought changes to these programs designed to forestall potential differences between federal and state rules that govern customer eligibility. The FCC also asked the Joint Board to comment on best practices among states for effective verification of customer eligibility and the use of various outreach and enrollment programs. Finally, the FCC sought comment on expansion of the low-income program to include broadband services, as recommended in the NBP.

On June 14, 2010, the Joint Board released a Public Notice seeking comment on these questions. Accordingly, the FPSC filed comments in this proceeding taking the following positions:

- Supported, but did not mandate, the use of automatic enrollment processes for Lifeline such as are used in Florida.
- Supported the use of electronic certification and verification for Lifeline.
- Encouraged the FCC to expand the definition of "household" to include residents of group living facilities.

The Joint Board issued its Recommended Decision to the FCC in November 2010, urging the FCC to encourage automatic enrollment as a best practice for all states.[162] The Joint Board recommended that the FCC adopt uniform minimum verification procedures and sampling criteria that would apply to all ETCs in all states. The Recommended Decision would allow states to use different and/or additional verification procedures as long as these procedures are at least as effective in detecting waste, fraud, and abuse as the uniform minimum required procedures. The Joint Board also called for adoption of mandatory outreach requirements for all ETCs that receive low-income support.

In March 2011, the FCC sought comment on the recommendations of the Joint Board as well as on the concerns identified by the Government Accounting Office and proposals from the NBP to reform the low-income programs. The FPSC filed comments with the FCC on April 6, 2011, addressing a number of issues including the following recommendations to:

- Codify rules to facilitate the elimination of duplicative support.
- Require all ETCs seeking Link-Up reimbursement to submit cost support to USAC for the revenues they forgo in reducing their customary charges.
- Fund broadband services within the Lifeline program only if the program is capped and support is only for one service, either voice or broadband.

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[161] FCC 10-72, Order, CC Docket No 96-45 and WC Docket No. 03-109, released on May 4, 2010, <http://hraunfoss.fcc.gov/edocs_public/attachmatch/FCC-10-72A1.pdf>, accessed on May 5, 2010.
[162] FCC 10J-3, Recommended Decision, CC Docket No. 96-45 and WC Docket No. 03-109, released on November 4, 2010, <http://hraunfoss.fcc.gov/edocs_public/attachmatch/FCC-10J-3A1.pdf>, accessed on May 13, 2011.

- Create a Lifeline database to verify consumer eligibility, track verification, and check for duplicates to ensure greater program accountability. Require that the proposed database be operated under strict confidentiality provisions.

3. Afterhours Use of Internet Connections at Schools Receiving E-rate Funding

The FCC released an order, on February 19, 2010, to waive its rules to allow schools that receive support from the schools and libraries program (or E-rate program) to permit members of the public to use the schools' Internet access during non-operating hours.[163] This action was intended to leverage universal service funding to serve a larger population at no increased cost to the E-rate program.

Previously, FCC rules required schools to certify that they would use E-rate funded services solely for "educational purposes."[164] As a result, services and facilities purchased by schools using E-rate funding remained largely unused during evenings, weekends, school holidays, and summer breaks. The waiver of the FCC's rules was effective through June 30, 2011, and subject to several conditions;[165] however, on September 21, 2010, the FCC released an order making these changes permanent.[166]

4. Mobility Fund

On October 14, 2010, the FCC released a NPRM seeking comment on the creation of a Mobility Fund to build wireless networks capable of providing broadband to unserved, rural, and insular areas.[167] The new Mobility Fund would use surrendered high-cost universal service support from Verizon Wireless and Sprint to provide support to participating carriers.[168] As a result, the creation of this new program would not result in growth to the federal USF. The FCC contends that mobility gaps are a challenge for residents, public safety first responders, businesses, public institutions, and travelers, particularly in rural areas.

This NPRM is consistent with a key recommendation of the NBP and would use $100 million to $300 million from the USF to fund the program. Under the Mobility Fund, support would be distributed on a one-time basis using a reverse auction mechanism to target consumers

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[163] FCC 10-33, CC Docket No. 02-6, Order and Notice of Proposed Rulemaking, released February 19, 2010, <http://hraunfoss.fcc.gov/edocs_public/attachmatch/FCC-10-33A1.pdf>, accessed on May 5, 2010.

[164] Educational purposes are defined as activities that are integral, immediate, and proximate to the education of students.

[165] These conditions are: (1) schools participating in the E-rate program are not permitted to request more services than are necessary for "educational purposes," (2) any community use of E-rate funded services at a school facility is limited to non-operating hours, and (3) schools may not resell discounted services or network capacity.

[166] FCC 10-175, Sixth Report and Order, CC Docket No. 02-6 and GN Docket No. 09-51, released September 28, 2010, <http://hraunfoss.fcc.gov/edocs_public/attachmatch/FCC-10-175A1.pdf>, accessed on May 13, 2011.

[167] FCC 10-182, Notice of Proposed Rulemaking, WT Docket No. 10-208, released October 14, 2010, <http://hraunfoss.fcc.gov/edocs_public/attachmatch/FCC-10-182A1.pdf>, accessed on May 16, 2011.

[168] The FCC conditioned its merger approval for ALLTEL / Verizon Wireless and Sprint Nextel / Clearwire on the carriers' voluntary commitments to surrender their high-cost universal service support in equal 20 percent increments over a period of five years from the closing date of the transactions. The amount of surrendered support would be $100 million to $300 million.

in areas without advanced mobile services.[169] The FCC also asked for comment on whether to make support available to any unserved area or to target support by making it available in a limited set of unserved areas. Finally, the NPRM sought input on minimum performance and coverage requirements that should be established for the service to be supported by the Mobility Fund. The FPSC filed comments on January 13, 2011, conditioning support of the proposed Mobility Fund only if it:

- Uses only reclaimed support.
- Is non-recurring in nature.
- Does not increase the overall size of the USF.
- Addresses the statutory definition issues within the Telecommunications Act prior to distributing support.[170]

B. Broadband

1. National Broadband Plan

The FCC claims in its NBP progress report that 80 percent of its goals for first year implementation have been accomplished.[171] Most of the actions to date consist of releasing documents, requesting comment on rule changes, and conducting workshops and forums. One of the most notable documents released was an NPRM outlining a comprehensive overhaul of the USF. The FCC has also been working on developing a nationwide public safety network and wireless 911 capabilities in accordance with the NBP.

In the first quarter of 2011, FCC Chairman Genachowski was focused on a perceived wireless spectrum shortage and is making an effort to garner public support for steps to reallocate spectrum as outlined in the NBP. In a speech before the Telecommunications Industry Association on May 9, 2011, Chairman Genachowski referred to spectrum as the "oxygen that ultimately sustains the mobile revolution," and mentioned that smartphones place 24 times more demand on existing spectrum than older "feature phones." Electronic tablets, such as iPads, use 120 times as much spectrum. Reallocation of existing and unused spectrum is a key aspect of the NBP, which calls for broadcasters to make available significant portions of their spectrum holdings to accommodate increasing demand for wireless broadband services.

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[169] A reverse auction is an auction in which potential service providers bid for support by proposing the lowest amount of funding they would require to serve areas that are currently unserved.
[170] 47 U.S.C. § 254(c)(1).
[171] A complete list of FCC completed actions by the FCC relating to the NBP can be found at http://www.broadband.gov/plan/broadband-progress-report.html.

2. Broadband Data Collection

On February 17, 2011, the NTIA released the National Broadband Map.[172] The map includes data collected from every U.S. state and territory and includes 25 million searchable records that display broadband technologies, speeds, providers, and availability. There is a legislative mandate for continued research and for the data contained within the map to be updated every six months. The map shows that 5 to 10 percent of the population lacks access to broadband at speeds necessary to perform basic online activities such as streaming video and downloading images. The map was created using state grants from the Broadband Data Improvement Act.[173] Each state was given funds in order to collect broadband data and construct a state broadband map.[174]

3. Network Neutrality and Internet Network Management

In October 2009, the FCC released an NPRM seeking comment on proposed rules for maintaining an open and free Internet.[175] While the FCC was reviewing stakeholder comments and further developing the public record on Open Internet and Net Neutrality issues, the U.S. Court of Appeals, D.C. Circuit, sided against the FCC in a case involving Comcast. The court ruled that the FCC's attempt to penalize the cable operator for prioritizing different types of traffic, in what the FCC believed to be a "discriminatory" fashion, was beyond the scope of its authority.[176] On December 21, 2010, the FCC adopted a Report and Order In the Matter of Preserving the Open Internet / Broadband Industry Practices which established rules to codify the FCC's existing principles relating to an open Internet, otherwise known as Network Neutrality. Those principles are transparency, no blocking of content, no unreasonable discrimination, and reasonable network management.[177]

Immediately thereafter, Verizon Communications and MetroPCS filed lawsuits contesting the principles of Network Neutrality stating that the FCC does not have the authority "to impose or enforce rules governing traffic management on their networks." Providers contend that they should be able to manage their network traffic, especially certain bandwidth intensive applications and at peak times, to maintain network performance. The FCC and consumers believe, however, that providers may use this ability to intentionally degrade services that compete with their offerings and limit the open and free nature of the Internet which has fostered innovation and economic growth. Despite the fact that the Order had not yet been published in the Federal Register, the companies pursued the suits in a time frame that would land the case in

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[172] The National Broadband Map can be accessed at http://broadbandmap.gov/technology.

[173] NTIA, "Commerce's NTIA Unveils National Broadband Map and New Broadband Adoption Survey Results," February 17, 2011, <http://www.ntia.doc.gov/press/2011/NationalBroadbandMap_02172011.html>, accessed on May 15, 2011.

[174] The interactive broadband map for the State of Florida can be located at http://connect-florida.org/.

[175] The FCC Open Internet NPRM can be downloaded from http://www.openinternet.gov/get-informed.html.

[176] *Comcast Corporation v. FCC*, U.S. Court of Appeals, D.C. Circuit, No. 08-1291, April 6, 2010, <http://www.cadc.uscourts.gov/internet/opinions.nsf/EA10373FA9C20DEA85257807005BD63F/$file/08-1291-1238302.pdf>, accessed on May 19, 2010.

[177] FCC, "In the Matter of Preserving the Open Internet / Broadband Industry Practices," GN Docket No. 09-191, released December 23, 20101, <http://hraunfoss.fcc.gov/edocs_public/attachmatch/FCC-10-201A1.pdf>, accessed on May 19, 2011.

front of the same court that had sided against the FCC in the Comcast case. On April 5, 2011, the U.S. Court of Appeals, D.C. Circuit, dismissed the suits as premature.[178]

C. Funding for Video Relay Service

On June 28, 2010, the FCC released a NOI regarding Video Relay Services (VRS).[179] VRS allows persons with hearing or speech disabilities to use American Sign Language over the Internet to communicate in near real time.[180] The Notice sought comment on ideas to make the VRS program work better for those who could receive benefit as well as those who pay into it. Among other issues, the FCC sought comments on whether states should be required to pay the intrastate costs of VRS. At this time, Florida does not pay for any VRS costs. All VRS costs are paid out of the interstate Telecommunications Relay Service Fund. If the costs are transferred from the interstate fund to the intrastate fund, Florida will be responsible for an estimated additional amount of $32 million a year. Current Florida statutes establish a $0.25 per access line, per month cap on the amount of the Telecommunications Relay Service (TRS) surcharge. If the FCC requires states to pay the intrastate portion of VRS costs, the TRS surcharge may have to be increased, and if competitive bidding of VRS contracts is required, the Florida statute providing for a single provider of TRS in Florida may have to be changed. The FPSC filed comments on August 18, 2010, urging the FCC to consider the following points:

- If the VRS becomes a mandated service of TRS, it should continue to be funded through the Interstate TRS Fund.
- If state funding of Intrastate VRS is mandated, it should not occur until the FCC resolves the fraudulent use of VRS.
- The jurisdictional separation issues must be resolved before determining the jurisdictional costs and associated funding of VRS.
- If states are required to assume intrastate VRS costs, the FCC must allow time for states to make legislative changes.

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[178] Amy Schatz, "Appeals Court Tosses out 'Net Neutrality' Lawsuits," *The Wall Street Journal*, April 5, 2011, <http://online.wsj.com/article/SB10001424052748703806304576242910270033204.html>, accessed on May 19, 2011.

[179] FCC 10-111, Notice of Inquiry, CG Docket No. 10-51, released June 28, 2010, <http://hraunfoss.fcc.gov/edocs_public/attachmatch/FCC-10-111A1.pdf >, accessed on May 17, 2011.

[180] VRS replaces the TTY-to-TTY link between telecommunications relay services user and a communications assistant with a video-to-video link, allowing a person who uses sign language to communicate with another individual through a communications assistant who can communicate in sign language. The communications assistant interprets the call by voicing what the user signs to the hearing individual, and signing back the hearing individual's responses.

Appendix A. List of Certificated CLECs as 12/31/10

**Indicates that the company did not respond to the Commission's data request.
^^Indicates that the company is in the process of having its certificate cancelled or has a pending bankruptcy.

360networks (USA) inc.
AboveNet Communications, Inc.
Absolute Home Phones, Inc.
Access Communications, LLC.
Access One, Inc.
Access Point, Inc.
ACN Communication Services, Inc.
^^Advantage Group of Florida Communications, L.L.C.
Aero Communications, LLC
Affordable Phone Services, Inc.
Airespring, Inc.
ALEC, Inc.
All American Telecom, Inc.
Alternative Phone, Inc.
American Dial Tone, Inc.
**American Fiber Network, Inc.
American Telephone Company LLC
Americatel Corporation
ANEW Broadband, Inc.
Assurance Home Phone Services, Inc.
Astro Tel, Inc.
AT&T Communications of the Southern States, LLC d/b/a AT&T
ATC Outdoor DAS, LLC
Atlantic.Net Broadband, Inc.
ATN, Inc. d/b/a AMTEL NETWORK, INC.
Backbone Communications Inc.
Baldwin County Internet/DSSI Service, L.L.C.
Bandwidth.com CLEC, LLC
BCN Telecom, Inc.
Bellerud Communications, LLC
BellSouth Long Distance, Inc. d/b/a AT&T Long Distance Service
BellSouth Telecommunications, Inc. d/b/a AT&T Florida d/b/a AT&T Southeast
Benchmark Communications, LLC d/b/a Com One
BetterWorld Telecom LLC d/b/a BetterWorld Telecom
Birch Communications, Inc.
Birch Telecom of the South, Inc. d/b/a Birch Telecom d/b/a Birch d/b/a Birch Communications
Bright House Networks Information Services (Florida), LLC
Broadband Communities of Florida, Inc.
Broadband Dynamics, L.L.C.
BroadRiver Communication Corporation
Broadstar, LLC d/b/a PrimeCast
Broadview Networks, Inc.
Broadvox-CLEC, LLC
Broadwing Communications, LLC
Brydels Communications, LLC
BT Communications Sales LLC
BTEL, Inc.
Budget PrePay, Inc. d/b/a Budget Phone
BudgeTel Systems, Inc.
BullsEye Telecom, Inc.
Business Telecom, Inc. d/b/a BTI
Campus Communications Group, Inc.
Cbeyond Communications, LLC
Centennial Florida Switch Corp.
Century Tel Fiber Company II, LLC d/b/a LightCore, a CenturyLink limited liability company
Cincinnati Bell Any Distance Inc.
City of Daytona Beach
City of Gainesville, a municipal corporation d/b/a GRUCom
City of Lakeland
City of Ocala
City of Quincy d/b/a netquincy d/b/a netquincy.com d/b/a www.netquincy.com
Clear Rate Communications, Inc.

Appendix A. List of Certificated CLECs as 12/31/10

Cogent Communications of Florida LHC, Inc.
Comcast Business Communications, LLC d/b/a Comcast Long Distance
Comcast Phone of Florida, LLC d/b/a Comcast Digital Phone d/b/a CIMCO, a Division of Comcast Business Services
ComNet (USA) LLC
Comtech21, LLC
Conextel, Inc.
Convergia, Inc.
Cordia Communications Corp.
CoreTel Florida, Inc. d/b/a CoreTel
Covista, Inc.
Cox Florida Telcom, L.P. d/b/a Cox Communications d/b/a Cox Business d/b/a Cox
Crexendo Business Solutions, Inc.
Custom Network Solutions, Inc.
^^Cypress Communications Operating Company, LLC
Dedicated Fiber Systems, Inc.
DeltaCom, Inc.
Dialtone Telecom, LLC
DIECA Communications, Inc. d/b/a Covad Communications Company
Digital Express, Inc.
DIGITALIPVOICE, INC.
^^Discount Phone Services, Inc.
DPI Teleconnect, L.L.C.
DRS Training & Control Systems, LLC.
DSCI Corporation
DSL Internet Corporation d/b/a DSLi
DSLnet Communications, LLC
DukeNet Communications, LLC
Easy Telephone Services Company
ElectroNet Intermedia Consulting, Inc.
Embarq Communications, Inc. d/b/a CenturyLink Communications
ENA Services, LLC
Enhanced Communications Network, Inc. d/b/a Asian American Association
Entelegent Solutions, Inc.
Ernest Communications, Inc.
EveryCall Communications, Inc.
Excelacom Light, LLC.
Express Phone Service, Inc.
ExteNet Systems, Inc.
Fast Phones, Inc. of Alabama
FiberLight, LLC
First Choice Technology, Inc.
First Communications, LLC
FL CLEC LLC
FLATEL, Inc.
FlatPhone, Inc. d/b/a FlatPhone
Florida Hearing and Telephone Corporation d/b/a Florida Hearing and Telephone
Florida Multi Media Services, Inc. d/b/a Florida Multi Media
Florida Phone Systems, Inc.
Florida Telephone Services, LLC
Fort Pierce Utilities Authority d/b/a GigaBand Communications
FPL FiberNet, LLC
France Telecom Corporate Solutions L.L.C.
Frontier Communications of America, Inc.
American Dial Tone
General Computer Services, Inc. d/b/a BeCruising Telecom
Georgia Public Web, Inc.
^^Global Capacity Direct, LLC
^^Global Capacity Group, Inc.
Global Connection Inc. of America (of Georgia)
Global Crossing Local Services, Inc.
Global Crossing Telemanagement, Inc.
Global Response Corporation
Granite Telecommunications, LLC
Great America Networks, Inc.
GTC Communications, Inc.
Harbor Communications, LLC
Home Town Telephone, LLC
Hotwire Communications, Ltd.
Hypercube Telecom, LLC
IBC Telecom Corp.
IDT America, Corp. d/b/a IDT
Image Access, Inc. d/b/a NewPhone, Inc.
inContact, Inc. d/b/a UCN

Appendix A. List of Certificated CLECs as 12/31/10

iNetworks Group, Inc.
Infotelecom, LLC
IntelePeer, Inc.
Intellicall Operator Services, Inc. d/b/a ILD
Intellifiber Networks, Inc.
Interactive Services Network, Inc. d/b/a ISN Telcom
InterGlobe Communications, Inc.
International Integrated Solutions, LLC d/b/a International Network Solutions, LLC
Internet & Telephone, LLC
Intrado Communications Inc.
ITS Telecommunications Systems, Inc.
J C Telecommunication Co., LLC
Kenarl Inc. d/b/a Lake Wellington Professional Centre
Kentucky Data Link, Inc.
KG Communications, LLC d/b/a KG Communications
Kissimmee Utility Authority
Knology of Florida, Inc.
Level 3 Communications, LLC
LifeConnex Telecom, LLC
Lightspeed CLEC, Inc.
Lightyear Network Solutions, LLC
Likwid Communications, Inc.
Linkup Telecom, Inc.
Litestream Holdings, LLC

Marco Island Cable, Inc.
Maryland TeleCommunication Systems, Inc.
MassComm, Inc.d/b/a Mass Communications
Matrix Telecom, Inc. d/b/a Matrix Business Technologies also d/b/a Trinsic Communications also d/b/a Excel Telecommunications also d/b/a VarTec Telecom also d/b/a Clear Choice Communications
MBC Telecom LLC
MCC Telephony of Florida, LLC
McGraw Communications, Inc
Madison River Communications, LLC d/b/a CenturyLink
Metropolitan Telecommunications of Florida, Inc. d/b/a MetTel
Micro Comm, Inc.
Midwestern Telecommunications, Incorporated
Mitel NetSolutions, Inc.
Momentum Telecom, Inc.
Mountain Communications, LLC
MULTIPHONE LATIN AMERICA, INC.
Navigator Telecommunications, LLC
NET TALK.COM, INC.
Network Operator Services, Inc.
Network Telephone Corporation d/b/a Cavalier Telephone d/b/a Cavalier Business Communications
Neutral Tandem Florida, LLC
New Edge Network, Inc. d/b/a New Edge Networks
New Horizons Communications Corp.
New Talk, Inc.
NextG Networks of NY, Inc. d/b/a NextG Networks East
Nexus Communications, Inc. d/b/a Nexus Communications TSI, Inc.
Norlight Telecommunications, Inc.
Norlight, Inc. d/b/a Cinergy Communications
Norstar Telecommunications, LLC
MCImetro Access Transmission Services LLC d/b/a Verizon Access Transmission Services
McLeodUSA Telecommunications Services, LLC.
North American Telecommunications Corporation
North County Communications Corporation
NOS Communications, Inc. d/b/a International Plus d/b/a O11 Communications d/b/a The Internet Business Association d/b/a I Vantage Network Solutions
Novus Communications, Inc.

Appendix A. List of Certificated CLECs as 12/31/10

One Voice Communications, Inc.
OneTone Telecom, Inc.
Opextel LLC d/b/a Alodiga
Optical Telecommunications, Inc. d/b/a HControl Corporation d/b/a SH Services LLC
Orlando Telephone Company, Inc. d/b/a Summit Broadband
Pac West Telecomm, Inc.
PaeTec Communications, Inc.
Peerless Network of Florida, LLC
Pelzer Communications Corporation
Phone Club Corporation
Phone XP, L.L.C.
PNG Telecommunications, Inc. d/b/a PowerNet Global Communications d/b/a CrossConnect d/b/a Thr!ve Communications
Preferred Long Distance, Inc.
Primus Telecommunications, Inc.
ProfitLab, Inc.
Protection Plus of the Florida Keys, Inc. d/b/a ENGAGE COMMUNICATIONS
Public Wireless, Inc.
QuantumShift Communications, Inc.
^^QuikVoip, LLC
Qwest Communications Company, LLC
Reliance Globalcom Services, Inc.
ReTel Communications, Inc.
Rightlink USA, Inc.
Ring Connection, Inc.
RNK Inc. d/b/a RNK Communications Inc.
Sage Telecom, Inc.
Sago Broadband, LLC
Sandhills Telecommunications Group, Inc. d/b/a SanTel Communications
Saturn Telecommunication Services Inc. d/b/a STS Telecom
SBC Long Distance, LLC d/b/a SBC Long Distance d/b/a AT&T Long Distance
Servi Express Caracol d/b/a Telefonica Express
Shands Teaching Hospital and Clinics, Inc.
Sign Language Access, Inc. d/b/a callVRS
SIP Interchange Corporation
SKYNET360, LLC
Smart City Networks, Limited Partnership
Smart City Solutions, LLC d/b/a Smart City Communications
**SNC Communications, LLC
Southeastern Services, Inc.
Southern Light, LLC
Southern Telecom, Inc. d/b/a Southern Telecom of America, Inc.
Spectrotel, Inc. d/b/a One Touch Communications d/b/a Touch Base Communications
Sprint Communications Company Limited Partnership
STS Telecom, LLC
Sun Tel USA, Inc.
Sunesys, LLC
T3 Communications, Inc. d/b/a Tier 3 Communications d/b/a Naples Telephone and d/b/a Fort Myers Telephone
Talk America Inc. d/b/a Cavalier Telephone d/b/a Cavalier Business Communications
TCG South Florida
TelCentris Communications, LLC
TelCove Operations, Inc.
Tele Circuit Network Corporation
Telecom Management, Inc. d/b/a Pioneer Telephone
Teleconnect of California, LLC d/b/a Teleconnect LLC
TeleDias Communications, Inc.
Telepak Networks, Inc.
TelOps International, Inc. d/b/a AmTel
Telovations Inc.
Telrite Corporation
Telscape Communications, Inc.
Tennessee Telephone Service, LLC d/b/a Freedom Communications USA, LLC
Terra Nova Telecom, Inc.
The Boeing Company

Appendix A. List of Certificated CLECs as 12/31/10

The Other Phone Company, Inc. d/b/a Cavalier Telephone d/b/a Cavalier Business Communications
The Ultimate Connection, L.C. d/b/a DayStar Communications
Think 12 Corporation d/b/a Hello Depot
Touchtone Communications Inc. of Delaware
TQC Communications, Corp.
Trans National Communications International, Inc.
Transparent Technology Services Corporation d/b/a North Palm Beach Telephone Company
Tristar Communications Corp.
tw telecom of florida l.p.
U.S. Metropolitan Telecom, LLC
US LEC of Florida, LLC d/b/a PAETEC Business Services
US Telesis, Inc.
Utility Board of the City of Key West d/b/a Keys Energy Services
Vanco US, LLC
VBNet, Incorporated
Velocity The Greatest Phone Company Ever, Inc.
Verizon Florida LLC
Verizon Select Services Inc.
Vixxi Solutions Inc.
VoDa Networks, Inc.
Wholesale Carrier Services, Inc.
WiMac Tel, Inc.
Windstream NuVox, Inc.
WTI Communications, Inc.
XO Communications Services, Inc.
XYN Communications of Florida, LLC
YMax Communications Corp.
Zone Telecom, Inc.

Appendix B. Number of CLEC Providers In Each Exchange

Exchange	CLEC Residential Providers (Dec-09)	CLEC Residential Providers (Dec-10)	CLEC Business Providers (Dec-09)	CLEC Business Providers (Dec-10)
Alachua	1	0	1	2
Alford	3	1	5	2
Alligator Point	1	1	0	0
Altha	0	0	1	1
Apalachicola	0	0	1	1
Apopka	7	5	20	17
Arcadia	4	5	14	12
Archer	11	13	6	7
Astor	0	0	3	2
Avon Park	4	2	13	9
Baker	3	2	5	4
Baldwin	7	6	9	10
Bartow	4	2	18	16
Belleglade	21	18	20	19
Belleview	4	4	14	16
Beverly Hills	1	2	11	7
Blountstown	0	0	1	0
Boca Raton	28	23	39	38
Boca Grande	2	2	5	5
Bonifay	6	4	7	6
Bonita Springs	5	6	22	21
Bowling Green	2	0	5	4
Boynton Beach	23	20	29	30
Bradenton	9	3	23	23
Branford	0	0	1	1
Bristol	0	0	0	0
Bronson	15	14	7	6
Brooker	0	0	1	1
Brooksville	17	15	20	18
Bunnell	12	12	14	14
Bushnell	5	4	14	12
Callahan	0	0	4	3
Cantonment	15	15	13	11
Cape Coral	4	4	17	15
Cape Haze	0	1	8	6
Carrabelle	0	0	0	0
Cedar Key	4	5	6	6
Celebration	2	2	7	10
Century	11	9	5	4
Chattahoochee	1	1	1	1
Cherry Lake	1	2	3	2
Chiefland	15	13	10	10

Appendix B. Number of CLEC Providers In Each Exchange

Exchange	CLEC Residential Providers (Dec-09)	CLEC Residential Providers (Dec-10)	CLEC Business Providers (Dec-09)	CLEC Business Providers (Dec-10)
Chipley	12	12	10	10
Citra	1	1	1	1
Clearwater	9	6	34	31
Clermont	6	2	16	13
Clewiston	6	4	10	8
Cocoa	21	22	25	25
Cocoa Beach	13	14	19	21
Coral Springs	22	20	26	29
Cottondale	4	2	6	5
Crawfordville	3	3	13	11
Crescent City	1	1	1	1
Crestview	4	5	13	11
Cross City	12	12	7	8
Crystal River	2	2	14	11
Dade City	4	3	14	12
Daytona Beach	26	23	32	33
DeBary	17	14	15	17
Deerfield Beach	22	21	30	30
Deland	19	20	21	20
DeLeon Springs	10	9	7	9
Delray Beach	23	21	30	29
Destin	3	4	17	13
DeFuniak Springs	5	5	11	9
Dowling Park	0	0	0	0
Dunnellon	13	13	10	14
East Point	0	0	0	0
East Orange	11	6	13	12
Eau Gallie	18	18	26	27
Englewood	1	2	17	19
Eustis	6	4	13	14
Everglades	0	0	3	3
Fernadina Beach	19	16	16	22
Flagler Beach	6	6	11	13
Florahome	0	0	1	1
Florida Sheriffs' Boys Ranch	0	0	0	0
Forest	2	3	8	6
Ft. Meade	4	2	8	6
Ft. Myers	14	12	26	25
Ft. White	1	0	1	1
Ft. Pierce	22	20	23	20
Freeport	3	2	5	6
Frostproof	4	3	10	11

Appendix B. Number of CLEC Providers In Each Exchange

Exchange	CLEC Residential Providers (Dec-09)	CLEC Residential Providers (Dec-10)	CLEC Business Providers (Dec-09)	CLEC Business Providers (Dec-10)
Ft. Lauderdale	38	32	49	45
Ft. Myers Beach	4	2	13	11
Ft. Walton Beach	7	5	19	18
Gainesville	30	27	27	28
Geneva	4	6	8	8
Glendale	2	0	1	1
Graceville	12	11	9	8
Grand Ridge	4	3	4	3
Green Cove Springs	12	11	15	16
Greensboro	1	1	0	0
Greenville	4	2	4	4
Greenwood	3	2	2	1
Gretna	0	1	0	0
Groveland	3	2	11	10
Gulf Breeze	13	13	12	15
Haines City	7	6	22	20
Hastings	1	1	1	2
Havana	18	18	6	7
Hawthorne	16	16	4	6
High Springs	0	0	2	2
Hilliard	0	0	1	2
Hobe Sound	11	7	14	13
Holley-Navarre	14	7	9	10
Hollywood	31	26	39	39
Homestead	28	24	26	28
Homosassa	1	2	13	8
Hosford	0	0	0	0
Howey-in-the-Hills	1	1	1	2
Hudson	2	3	19	19
Immokalee	3	2	13	14
Indian Lake	0	1	4	2
Indiantown	2	1	3	2
Interlachen	1	1	2	3
Inverness	2	4	13	13
Jacksonville Beach	19	17	21	26
Jacksonville	38	36	43	44
Jasper	0	1	2	2
Jay	11	11	4	4
Jennings	0	0	1	0
Jensen Beach	10	10	22	23
Julington	16	0	27	0
Jupiter	0	14	0	27

Appendix B. Number of CLEC Providers In Each Exchange

Exchange	CLEC Residential Providers (Dec-09)	CLEC Residential Providers (Dec-10)	CLEC Business Providers (Dec-09)	CLEC Business Providers (Dec-10)
Keaton Beach	0	0	3	0
Kenansville	22	0	31	6
Keys	14	17	9	27
Keystone Heights	0	9	0	9
Kingsley Lake	9	0	23	0
Kissimmee	4	7	10	25
La Belle	5	3	15	10
Lady Lake	21	4	16	14
Lake City	6	19	18	17
Lake Wales	1	7	2	18
Lake Butler	5	1	23	2
Lakeland	6	5	13	25
Lake Placid	1	5	0	10
Lawtey	2	1	3	2
Lee	1	5	5	5
Leesburg	6	7	17	17
Lehigh Acres	5	5	16	17
Live Oak	0	0	2	2
Lake Buena Vista	1	2	6	7
Luraville	0	0	0	1
Lynn Haven	10	12	9	10
Macclenny	2	1	2	3
Madison	4	3	11	7
Malone	3	3	2	2
Marco Island	2	3	14	13
Marianna	4	4	12	9
Maxville	11	9	6	5
Mayo	0	0	1	1
McIntosh	1	1	1	1
Melbourne	22	29	25	27
Melrose	0	0	1	1
Miami	37	44	51	46
Micanopy	9	5	5	6
Middleburg	14	18	17	17
Milton	16	17	12	12
Molino	0	0	1	1
Monticello	7	7	10	7
Montverde	0	0	3	5
Moore Haven	2	4	5	3
Mount Dora	7	8	16	11
Mulberry	2	2	14	15
Munson	8	8	2	2

Appendix B. Number of CLEC Providers In Each Exchange

Exchange	CLEC Residential Providers (Dec-09)	CLEC Residential Providers (Dec-10)	CLEC Business Providers (Dec-09)	CLEC Business Providers (Dec-10)
Myakka	0	1	6	6
Naples	8	7	24	22
North Cape Coral	5	2	16	18
Newberry	16	16	8	8
North Naples	5	5	20	16
North Ft Myers	4	4	15	20
North Dade	32	30	33	32
North Port	2	2	14	14
New Port Richey	5	3	23	24
New Smyrna Beach	17	13	19	22
Oak Hill	4	2	6	7
Ocala	8	8	20	20
Ocklawaha	2	2	5	5
Okeechobee	5	5	16	14
Old Town	12	11	6	6
Orange Springs	0	0	0	0
Orange City	4	4	16	17
Orange Park	29	21	24	24
Orlando	37	31	47	45
Oviedo	17	12	25	27
Pace	13	14	12	12
Pahokee	15	15	10	10
Palatka	17	15	16	15
Palm Coast	13	7	19	18
Palmetto	5	4	21	22
Panacea	1	1	3	3
Panama City	21	17	20	18
Paxton	0	0	1	0
Pensacola	31	27	26	28
Perrine	24	22	27	30
Perry	0	0	1	1
Pierson	6	8	11	11
Pine Island	0	0	10	7
Plant City	6	4	19	18
Panama City Beach	13	12	18	17
Ponte Vedra Beach	8	6	17	20
Poinciana	0	1	1	2
Polk City	1	3	10	9
Pomona Park	12	7	3	4
Pompano Beach	31	26	35	37
Ponce de Leon	4	3	5	4
Port St Joe	1	0	1	1

Appendix B. Number of CLEC Providers In Each Exchange

Exchange	CLEC Residential Providers (Dec-09)	CLEC Residential Providers (Dec-10)	CLEC Business Providers (Dec-09)	CLEC Business Providers (Dec-10)
Port Charlotte	2	5	17	20
Port St. Lucie	27	21	28	28
Punta Gorda	0	2	18	16
Quincy	1	1	0	0
Raiford	0	0	0	0
Reedy Creek	3	1	18	17
Reynolds Hill	5	1	0	0
Salt Springs	1	0	5	4
San Antonio	1	1	8	7
Sanderson	1	1	1	0
Sanford	28	24	31	31
Santa Rosa Beach	1	2	8	8
Sarasota	6	4	27	28
Seagrove Beach	4	3	6	4
Sebastian	17	15	16	16
Sebring	6	5	15	13
Shalimar	3	3	9	7
Silver Springs Shores	5	4	11	8
Sanibel-Captiva Island	1	1	11	12
Sneads	3	2	5	5
Sopchoppy	1	1	2	2
Spring Lake Hills	2	2	9	7
St. Cloud	6	4	19	15
St. Johns	27	24	26	25
St. Marks	1	1	2	2
Starke	7	7	12	12
St. Petersburg	9	8	29	29
Stuart	15	16	25	26
Sunny Hills	9	8	4	4
Tallahassee	14	14	23	23
Tampa	18	13	36	40
Tarpon Springs	3	3	23	21
Tavares	2	2	14	10
The Beaches	0	0	0	1
Titusville	21	19	19	23
Trenton	13	15	8	11
Trilacoochee	5	3	7	4
Tyndall AFB	1	1	0	0
Umatilla	5	3	8	5
Valparaiso	3	4	13	11
Venice	4	3	22	22
Vernon	9	8	5	4

Appendix B. Number of CLEC Providers In Each Exchange

Exchange	CLEC Residential Providers (Dec-09)	CLEC Residential Providers (Dec-10)	CLEC Business Providers (Dec-09)	CLEC Business Providers (Dec-10)
Vero Beach	24	19	25	25
Waldo	0	1	1	1
Walnut Hill	1	0	0	0
Wauchula	5	3	11	8
Weekiwachee Springs	12	17	22	21
Weirsdale	4	1	4	3
Welaka	11	10	5	6
Wellborn	0	0	0	0
Westville	2	4	4	4
Wewahitchka	0	0	0	1
White Springs	0	0	1	1
Wildwood	4	2	13	13
Williston	7	8	10	9
Windermere	4	4	12	12
Winter Haven	8	6	21	23
Winter Garden	11	7	22	19
Winter Park	10	9	27	27
West Kissimmee	3	2	19	18
West Palm Beach	42	38	45	45
Yankeetown	6	5	7	9
Youngstown-Fountain	10	7	5	7
Yulee	14	10	10	13
Zephyr Hills	3	1	17	18
Zolfo Springs	3	2	4	3

Appendix C. Summary of Complaints Filed By CLECs						
Carrier		**Date Opened**	**Complaint or Docket Number**	**Description**	**Date Closed**	**Resolution**
AstroTel	Verizon	01/07/10	0915572T	Complaint against Verizon involving number portability.	02/12/10	Due to an alleged system failure, Verizon failed to verify that the primary number in a hunt rollover group was working properly causing all numbers in the group to act as though disconnected. Verizon restored the service.
AT&T	Sprint PCS and Nextel	01/08/10	100019-TP	Complaint by AT&T requesting enforcement of the interMTA traffic compensation provisions of its ICAs with Sprint PCS and Nextel.	05/11/11	The Parties entered into an agreement to settle the dispute and filed a joint petition for dismissal.
AT&T	LifeConnex f/k/a Swiftel	01/08/10	100021-TP	Complaint by AT&T against LifeConnex for breaching the terms of the parties' ICA as it relates to billing disputes regarding resale promotional credits.	Open	The Commission granted the parties' motion to hold the docket in abeyance pending the resolution of similar cases in other states.
AT&T	Image Access d/b/a New Phone	01/08/10	100022-TP	Complaint by AT&T against New Phone for breaching the terms of the parties' ICA as it relates to billing disputes regarding resale promotional credits.	Open	The Commission granted the parties' motion to hold the docket in abeyance pending the resolution of similar cases in other states.

Appendix C. Summary of Complaints Filed By CLECs						
Carrier		**Date Opened**	**Complaint or Docket Number**	**Description**	**Date Closed**	**Resolution**
STS Telecom	AT&T	03/25/10	100144-TP	STS filed a request for arbitration or mediation of an amendment to its ICA with AT&T to include the commingling of certain section 271 elements with certain section 251(c) (3) elements.	10/01/10	A Joint Stipulation to Dismiss Cause Without Prejudice was filed and the docket was closed.
AT&T	Sprint Communications Company and Nextel Partners	04/09/10	100176-TP & 100177-TP	AT&T filed separate petitions for arbitration of ICAs with Sprint and Nextel. The dockets were consolidated to address the 93 issues identified as being in dispute.	04/07/11	A Joint Motion to Withdraw the Petitions was filed and the dockets were closed.
AT&T	Grande Communications Networks, LLC	05/11/10	100275-TP	Complaint by AT&T for breach of the ICA as it related to Grande's failure to pay the full amount of AT&T Florida's invoices to Grande for reciprocal compensation and transiting charges.	08/31/11	AT&T filed a Notice of Voluntary Dismissal of Complaint with Prejudice and the docket was closed. Grande's Certificate was cancelled on October 13, 2010.
Intrado Communications	AT&T	05/14/10	100295-TP	Complaint by Intrado against AT&T for failure to comply with the Arbitration Order issued in Docket No. 070736-TP.	06/08/10	Intrado filed a Notice of Voluntary Dismissal Without Prejudice and the docket was closed.

Appendix C. Summary of Complaints Filed By CLECs						
Carrier		**Date Opened**	**Complaint or Docket Number**	**Description**	**Date Closed**	**Resolution**
American Dial Tone (ADT)	AT&T	11/04/10	100432-TP	ADT filed a Request for Emergency Relief asking that the FPSC prohibit AT&T from disrupting ADT's service in Florida pending resolution of an ICA dispute that relates to what services ADT may provide to whom under the ICA.	Open	On 12/02/10 a Memorandum of Understanding was filed to memorialize an interim agreement that enables AT&T to restore order processing for ADT on its resale accounts on an interim basis, pending resolution of the disputes.
Nexus Communications	AT&T	11/08/10	100434-TP	Complaint by Nexus against AT&T under the terms of their ICA Nexus seeks to recover cash back promotional credits.	Open	On 2/28/11 a Joint Motion to Abate was filed which stated that Nexus will file an amended complaint that identifies the promotions and amounts at issue in at least the same level of detail as the Amended Complaint Nexus filed in Louisiana. Upon the filing of the amended complaint, AT&T and Nexus will file a joint motion asking that the Commission hold this proceeding in abeyance pending the issuance of a Commission Order in the Consolidated Phase of Docket Nos. 100021-TP and 100022-TP.

Appendix D. Florida Lifeline Eligibility Criteria

Eligibility for participation in the Lifeline and Link-Up programs is determined by subscriber enrollment in any one of the following qualifying programs:

Program-Based Criteria

- Temporary Cash Assistance (TCA)
- National School Lunch's Free Lunch Program
- Temporary Assistance to Needy Families (TANF)
- Food Stamps
- Medicaid
- Low-Income Home Energy Assistance Program (LIHEAP)
- Supplemental Security Income (SSI)
- Federal Public Housing Assistance (Section 8)
- Bureau of Indian Affairs programs:
  - Tribal TANF
  - Head Start Subsidy
  - National School Lunch Program

Income-Based Criteria

- 150 percent of the Federal Poverty Guidelines.

Glossary	
3G	*Third-generation technology*. Used in the context of mobile telephone standards. 3G networks are wide area cellular telephone networks that evolved to incorporate high-speed Internet access and video telephony.
4G	*Fourth-generation technology*. 4G is the stage of broadband mobile communications that will supersede 3G. It is expected that end-to-end IP and high-quality streaming video will be among 4G's distinguishing features.
911/E911	*Basic 911/Enhanced 911*. Basic 911 systems forward all emergency 911 calls to the appropriate public safety answering point (PSAP). E911 systems are able to automatically forward the caller's location (ALI) and call back number (ANI) to the appropriate PSAP.
Access Line	The circuit or channel between the demarcation point at the customer's premises and the serving end or class 5 central office.
Backhaul	In wireless networks, the connection from an individual base station (tower) to the central network (backbone). Typical backhaul connections are wired high-speed data connections (T1 line, etc.), but they can be wireless as well (using point-to-point microwave or WiMax, etc.).
Broadband	A term describing evolving digital technologies offering consumers integrated access to voice, high-speed data services, video on demand services, and interactive information delivery services.
Circuit	A fully operational two-way communications path.
CLEC	*Competitive Local Exchange Company*. Any company certificated by the Florida Public Service Commission to provide local exchange telecommunications service in Florida on or after July 1, 1995.
DSL	*Digital Subscriber Line.* A family of technologies (including variations such as asynchronous DSL, high bit-rate DSL, very high bit-rate DSL, etc.) that provides high-speed Internet access. DSL is typically provided by traditional wireline telecommunications companies via a copper loop to the customer's premises. DSL is the principal competition of cable modems.
ETC	*Eligible Telecommunications Carrier*. An ETC designated under Section 214(e), F.S., is eligible to receive specific federal universal service support.
Exchange	An ILEC's central office or group of central offices, together with the subscribers' stations and lines connected thereto, forming a local system which furnishes means of telephonic communication without toll charges between subscribers within a specified area, usually a single city, town, or village.

Glossary	
FiOS	FiOS is Verizon's suite of voice, video, and broadband services provisioned over optic cable directly to the customer premises. FiOS can currently provide Internet access with maximum download speed of 50 Mbps and upload speed of 20 Mbps.
FTTC	*Fiber-to-the-curb*. A hybrid network architecture which involves fiber optics to the curb, and either twisted pair or coaxial cable to the premises.
ICA	*Interconnection Agreement.* An interconnection agreement is a contract that establishes the rates, terms and conditions that govern the business relationship between telecommunications companies.
ILEC	*Incumbent Local Exchange Company*. Any company certificated by the FPSC to provide local exchange telecommunications service in Florida on or before June 30, 1995.
Intermodal	The use of more than one type of technology or carrier to transport telecommunications services from origination to termination. When referring to local competition, intermodal refers to nonwireline voice communications such as wireless or VoIP.
Internet Protocol (IP)	The term refers to all the standards that keeps the Internet functioning. It describes software that tracks the Internet address of nodes, routes outgoing messages, and recognizes incoming messages.
Local Loop	See Access Line.
LTE	*Long Term Evolution.* LTE is a NIP-based technology standard for the future provision of 4G wireless services.
PSTN	*Public Switched Telephone Network.* The PSTN is the network that provides switching and transmission facilities to the general public.
Resale	The 1996 Act requires ILECs to offer to its competing telecommunications carriers, at wholesale rates, any telecommunications service that the ILEC provides to its customers at retail rates, so that the competing carriers can resell the services.
Spectrum	In wireless, this refers to the radio portion of the electromagnetic spectrum. The radio spectrum spans a certain, limited frequency range. The range of frequencies useful for cell phones is small. The FCC oversees the allocation of these frequencies in the U.S. Sections of spectrum are called "bands." Each of these bands are further subdivided into blocks, and these blocks are then licensed to individual wireless carriers.
Switched Access	Local exchange telecommunications company-provided exchange access services that offer switched interconnections between local telephone subscribers and long distance or other companies. Long distance companies use switched access for origination and termination of user-dialed calls.

Glossary	
Tariff	A statement by a regulated telecommunications company that sets out the services offered by that company. A tariff provides the rates, terms, and conditions under which regulated services are provided and also states the general obligations of the company and customers. Tariffs may be subject to review by regulatory agencies and must be followed by the common carrier to ensure nondiscrimination between customers. In Florida, CLECs are not required to file tariffs, but they must file price lists if they offer basic local telecommunications service.
Telecommunications Act of 1996 (the 1996 Act)	The federal Telecommunications Act of 1996 established a national framework to enable CLECs to enter the local telecommunications marketplace.
TRS	*Telecommunications Relay System.* TRS enables a person with a hearing or speech disability to access the nation's telephone system to communicate with voice telephone users through a relay provider and a communications assistant.
U-verse	U-verse is the brand name of AT&T for a group of services provided via Internet Protocol (IP), including television service, Internet access, and voice telephone service. Similar to Verizon's FiOS service, AT&T's U-verse is deployed using fiber optic cable.
Universal Service	This term describes the financial support mechanisms that constitute the national universal service fund. This fund provides compensation to telephone companies or other communications entities for providing access to telecommunications services at reasonable and affordable rates throughout the country, including rural, insular, high-cost areas, and public institutions.
VRS	*Video Relay Service.* Video Relay Service is a form of Telecommunications Relay Service that enables persons with hearing disabilities who use American Sign Language to communicate with voice telephone users through video equipment, rather than through typed text.
VoIP	*Voice over Internet Protocol*. The technology used to transmit voice conversations over a data network using Internet Protocol.
Wireline	A term used to describe the technology used by a company to provide telecommunications services. Wireline is synonymous with "landline" or land-based technology.