

1 Verizon's service territory were serving more than \*\*\*200,000\*\*\* lines over  
2 their own facilities, more than 5,000 lines through UNE-P, and  
3 approximately 28,000 lines through resale.

4 Verizon further demonstrated that, although most of this competition was  
5 provided to business customers, alternative local exchange carriers were  
6 also providing approximately \*\*\*23,000\*\*\* lines to residential customers  
7 (through all three means identified above – i.e., facilities-based, UNE-P  
8 and resale). Verizon explained that most of these lines provided to  
9 residential customers – approximately 19,000 – were provided through  
10 resale.

11 Verizon also demonstrated that competition is rapidly increasing from  
12 alternative sources such as mobile wireless, IP telephony, e-mail, and  
13 instant messaging. As Verizon explained, although this extensive  
14 competition is not counted in traditional line counts, it is substituting for a  
15 large and increasing share of the local telephone services that Verizon  
16 provides.

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17 Q. DID VERIZON DEMONSTRATE THAT ALL FORMS OF COMPETITION  
18 WERE THRIVING TO THE SAME DEGREE IN ITS SERVICE  
19 TERRITORY IN FLORIDA?

20 A. No. Verizon demonstrated that facilities-based competition in Verizon's  
21 service territory in Florida has emerged more rapidly for business  
22 customers than for residential customers. Verizon explained that while  
23 significant facilities-based competition for residential customers has  
24 emerged, it has come mainly from intermodal sources – such as wireless,  
25 cable, and voice over IP networks.

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DN 6/17/05

declas 6/17/05  
appeal

This confidentiality request was filed by or for a "telco" for DN 1165403 No ruling is required unless the material is subject to a request per 119.07, FS, or is admitted in the record per Rule 25-22.006(8)(b), FAC.

DOCUMENT NUMBER - DATE

11654 NOV 19 8

FPSC-COMMISSION CLERK



1	46-55 years	187,439	+ \$0.76
2	56-65 years	141,518	+ \$1.27
3	66-75 years	147,862	+ \$1.93
4	76 + years	185,795	+ \$2.33
5	unknown	319,766	+ \$2.36

6

7 Finally, although we did not calculate this data, from experience I know  
8 that every demographic group of customers will contain high, low, and  
9 average bills that reflect the varying ways people use their telephones.  
10 So, for example, there are certainly some low-income customers with  
11 high bills who effectively subsidize some high-income customers with  
12 low bills. Likewise, among individual customers the subsidies will flow in  
13 every direction with respect to age groups, ethnicity, or any other  
14 demographic characteristic. Additionally, given the large volume of long  
15 distance calling that has moved to wireless phones, some low-bill  
16 customers will merely be those who no longer use a wired phone for  
17 these calls – and who have already received related benefits, as I noted  
18 above.

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19  
20 **Q. SHOULD THE COMMISSION BE CONCERNED BY AN INITIAL**  
21 **CHANGE IN AVERAGE RESIDENTIAL BILLS OF ABOUT \$1 PER**  
22 **MONTH OCCURRING OVER A PERIOD OF MORE THAN TWO**  
23 **YEARS?**

24 **A.** Based on my experience helping reach a wide variety of rate decisions  
25 at the largest state commission in the country, a phased-in rebalancing