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Q.

A.

1	Veriz	on's s	ervice territ	ory we	re serv	ing mor	e than	***200,00	0*** lines	ove
2	their	own	facilities,	more	than	5,000	lines	through	UNE-P,	and
3	appro	oximat	ely 28,000	lines tl	hrough	resale.				

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

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

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

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

This confidentiality request was filed by or for a "telco" for DN 11654-03 No ruling is required unless the material is subject to a request per 119.07, FS, or is admitted in the

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record per Rule 25-22.006(8)(b), FAC.

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ANALYSIS?

With respect to the population of residential customers Verizon now serves, the initial, static effect of Verizon's plan will be to increase the average telephone bill by about \$1.00/month. This result includes the initial customer benefits (i.e., flow-through of access charge reductions and elimination of long distance carrier monthly access fees), but not any of the dynamic benefits over time that I described above – which are an important focus of the legislation, and of Verizon's plan. These results are also more accurate than the preliminary results I discussed at a deposition in this proceeding.

A.

Existing Lifeline customers will see their bills reduced by \$3.15 per month, and about 20,000 additional, new Lifeline subscribers will receive not only that benefit, but an additional \$13.50/month for qualifying under the expanded eligibility standards.

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A similar calculation was performed that focused on the age distribution of Verizon's Florida customers. That calculation is set forth below:

20	Age Strata	Florida Lines	Net Change:
21		(confidential)	(confidential)
22			
23	18-25 years	14,037	+ \$0.82
24	26-35 years	94,508	+ \$0.52
25	36-45 years	177,118	+ \$0.58

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 w	rho have already received re	elated benefits, as I noted				
18		above.	CONFIL	DENTIAL				
19			COM					
20	Q.	SHOULD THE C	OMMISSION BE CONCE	RNED BY AN INITIAL				
21		CHANGE IN AVE	RAGE RESIDENTIAL BIL	LS OF ABOUT \$1 PER				
22		MONTH OCCURRING OVER A PERIOD OF MORE THAN TWO						
23		YEARS?						
24	A.	Based on my expe	rience helping reach a wide	e variety of rate decisions				

at the largest state commission in the country, a phased-in rebalancing

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