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August 15, 1994

Mrs. Blanca S. Bayo Director-Division of Records and Reporting Florida Public Service Commission 101 East Gaines Street Tallahassee, Florida 32301

一个可愿证

Docket No. 920260-TL

Dear Mrs. Bayo:

ACK ~

Enclosed for filing in the above-referenced docket, please find an original and fifteen copies of Rebuttal Testimony of Nancy H. Sims for Southern Bell Telephone and Telegraph Company.

A copy of this letter is enclosed. Please mark it to indicate that the original was filed and return the copy to me. Copies have been served on the parties shown on the attached Certificate of Service.

ACK	en e cii cii	Sincerely,
AFA John RECEN	VED & FILED	n a white
APPW	w	Manay B. White
CAF FPSC-	BUREAU OF RECORDS	Nancy B. White
CM Prelosu	ıres	
CTR		
EAG cc: Al	ll Parties of F . M. Lombardo	Record
LES Katel R.	. G. Beatty	
LIN G Y & R.	D. Lackey	
OPC	0	
RCH Venzen		
SEC almas		
WAS		
OFFF ASSESSMENT		

DOCUMENT NUMBER-DATE 08288 AUG 15 # FPSC-RECORDS/REPORTING CERTIFICATE OF SERVICE Docket No. 920260-TL Docket No. 900960-TL Docket No. 910163-TL Docket No. 910727-TL

I HEREBY CERTIFY that a copy of the foregoing has been

furnished by United States Mail this 15th day of August, 1994 to:

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Money B. White (3)

1	SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY
2	REBUTTAL TESTIMONY OF NANCY H. SIMS
3	BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
4	DOCKET NO. 920260-TL
5	AUGUST 15, 1994
6	
7	
8 Q.	PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.
9	
10 A.	I AM NANCY H. SIMS. MY BUSINESS ADDRESS IS 675
11	WEST PEACHTREE STREET, N.E., ATLANTA, GEORGIA.
12	
13 Q.	BY WHOM ARE YOU EMPLOYED?
14	
15 A.	I AM EMPLOYED BY BELLSOUTH TELECOMMUNICATIONS, INC.
16	D/B/A SOUTHERN BELL (COMPANY OR SOUTHERN BELL).
17	
18 Q.	PLEASE GIVE A BRIEF DESCRIPTION OF YOUR BACKGROUND
19	AND EXPERIENCE.
20	
21 A.	I GRADUATED FROM NORTH CAROLINA STATE UNIVERSITY IN
22	1971, WITH A BACHELOR OF SCIENCE DEGREE. IN 1973,
23	I WAS EMPLOYED BY SOUTHERN BELL IN THE NORTH
24	CAROLINA HEADQUARTERS ORGANIZATION. SINCE THAT
25	TIME I HAVE HELD VARIOUS POSITIONS WITH THE COMPANY

1 AND AT&T. I AM CURRENTLY A DIRECTOR WITH

- 2 RESPONSIBILITY FOR THE PRICING AND TARIFFING OF A
- 3 VARIETY OF LOCAL EXCHANGE SERVICES FOR THE NINE
- 4 STATE REGION.

5

6 O. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

7

- 8 A. THE PURPOSE OF MY TESTIMONY IS TO REBUT MR. ROBERT
- 9 KRUKLES' TESTIMONY, WHICH WAS FILED ON BEHALF OF
- 10 THE COMMUNICATION WORKERS OF AMERICA (CWA). MORE
- 11 SPECIFICALLY, I ADDRESS THE CWA'S PROPOSAL TO
- 12 ESTABLISH A "WORKER/CITIZENS COMMITTEE" FUNDED BY
- 13 THE \$10M IN 1994 RATE REDUCTIONS THAT WAS NOT
- 14 ALLOCATED BY THE STIPULATION AND IMPLEMENTATION
- 15 AGREEMENT (THE "SETTLEMENT AGREEMENT") IN THIS
- 16 DOCKET. I WILL SHOW WHY THIS PROPOSAL IS
- 17 INAPPROPRIATE AND WHY THE COMMISSION'S ORDER ON THE
- 18 DISPOSITION OF THE \$10M IS PROPER.

19

- 20 Q. THE CWA PROTESTED THE COMMISSION'S ORDER NO.
- 21 PSC-94-0669-FOF-TL. HOW DID THE COMMISSION DIRECT
- THE DISPOSITION OF THE \$10M IN THIS DOCKET?

- 24 A. THE COMMISSION ORDERED THAT THE \$10M REDUCTION BE
- 25 DISTRIBUTED AS FOLLOWS:

1		\$1.94M	ELIMINATION OF THE MONTHLY RATE FOR
2			BILLED NUMBER SCREENING FOR RESIDENCE
3			AND BUSINESS CUSTOMERS
4			
5		\$1.11M	REDUCTION IN MONTHLY RATE FOR DIRECT
6			INWARD DIAL (DID) TRUNK TERMINATIONS
7			
8		\$6.95M	REDUCTION IN MOBILE INTERCONNECTION
9			USAGE CHARGES
10			
11		THESE REDUC	TIONS REFLECT A COMBINATION OF RATE
12		CHANGES FROM	M TWO ALTERNATIVE PROPOSALS FILED WITH
13		THE COMMISS	ION BY SOUTHERN BELL ON MARCH 1, 1994.
14			
15	Q.	DID THE CWA	HAVE THE SAME OPPORTUNITY AS THE OTHER
16		PARTIES TO	PRESENT ITS POSITION ON THE RATE DESIGN
17		ISSUES AND	THE IMPLEMENTATION OF RATE REDUCTIONS IN
18		THIS DOCKET	? (ISSUE #1)
19			
20	Α.	YES. THE CV	NA FILED WITH THE COMMISSION ITS
21		PROPOSAL FOI	R THE DISPOSITION OF THE \$10M, JUST AS
22		MCCAW CELLUI	LAR AND SOUTHERN BELL FILED THEIR
23		POSITIONS.	DESPITE THE CWA'S FAILURE TO ATTEND THE
24		WORKSHOP, TH	HE AGENDA SESSION HELD ON MAY 3, 1994,
25		GAVE THE CWA	A AN APPROPRIATE FORUM TO BE HEARD.

- 1 ALTHOUGH I AM NOT AN ATTORNEY, IT IS MY
- 2 UNDERSTANDING THAT THIS WAS SUFFICIENT FOR PURPOSES
- 3 OF DUE PROCESS. MOREOVER, WITH ITS PROTEST OF THE
- 4 PROPOSED AGENCY ACTION, THE CWA IS NOW HAVING A
- 5 FURTHER HEARING. THE COMMISSION HAS NOT TREATED
- 6 THE CWA ANY DIFFERENTLY THAN ANY OTHER PARTY IN
- 7 ADDRESSING THIS MATTER OR ANY OTHER MATTER.

8

- 9 Q. IS THE DISPOSITION OF THE MONIES IN THE MANNER
- 10 ORDERED BY THE COMMISSION MORE APPROPRIATE THAN THE
- 11 CWA'S PROPOSAL? (ISSUE #3)

12

- 13 A. YES. THE COMMISSION'S DECISION IS MORE
- 14 APPROPRIATE.

15

- 16 Q. WHY WAS IT APPROPRIATE FOR THE COMMISSION TO ORDER
- 17 THE ELIMINATION OF THE CHARGE FOR BILLED NUMBER
- 18 SCREENING FOR RESIDENCE AND BUSINESS CUSTOMERS?

- 20 A. THE MAIN PURPOSE OF BILLED NUMBER SCREENING IS TO
- 21 REDUCE FRAUD THROUGH THE DETERRENCE OF UNAUTHORIZED
- 22 BILLING. FRAUD IS EXPENSIVE FOR EVERYONE: THE
- 23 CUSTOMER, THE COMPANY, AND ULTIMATELY THE
- 24 RATEPAYER. FRAUD IS AN EVER INCREASING PROBLEM AND
- 25 A CONCERN WHICH HAS CAPTURED THE ATTENTION OF ALL

REGULATORS, INCLUDING THE FCC AND CONGRESS. 1 2 3 BECAUSE OF THE INCREASE IN FRAUD AND THE RELATIVELY LOW COST OF TECHNICALLY PROVIDING SCREENING, IT IS 4 MORE BENEFICIAL TO THE COMPANY AND TO ITS CUSTOMERS 5 IF BILLED NUMBER SCREENING IS OFFERED FREE OF 7 CHARGE. THE END USER WHO IS HAVING OR MAY HAVE A 8 PROBLEM WILL BE MORE WILLING TO SUBSCRIBE TO BILLED 9 NUMBER SCREENING IF IT IS AN OPTION FOR WHICH HE IS 10 NOT CHARGED. THE COMPANY AND ALL ITS CUSTOMERS ARE WINNERS AS A CONSEQUENCE OF A REDUCED LEVEL OF 11 12 FRAUD. 13 IN ADDITION, AS A PART OF THE SETTLEMENT, BILLED 14 NUMBER SCREENING BECAME A NONCHARGEABLE SERVICE TO 15 16 THE INDEPENDENT PAYPHONE PROVIDERS. ELIMINATION OF THE CHARGE FOR RESIDENCE AND 17 BUSINESS CUSTOMERS THEREBY PLACED ALL CUSTOMERS ON 18 19 AN EQUAL FOOTING. 20 WHY WAS IT APPROPRIATE FOR THE COMMISSION TO ORDER 21 Q. A REDUCTION IN THE DIRECT INWARD DIAL TRUNK 22 23 TERMINATION CHARGES? 24

25 A. DIRECT INWARD DIALING (DID) SERVICE PERMITS

- 1 INCOMING CALLS TO A PBX SYSTEM OR OTHER TYPE OF
- 2 CUSTOMER PREMISES EQUIPMENT TO REACH A SPECIFIC
- 3 STATION LINE WITHOUT THE ASSISTANCE OF AN
- 4 ATTENDANT. WITH TECHNOLOGICAL ADVANCES, "DID" IS
- 5 BECOMING LESS OF A CENTRAL OFFICE BASED SERVICE.
- 6 ADVANCEMENTS IN CUSTOMER PROVIDED EQUIPMENT ALLOW
- 7 CALLS TO BE DIRECTED IN MUCH THE SAME WAY AS "DID"
- 8 SERVICE. "DID" SERVICE IS USED BY A CROSS SECTION
- 9 OF BUSINESSES AS WELL AS CARRIERS, AND A REDUCTION
- 10 IN THE RATE FOR THIS INCREASINGLY COMPETITIVE
- 11 SERVICE OFFERING WILL ALLOW THE COMPANY TO PRICE
- 12 ITS SERVICE MORE IN LINE WITH THE DEMANDS OF THE
- 13 MARKET AND THEREBY RETAIN GREATER REVENUES THAN IT
- 14 MIGHT IF HIGHER RATES WERE MAINTAINED.

15

- 16 Q. WHY WAS IT APPROPRIATE FOR THE COMMISSION TO ORDER
- 17 A REDUCTION IN MOBILE SERVICE INTERCONNECTION
- 18 RATES?

- 20 A. IN ACCORDANCE WITH COMMISSION ORDER NO. 20475
- 21 ISSUED ON DECEMBER 20, 1988, IN DOCKET NUMBER
- 22 870675-TL, SOUTHERN BELL, TOGETHER WITH ALL OTHER
- 23 LOCAL EXCHANGE COMPANIES (LECS), WAS DIRECTED TO
- 24 MAKE MODIFICATIONS IN MOBILE INTERCONNECTION USAGE
- 25 RATES IN CONJUNCTION WITH CHANGES IN THE RATE

1 LEVELS FOR INTRASTATE INTEREXCHANGE CARRIER 2 SWITCHED ACCESS. THE COMMISSION'S ORDER OUTLINED 3 THE EXACT FORMULA TO BE USED IN CALCULATING THE 4 MOBILE INTERCONNECTION RATES. 5 6 IN THE TERMS OF THE SETTLEMENT AGREEMENT, SOUTHERN 7 BELL AGREED TO MAKE REDUCTIONS IN INTRASTATE 8 SWITCHED ACCESS RATES TO BRING THEM IN LINE WITH 9 THE CURRENT INTERSTATE SWITCHED ACCESS RATES. 10 FIRST PHASE OF THE INTRASTATE SWITCHED ACCESS REDUCTIONS WAS EFFECTIVE ON 7/1/94 AND EQUALED 11 \$50M. AS PREVIOUSLY ORDERED, THE REDUCED ACCESS 12 13 CHARGES WERE REQUIRED BE USED IN RECALCULATING THE MOBILE INTERCONNECTION USAGE RATES. THE RESULT WAS 14 AN ADDITIONAL REDUCTION OF \$6.95M IN MOBILE 15 16 SERVICES RATES, WHICH BECAME PART OF THE \$10M RATE 17 REDUCTION. 18 19 Q. WOULD IT BE APPROPRIATE TO USE THE \$10M TO FUND A "WORKER/CITIZENS COMMITTEE" AS PROPOSED IN THE 20 TESTIMONY FILED BY THE CWA? (ISSUE #2) 21

- 23 A. NO. SOUTHERN BELL DOES NOT SUPPORT THE CWA'S
- 24 PROPOSAL. FIRST, BASED ON THE CWA'S BRIEF
- 25 DESCRIPTION OF ITS POSITION, IT APPEARS THAT THE

- 1 CWA PROPOSES TO USURP THE FUNCTIONS OF SUCH
 2 EXISTING AGENCIES AS THE OFFICE OF PUBLIC COUNSEL
- 3 AND THE PUBLIC SERVICE COMMISSION. THESE ARE
- 4 AGENCIES THAT ARE CHARGED. IN THE AREA OF
- 5 TELECOMMUNICATIONS, WITH TAKING INTO CONSIDERATION
- 6 THE NEEDS OF THE PUBLIC. THE FLORIDA LEGISLATURE
- 7 ALSO IS ACTIVE IN THE AREA OF TELECOMMUNICATIONS.
- 8 RELATED ENTITIES LIKE THE FCC AND CONGRESS PERFORM
- 9 SIMILAR FUNCTIONS AT THE FEDERAL LEVEL.

10

- 11 THERE ARE ALSO SEPARATE CONSUMER GROUPS SUCH AS THE
- 12 FLORIDA CONSUMER ACTION NETWORK (FCAN) AND THE
- 13 AMERICAN ASSOCIATION OF RETIRED PERSONS (AARP) THAT
- 14 SEEK TO EDUCATE AND REPRESENT THE NEEDS OF THE
- 15 USING AND CONSUMING PUBLIC. IN SO DOING, THEY HAVE
- 16 PARTICIPATED IN ISSUES BEFORE THE COMMISSION.

17

- 18 SECOND, THE CWA ITSELF IS SUPPORTED BY DUES PAID BY
- 19 ITS MEMBERS. IT WOULD SEEM LOGICAL THAT THE
- 20 COMPANY'S EMPLOYEES (WHO ARE MEMBERS OF THE CWA)
- 21 COULD RECEIVE EXPERT EDUCATION AND REPRESENTATION
- 22 BY THE CWA ITSELF.

- 24 WITH THE DEVELOPMENT OF THE "INFORMATION HIGHWAY,"
- 25 ISSUES SUCH AS UNIVERSAL AND AFFORDABLE ACCESS,

1	UNBUNDLED SERVICES, AND CUSTOMER CHOICE (ISSUES
2	THAT CONCERN THE CWA) ARE NOT BEING IGNORED BY THE
3	COMPANY, THE CONSUMER OR THE REGULATORS. IN FACT,
4	WITH THE INCREASING FOCUS ON LOCAL COMPETITION,
5	THESE ISSUES ARE ALREADY BEING ADDRESSED IN OPEN
6	PROCEEDINGS IN FLORIDA AND BY THE FCC AND CONGRESS.
7	
8	IN ADDITION, THERE IS A LEGAL IMPEDIMENT TO THE
9	CWA'S PROPOSAL. THE COMMISSION IN ITS ORDER NO.
10	PSC-94-0669-FOF-TL ISSUED JUNE 2, 1994, HELD,
11	
12	WITH RESPECT TO CWA'S PROPOSAL, THIS
13	COMMISSION IS A CREATURE OF STATURE.
14	AS SUCH, IT IS AXIOMATIC THAT THE
15	COMMISSION HAS ONLY THAT AUTHORITY
16	WHICH IS EXPRESSLY DELEGATED TO IT BY
17	STATUTE OR THAT WHICH IS REASONABLY
18	IMPLIED FROM ITS STATUTORY AUTHORITY.
19	NOTHING IN EITHER CHAPTERS 350 OR
20	364, FLORIDA STATUTES, EXPRESSLY
21	AUTHORIZES OR SUGGESTS THAT [THE
22	COMMISSION] MAY CREATE A
23	"WORKERS/CITIZENS COOPERATION
24	COMMITTEE" OR THAT WE MAY DELEGATE TO
25	ANY SUCH ENTITY THE PERFORMANCE OF

1		ANY FUNCTION OTHERWISE WITHIN OUR
2		AUTHORITY. TO ATTEMPT ANY SUCH
3		CREATION OR DELEGATION IS BEYOND OUR
4		AUTHORITY AND WOULD BE IMPERMISSIBLE.
5		
6		WHILE I AM NOT AN ATTORNEY, I AM TOLD THAT THE
7		COMMISSION'S ANALYSIS IS CORRECT AND THAT FOR IT TO
8		ESTABLISH SUCH A COMMITTEE WOULD BE AN UNLAWFUL
9		DELEGATION OF THE COMMISSION'S FUNCTIONS AND
10		AUTHORITY.
11		
12	Q.	THE CWA SAYS THAT, AS AN ALTERNATIVE TO IS
13		"WORKER/CITIZENS COMMITTEE" PROPOSAL, THE RATEPAYER
14		(RESIDENCE AND SMALL BUSINESS) SHOULD RECEIVE THE
15		BENEFITS OF THE \$10M. HAS THE RATEPAYER ALREADY
16		GREATLY BENEFITED FROM THE SETTLEMENT IN THIS
17		DOCKET?
18		
19	Α.	YES. MR. KRUKLES HAS NOT RECOGNIZED THE TOTAL
20		IMPACT OF THE SETTLEMENT. HE HAS FOCUSED ONLY ON
21		THE \$10M AND HAS NOT LOOKED AT THE OVERALL EFFECTS
22		OF THE SETTLEMENT. ON PAGE 8, LINES 16-18, OF MR.
23		KRUKLES TESTIMONY HE STATES, "THE REFUND MONIES
24		SHOULD BE USED IN A MANNER THAT DIRECTLY AFFECTS
25		RESIDENTIAL AND SMALL BUSINESS CUSTOMERS." HE GOES

1 ON TO SAY, "THE CWA LOCALS WOULD RATHER HAVE THE REFUND DOLLARS BE SPREAD AMONGST THE LARGEST NUMBER 2 3 OF RATE-PAYORS [SIC]. ANY BASIC REDUCTION THAT 4 AFFECTS ALL RESIDENTIAL CUSTOMERS AND BUSINESS ENTITIES WOULD BE PREFERABLE" (PAGE 8, LINES 5 6 21-24). 7 8 THE SETTLEMENT IN THIS DOCKET, INCLUDING THE 9 EXISTING DISPOSITION OF THE \$10M, HAS GIVEN 10 SOMETHING BACK TO ALMOST, IF NOT EVERY, SOUTHERN 11 BELL CUSTOMER. FOR INSTANCE, THE \$1.00 MONTHLY 12 CHARGE FOR TOUCH-TONE SERVICE HAS BEEN ELIMINATED. 13 THIS ALONE IS A SAVINGS OF \$12 A YEAR FOR SINGLE 14 LINE RESIDENCE AND BUSINESS CUSTOMERS. 15 IN ADDITION, AT&T HAS COMMITTED TO FLOW THROUGH TO 16 17 ITS CUSTOMERS THE REDUCTION IN INTRASTATE SWITCHED 18 ACCESS CHARGES. OTHER INTEREXCHANGE CARRIERS ARE 19 LIKELY TO FOLLOW THE ACTIONS OF AT&T. 20 REDUCTIONS IN THE CHARGES FOR PBX TRUNKS, NETWORK 21 ACCESS REGISTERS (NARS) AND HUNTING WILL GREATLY 22 REDUCE THE COSTS FOR BUSINESSES, WHICH SHOULD HELP 23 TO KEEP DOWN THE RISING COSTS OF GOODS AND SERVICES

24

WHICH ARE PURCHASED BY CONSUMERS.

1 THE SETTLEMENT HAS ALSO BENEFITED PERSONS WITH LOW 2 INCOME IN FLORIDA. ONE OF THE MAJOR STUMBLING 3 BLOCKS FOR THE LOW INCOME FAMILY IS HAVING ENOUGH 4 MONEY TO PAY THE UP FRONT CHARGES FOR BASIC 5 TELEPHONE SERVICE. THE SETTLEMENT HAS ADDRESSED THIS PROBLEM THROUGH THE RESTRUCTURE AND REPRICING 6 7 OF SERVICE CONNECTION CHARGES. A RESIDENCE 8 SUBSCRIBER WILL SEE ALMOST A 50% REDUCTION IN THE 9 CHARGE TO ESTABLISH A SINGLE LINE, AND THE BUSINESS 10 CUSTOMER WILL REALIZE A 35% REDUCTION. 11 ADDITION, CERTAIN LOW INCOME RESIDENTIAL CUSTOMERS 12 WHO QUALIFY WILL BE ABLE TO RECEIVE A \$7.00 PER MONTH REDUCTION IN THEIR BILL UNDER THE NEW 13 14 LIFELINE PROGRAM. 15 16 IN SUMMARY, THE RESIDENCE CUSTOMER, THE BUSINESS CUSTOMER (SMALL, MEDIUM AND LARGE), THE 17 INTEREXCHANGE CARRIER, THE INDEPENDENT PAY 18 19 TELEPHONE PROVIDER, THE PAGING SERVICE PROVIDER, THE CELLULAR SERVICE PROVIDER, THE LOW INCOME 20 GROUP, AND THE SHARED TENANT SERVICE PROVIDER HAVE 21 22 ALL BENEFITED FROM THE SETTLEMENT IN THIS DOCKET. 23 THE DISPOSITION OF THE SETTLEMENT AMOUNTS HAVE BEEN MADE IN SUCH A WAY AS TO GIVE A BENEFIT TO A BROAD 24

25

BASE OF SOUTHERN BELL'S CUSTOMERS. IT HAS ALSO

ALLOWED SOUTHERN BELL AN OPPORTUNITY TO HAVE INPUT IN THE STRATEGIC PRICING OF ITS SERVICES SO IT CAN CONTINUE TO ATTRACT CUSTOMERS IN A MARKET WHICH IS BECOMING MORE COMPETITIVE. THIS, IN TURN, WILL HELP TO KEEP THE COMPANY'S BASIC RATES LOW. 7 Q. DOES THIS CONCLUDE YOUR TESTIMONY? 9 A. YES.