

State of Florida



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-M-E-M-O-R-A-N-D-U-M-

DATE: January 9, 2009

TO: Ann Cole, Commission Clerk - PSC, Office of Commission Clerk

FROM: Charles W. Murphy, Senior Attorney, Office of the General Counsel *CW*

RE: DOCKET NO. 080234-TP – Implementation of Florida lifeline program involving bundled service packages and placement of additional enrollment requirements on customers.

Enclosed for filing, please find the Direct Testimony of Robert J. Casey, appearing on behalf of the Commission Staff. Service has been made as indicated on the attached Certificate of Service. If there are any questions regarding this filing, please call me at 413-6191.

CWM/gdr

Enclosures

cc: Attached Service List
Timisha J. Brooks, Attorney, PSC
Robert Casey, PSC
Curtis Williams, PSC

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that the original and six correct copies of the DIRECT TESTIMONY OF ROBERT J. CASEY have been filed with the Florida Public Service Commission and that a true copy thereof has been furnished to the following by U. S. mail this 9th day of January, 2009:

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00234 JAN-98

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DIRECT TESTIMONY OF ROBERT J. CASEY

1
2 Q. Would you please state your name and business address.

3 A. My name is Robert J. Casey, 2540 Shumard Oak Boulevard, Tallahassee, Florida
4 32399-0850.

5 Q. By whom are you employed and in what capacity?

6 A. I am employed by the Florida Public Service Commission (FPSC or Commission),
7 Division of Regulatory Compliance, Market Practices Section, as a Public Utilities Supervisor.

8 Q. Please give a brief description of your background and experience.

9 A. I graduated from the University of Illinois in October 1971, with a bachelor of science
10 degree in accounting. I spent 22 years in the private sector in various operational and
11 supervisory positions. I began employment with the FPSC in August 1993, in the Division of
12 Water and Wastewater, Bureau of Special Assistance, as a Regulatory Analyst I. I was
13 subsequently promoted to Regulatory Analyst II, Regulatory Analyst III, Regulatory Analyst
14 IV, and Professional Accountant Specialist. I began working in the Division of Competitive
15 Markets and Enforcement in September 2000, as a Regulatory Analyst Supervisor. I have
16 since been promoted to Public Utilities Supervisor.

17 Q. What are your general duties as a Public Utilities Supervisor?

18 A. I supervise the workload of employees to ensure the best use of time and resources,
19 supervise the preparation of comprehensive reports, direct research into all aspects of
20 telecommunications company regulation, supervise the preparation of economic and statistical
21 research reports, prepare recommendations for Commission consideration, prepare exhibits
22 and materials for hearings and investigations, participate in formal proceedings before the
23 Commission, serve as an expert witness, draft rules on matters relating to regulated
24 companies, and prepare and present expert technical testimony.

25 Specifically, I supervise and address issues related to D-Line and Link-Up, eligible

DOCUMENT NUMBER - DATE

00234 JAN-98

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1 telecommunications carrier (ETC) petitions, universal service, area codes, number
2 assignments, number portability, number pooling, number reclamation, storm cost recovery,
3 Florida Relay program for the deaf and hard-of-hearing, rulemaking, and various other
4 dockets, inquiries and complaints.

5 Q. Have you ever testified as a member of the Commission staff?

6 A. I was a staff witness in Docket No. 950495-WS, Southern States Utilities. I submitted
7 testimony which was stipulated into the record. I also was a staff witness in Docket No.
8 080065-TX, Investigation of Vilaire Communications, Inc.'s eligible telecommunications
9 carrier status and competitive local exchange company certificate status in the State of Florida.

10 Q. What is the purpose of your testimony?

11 A. I am providing staff testimony regarding the application of the universal service
12 Lifeline discount to bundled service offerings which include functionality that is comparable
13 to that described at 47 CFR 54.101(a)(1)-(9) and Section 364.02(1), Florida Statutes.

14 Q. Are you sponsoring any exhibits in this case?

15 A. Yes. I am sponsoring the following exhibits:

16 Exhibit RJC-1: Verizon Florida tariff, Section A13.14.3, 14th Revised Page 11.0.2.

17 Exhibit RJC-2: Letter dated November 30, 2000, to the FPSC's Director of
18 Competitive Services from Verizon's Director of Regulatory Affairs, regarding the
19 possible establishment of an interim Lifeline fund in Florida to reimburse the \$3.50
20 Lifeline credit provided to customers by ETCs.

21 Q. What is universal service?

22 A. As defined by Section 364.025(1), Florida Statutes, the term "universal service" means
23 "an evolving level of access to telecommunications services that, taking into account advances
24 in technologies, services, and market demand for essential services, the Commission
25 determines should be provided at just, reasonable, and affordable rates to customers, including

1 those in rural, economically disadvantaged, and high-cost areas.” The Federal Universal
2 Service Fund (USF) pays for four programs. They are Link-Up/Lifeline, High Cost, Schools
3 and Libraries, and Rural Health Care.

4 Q. Who Pays for universal service?

5 A. All telecommunications service providers and certain other providers of
6 telecommunications must contribute to the federal USF based on a percentage of their
7 interstate and international end-user telecommunications revenues. These companies include
8 wireline phone companies, wireless phone companies, paging service companies, and certain
9 Voice over Internet Protocol providers. The Federal Communications Commission (FCC)
10 does not require this charge to be passed on to customers. Each company makes a business
11 decision about whether and how to assess charges to recover its universal service costs. They
12 cannot collect any USF fees from a Lifeline program participant.

13 Q. How much do companies contribute for universal service?

14 A. Companies contribute a certain percentage of the amount billed to their residential and
15 business customers for interstate and international usage including the subscriber line charge.
16 The exact percentage that companies contribute is adjusted every quarter based on projected
17 demand for universal service funding. For the first quarter 2009, the contribution percentage
18 is 9.5%.

19 Q. How much does Florida contribute and receive from the universal service fund?

20 A. According to the latest Universal Service Monitoring Report, in 2007, Florida
21 contributed \$481,258,000 into the universal service fund, but only received \$183,382,000
22 from the fund, making Florida once again the largest net contributor to the Fund.

23 Q. Which universal service programs are being addressed in this docket?

24 A. My testimony will focus on the Link-Up and Lifeline universal service program.

25 Q. CAN YOU PROVIDE SOME GENERAL BACKGROUND INFORMATION ON

1 THE UNIVERSAL SERVICE LINK-UP AND LIFELINE PROGRAM?

2 A. Yes, I will.

3 Q. What is Link-Up service?

4 A. The universal service Link-Up program helps low-income consumers initiate telephone
5 service by paying one-half (up to a maximum of \$30) of the initial installation fee for a
6 traditional, wireline telephone or an activation fee for a wireless telephone. Link-Up also
7 allows participants to pay any remaining amount on a deferred schedule, interest-free.

8 Q. What is Lifeline service?

9 A. In accordance with 47 C.F.R. §54.401, Lifeline means a retail local service offering
10 that is available only to qualifying low-income consumers; for which qualifying low-income
11 consumers pay reduced charges as a result of application of the Lifeline support amount
12 described in §54.403; and that includes the services or functionalities enumerated in §54.101
13 (a)(1) through (a)(9).

14 Lifeline service in Florida provides a \$13.50 discount on basic monthly telephone
15 service to qualified low-income individuals. Eligibility can be determined by customer
16 enrollment in any one of the following programs: Temporary Cash Assistance (TCA),
17 Supplemental Security Income, Food Stamps, Medicaid, Federal Public Housing Assistance
18 (Section 8), Low-Income Home Energy Assistance Plan, National School Lunch Program's
19 Free Lunch Program, or Bureau of Indian Affairs Programs. In addition to the program-based
20 criteria, AT&T, Embarq, and Verizon customers with annual incomes up to 135 percent of the
21 Federal Poverty Guidelines may be eligible to participate in the Florida Link-Up and Lifeline
22 programs.

23 Q. What is the purpose of the universal service Link-Up and Lifeline programs?

24 A. As described in PSC Order No. PSC-08-0130-FOF-TL, issued March 3, 2008, the goal
25 of the Link-Up and Lifeline programs is "to help low-income households in Florida obtain and

1 maintain basic telephone service.”

2 Q. Are the Link-Up and Lifeline programs needed in Florida?

3 A. The Link-Up and Lifeline programs are needed more than ever in Florida due to the
4 present state of the economy. Florida recently added more than 500,000 people to its food
5 stamp rolls. According to Department of Children and Families (DCF) Secretary George
6 Sheldon, “between April of 2007, and November 2008, the number of Floridians accepting
7 food stamps zoomed from 1.2 million to 1.7 million, an increase of 45%.” The number of
8 calls to Florida’s food stamp hotline reached three million in December 2008. In response to
9 this huge increase in food stamp recipients, Governor Charlie Crist stated “These are our
10 fellow Floridians and we must do everything we can to make their lives better” (December 10,
11 2008 Tallahassee Democrat). The Food Stamp Program is the largest qualifying program for
12 Lifeline assistance in Florida.

13 Q. What percentage of Florida Households are eligible to receive Lifeline benefits?

14 A. It is estimated by the FCC that approximately 15.8% of Florida households are eligible
15 to receive Lifeline benefits. (FCC 04-87, Table 1.B, Appendix K-35) Staff’s June 2008
16 estimate of Lifeline eligible households in Florida, using the FCC percentage, was 1,186,015.
17 In today’s economic conditions, I believe that number is higher. According to the 2008
18 Lifeline Report, 183,972 consumers or 15.5% of *eligible* Florida households participated in
19 the Lifeline program as of June 2008.

20 Q. How can Florida consumers enroll in the Lifeline program?

21 A. Consumers can apply for Lifeline through various means including paper application,
22 by telephone, or through the internet. Consumers can apply on-line through the FPSC
23 website. If they prefer, they can download a hard-copy Lifeline application from the FPSC
24 website, and fax or send in the completed application to the appropriate ETC. Consumers who
25 wish to apply for Lifeline service using income criteria enroll through the Florida Office of

1 Public Counsel (FOPC). Consumers can also call the ETC directly and apply by telephone.
2 Most customers are enrolled in the program through the FPSC/DCF Lifeline automatic
3 enrollment process.

4 Q. What is the Universal Service Administrative Company?

5 A. The Universal Service Administrative Company (USAC) is an independent, not-for-
6 profit corporation designated as the administrator of the federal USF by the FCC.

7 Q. What is an eligible telecommunications carrier?

8 A. As defined by 364.10(2)(a), Florida Statutes, the term "eligible telecommunications
9 carrier" means a telecommunications company, as defined by section 364.02, Florida Statutes,
10 which is designated as an eligible telecommunications carrier by the Commission pursuant to
11 47 C.F.R. s. 54.201. ETC status allows a carrier to receive support from the universal service
12 fund through the USAC. As explained below in my testimony, there are also wireless carriers
13 operating in Florida which have received ETC status.

14 Q. How many ETCs are in Florida?

15 A. There are presently 21 ETCs in Florida consisting of 10 incumbent local exchange
16 companies, 8 competitive local exchange companies, and 3 wireless providers.

17 Q. Are the three protesting parties in this docket, Verizon Florida LLC, ALLTEL
18 Communications, LLC, and Sprint-Nextel (NPCR, Inc. d/b/a Nextel Partners and Sprint
19 Corporation n/k/a Sprint Nextel Corporation d/b/a Sprint PCS) eligible telecommunications
20 carriers in Florida?

21 A. Yes. By Order PSC-97-1262-FOF-TP, issued October 14, 1997, in Docket Nos.
22 970644-TP and 970744-TP, the FPSC designated Verizon Florida LLC (f/k/a GTE Florida) as
23 an ETC. By Order DA 04-2667, released August 25, 2004, NPCR, Inc. d.b.a Nextel Partners
24 was designated as an ETC by the FCC. By Order DA 04-3046, released September 24, 2004,
25 ALLTEL Communications, Inc (ALLTEL) was designated as an ETC by the FCC. By Order

1 DA 04-3617, released November 18, 2004, Sprint Corporation was designated as an ETC by
2 the FCC.

3 Q. Why were Sprint-Nextel and ALLTEL designated as ETCs by the FCC instead of the
4 FPSC?

5 A. Section 214(e)(2) of the Telecommunications Act of 1996 (The Act) gives state
6 commissions the primary responsibility for performing ETC designations. Section 214(e)(6)
7 of the Act directs the FCC, upon request, to designate as an ETC "a common carrier providing
8 telephone exchange service and exchange access that is not subject to the jurisdiction of a
9 State commission."

10 By petitions filed April 16, 2003, and April 29, 2003, respectively, NPCR, Inc., d/b/a
11 Nextel Partners, and ALLTEL Wireless Holdings, L.L.C. requested declaratory statements
12 that the FPSC lacks jurisdiction to designate CMRS carriers ETC status for the purpose of
13 receiving federal universal service support. The FPSC found that it did not have jurisdiction
14 over CMRS providers at that time for purposes of determining eligibility for ETC status
15 pursuant to 47 U.S.C. §214(e) (PSC-03-1063-DS-TP, Docket No. 030346-TP, issued
16 September 23, 2003).

17 On August 30, 2006, ALLTEL filed petitions with the FPSC requesting ETC
18 designation in rural areas of Florida. ALLTEL's petitions asserted that subsequent to the
19 jurisdictional declaratory statement, the Legislature enacted Section 364.011, Florida Statutes,
20 setting forth that wireless providers are exempt from FPSC jurisdiction except to the extent
21 specifically authorized by federal law. ALLTEL contended that pursuant to Section 364.011,
22 Florida Statutes, in concert with §214(e)(2) of the Act, the FPSC now had the authority to
23 consider applications for ETC designation filed on behalf of CMRS providers. After review
24 of the state and federal law, the Commission agreed that the FPSC now has jurisdiction to
25 consider wireless provider ETC applications in Florida (PSC-07-0288-PAA-TP. Docket No.

1 060582-TP, Issued April 3, 2007).

2 Q. Since Sprint-Nextel and ALLTEL were designated as ETCs by the FCC, are they
3 required to comply with the requirements of Florida's Lifeline program?

4 A. Yes. The FCC orders designating Sprint-Nextel and ALLTEL as ETCs each state
5 stating that "We note that ETCs must comply with state requirements in states that have
6 Lifeline programs" (DA 04-2667, footnote 30, DA 04-3046, footnote 29, and DA 04-3617,
7 footnote 27).

8 Q. What USF monies are ETCs eligible to receive once they are designated as ETCs?

9 A. By receiving ETC designation, companies can apply for and receive monies from the
10 high cost and low-income funds of the universal service programs.

11 Q. What is the purpose of the universal service high-cost program?

12 A. The universal service high-cost program ensures that consumers in all regions of the
13 nation have access to and pay rates for telecommunications services that are reasonably
14 comparable to those services provided and rates paid in urban areas.

15 Q. What amounts of federal universal service high-cost funds were received by Verizon
16 for Florida in the last three years?

17 A. According to Verizon, it received approximately \$51.6 million in subsidies from the
18 federal universal service high-cost fund from 2006 through November 2008.

19 Q. What amounts of high-cost funds were received by Sprint-Nextel for Florida in the last
20 three years?

21 A. Sprint-Nextel received approximately \$26.3 million in subsidies from the federal
22 universal service high-cost fund from 2006, through November 2008.

23 Q. What amounts of high-cost funds were received by ALLTEL for Florida in the last
24 three years?

25 A. ALLTEL received approximately \$14.2 million in subsidies from the federal universal

1 service high-cost fund from 2006 through November 2008.

2 Q. Is an ETC which receives high-cost subsidies from the universal service fund also
3 obligated to offer Link-Up and Lifeline service?

4 A. Yes. As required by 47 C.F.R. §54.405, an ETC shall make Lifeline available to
5 qualifying low-income consumers.

6 Q. Why was this docket (Docket No. 080234-TX) opened?

7 A. As part of the FPSC's ongoing effort to monitor, improve, and streamline the Florida
8 Lifeline enrollment process, I discovered that certain Lifeline applicants were being denied
9 enrollment in the Lifeline program by some ETCs because they desired a bundled package
10 offering from the ETC. I determined that carrier policies within Florida differ as to whether
11 the Lifeline discount applies to bundled service packages which contain a local usage
12 functionality. Some ETCs provide consumers with the option to subscribe to any bundled
13 package while others reject the applications of consumers subscribing to bundled services.
14 Still others engage in procedures informing consumers of their limited plans for Lifeline,
15 giving them only the option of subscribing to a basic service. I believe that denying or
16 limiting Lifeline benefits on bundled service offerings which include functionalities described
17 in 47 CFR 54.101(a)(1)-(9) or Section 364.02(1), Florida Statutes, to eligible Lifeline
18 consumers has created a barrier to Lifeline enrollment in Florida.

19 Q. CAN YOU PROVIDE SOME BACKGROUND INFORMATION FOR ISSUES 1
20 AND 2 OF YOUR TESTIMONY?

21 A. Yes, I will.

22 Q. What is a bundled service offering?

23 A. A bundled service offering combines basic local exchange service with nonbasic
24 services to create an enhanced service offering. For purposes of this docket, nonbasic service
25 may include call waiting, call forwarding, voice mail, internet access, and all other services

1 that may be offered in a bundled package which includes basic service. Section 364.02(10),
2 Florida Statutes (F.S.), defines nonbasic service as “any telecommunications service provided
3 by a local exchange telecommunications company other than a basic local telecommunications
4 service, a local interconnection arrangement described in s. 364.16, or a network access
5 service described in s. 364.163.”

6 Q. What are the nine functionalities in 47 CFR 54.101(a) that ETCs are required to
7 provide?

8 A. Pursuant to 47 CFR 54.101(a), ETCs must provide the following nine functionalities:

9 (1) Voice grade access to the public switched network Voice grade access is defined as a
10 functionality that enables a user of telecommunications services to transmit voice
11 communications, including signaling the network that the caller wishes to place a call, and to
12 receive voice communications, including receiving a signal indicating there is an incoming
13 call;

14 (2) Local Usage Local usage indicates the amount of minutes of use of exchange service,
15 provided free of charge to end users;

16 (3) Dual-tone multi-frequency signaling or its functional equivalent Dual-tone multi-
17 frequency ("DTMF") is a method of signaling that facilitates the transportation of signaling
18 through the network, thus shortening call set-up time;

19 (4) Single-party service or its functional equivalent Single-party service is
20 telecommunications service that permits users to have exclusive use of a wireline subscriber
21 loop or access line for each call placed, or in the case of wireless telecommunications carriers,
22 which use spectrum shared among users to provide service, a dedicated message path for the
23 length of a user's particular transmission;

24 (5) Access to emergency services Access to emergency services includes access to services,
25 such as 911 and enhanced 911, provided by local governments or other public safety

1 organizations;

2 (6) Access to operator services Access to operator services is defined as access to any
3 automatic or live assistance to a consumer to arrange for billing and/or completion, of a
4 telephone call;

5 (7) Access to interexchange service Access to interexchange service is defined as the use of
6 the loop, as well as that portion of the switch that is paid for by the end user, or the functional
7 equivalent of these network elements in the case of a wireless carrier, necessary to access an
8 interexchange carrier's network;

9 (8) Access to directory assistance Access to directory assistance is defined as access to a
10 service that includes, but is not limited to, making available to customers, upon request,
11 information contained in directory listings; and

12 (9) Toll limitation for qualifying low-income consumers Toll limitation or blocking restricts
13 all direct-dial toll access.

14 Q. What are the functionalities included in Section 364.02(1), Florida Statutes?

15 A. The functionalities included in section 364.02(1), Florida Statutes, are "basic local
16 telecommunications service," defined as "voice-grade, flat-rate residential, and flat-rate
17 single-line business local exchange services which provide dial tone, local usage necessary to
18 place unlimited calls within a local exchange area, dual tone multifrequency dialing, and
19 access to the following: emergency services such as "911," all locally available interexchange
20 companies, directory assistance, operator services, relay services, and an alphabetical
21 directory listing. For a local exchange telecommunications company, the term shall include
22 any extended area service routes, and extended calling service in existence or ordered by the
23 commission on or before July 1, 1995."

24 Q. What are federal end-user common line (EUCL) charges or equivalent federal charges?

25 A. EUCL charges, also known as a subscriber line charge (SLC), allow local exchange

1 telephone companies (LECs) to recover the costs of providing the "local loop." The local loop
2 is a term that refers to the outside telephone wires, underground conduit, telephone poles and
3 other facilities that link each telephone customer to the network.

4 Q. What are the relevant Florida statutes on universal service?

5 A. Although I am not an attorney, I believe the relevant Florida statutes on universal
6 service include Sections 364.01(1), 364.025(1), Section 364.10, and Section 120.80(13)(d),
7 Florida Statutes.

8 Section 364.01(1) of the Florida Statutes provides that the "Florida Public Service
9 Commission shall exercise over and in relation to telecommunications companies the powers
10 conferred by this chapter." Subsection (2) goes on to state that "[i]t is the legislative intent to
11 give exclusive jurisdiction in all matters set forth in this chapter to the Florida Public Service
12 Commission in regulating telecommunications companies"

13 Section 364.025(1) defines universal service as an evolving level of access to
14 telecommunications services that should be provided to all customers, including the
15 economically disadvantaged, at just, reasonable and affordable rates, as the Commission
16 determines, taking into account advances in technologies, services, and market demand for
17 essential services.

18 Section 364.10, Florida Statutes, provides that an ETC shall provide a Lifeline
19 Assistance Plan to qualified residential subscribers. This section defines an "eligible
20 telecommunications carrier" as a telecommunications company, as defined by Section 364.02,
21 which is designated as an eligible telecommunications carrier by the Commission pursuant to
22 47 C.F.R. Section 54.201. This section provides the FPSC with authority over ETCs and
23 oversight for compliance of the universal service Lifeline program.

24 The Florida Legislature has acknowledged the need for the FPSC to have the ability to
25 implement sections of the Telecommunications Act. By Section 120.80(13)(d), Florida

1 Statutes, the Florida legislature has authorized the FPSC to oversee implementation of the Act
2 by employing procedures consistent with that Act.

3 The FPSC has previously concluded that this Commission has jurisdiction over
4 universal service issues pursuant to Chapter 364, Florida Statutes, and specifically, Section
5 364.025, Florida Statutes. (Order No. PSC-95-1592-FOF-TP, issued December 27, 1995,
6 Docket No. 950696-TP)

7 FCC and Other State Commissions

8 In Order FCC 04-87 (Report and Order), issued April 29, 2004, the FCC expressed
9 support for Lifeline customer participation in bundled service packages by stating: “We adopt
10 the Joint Board’s recommendation not to adopt rules prohibiting Lifeline/Link-Up customers
11 from purchasing vertical services, such as Caller ID, Call Waiting, and Three-way Calling.
12 Like the Joint Board, *we believe any restriction on the purchase of vertical services may*
13 *discourage qualified consumers from enrolling and may serve as a barrier to participation*
14 *in the program.*” (§53)(emphasis added).

15 The Report and Order was specifically issued to address Lifeline and Link-up. In an
16 effort to improve their effectiveness, the programs were modified to better serve the goals of
17 universal service. Declining to adopt any rules prohibiting Lifeline and Link-Up customers
18 from purchasing vertical services was thus one of many issues and modifications taken up by
19 the FCC in this Report and Order.

20 In addition to the statements quoted above regarding bundled packages, the FCC also
21 states that the actions instituted by the Report and Order “will result in a more inclusive and
22 robust Lifeline/Link-Up program, *consistent with the statutory goals of maintaining*
23 *affordability and access of low-income consumers to supported services, while ensuring that*
24 *support is used for its intended purpose.*” (§2)(emphasis added). In other words, all of the
25 issues and/or modifications to Lifeline and Link-Up found in the Report and Order, which

1 include declining to adopt rules against bundled packages, are consistent with the goals and
2 purposes of universal service. Therefore, rules which would serve to discourage enrollment or
3 to create barriers to participation in the Lifeline and Link-Up, such as those prohibiting
4 participation in vertical services, would be wholly inconsistent with universal service goals
5 and principles.

6 The FCC has stated that states exercising jurisdiction over ETC proceedings should
7 apply requirements in a manner that will best promote the universal service goals found in
8 Section 254(b) of the Telecommunications Act of 1996 (Act). (In the Matter of Federal-State
9 Joint Board on Universal Service, CC Docket No. 96-45, adopted February 25, 2005, released
10 March 17, 2006, Report and Order FCC 05-46, ¶60) The most relevant principle in Section
11 254(b) is that “[c]onsumers in all regions of the Nation, including low-income consumers . . .
12 should have access to telecommunications and information services, including interexchange
13 services and advanced telecommunications and information services” (emphasis
14 added) And, as already mentioned, the goal and purpose of universal service, and thus
15 Lifeline, is to make telecommunications services available for all Americans. Section 254(b)
16 of the Act also includes the protection of the public interest, convenience, and necessity.

17 Section 254(f) of the Act provides that “A State may adopt regulations not inconsistent
18 with the Commission's rules to preserve and advance universal service. Every
19 telecommunications carrier that provides intrastate telecommunications services shall
20 contribute, on an equitable and nondiscriminatory basis, in a manner determined by the State
21 to the preservation and advancement of universal service in that State. A State may adopt
22 regulations to provide for additional definitions and standards to preserve and advance
23 universal service within that State only to the extent that such regulations adopt additional
24 specific, predictable, and sufficient mechanisms to support such definitions or standards
25 that do not rely on or burden Federal universal service support mechanisms.” (emphasis

1 added)

2 Section 253(b) of the Act, addressing barriers to entry, provides that “nothing in this
3 section shall affect the ability of a State to impose, on a competitively neutral basis and
4 consistent with section 254, requirements necessary to preserve and advance universal
5 service, protect the public safety and welfare, ensure the continued quality of
6 telecommunications services, and safeguard the rights of consumers.” (emphasis added)

7 A United States Court of Appeals Tenth Circuit decision released June 5, 2007,
8 reasoned that “It is clear that states have authority under the Telecommunications Act to adopt
9 their own universal service standards and create funding mechanisms sufficient to support
10 those standards, as long as the standards are not inconsistent with the FCC’s rules, and as long
11 as the state program does not burden the federal program. 47 U.S.C. §254(f). Moreover,
12 states are given primary responsibility for deciding which carriers qualify as ETCs to be
13 eligible for subsidies from the universal service fund.” *WWC Holding v. Sopkin*, 488 F. 3d
14 1262, 1271 (10th Cir 2007).

15 The Tenth Circuit decision continued by stating that “For regulation aimed at
16 promoting universal service, Section 254(f) provides a hierarchy in which states cannot
17 conflict with the federal universal services program, but states are clearly authorized to build
18 upon the federal program to support universal service.” (emphasis added) citing *Qwest*
19 *Corp. v. FCC*, 258 F.3d 1191, 1203 (10th Cir. 2001) and parenthetically quoting *id.* As
20 follows: The Telecommunications Act plainly contemplates a partnership between the
21 federal and state governments to support universal service. . . . Thus, it is appropriate – even
22 necessary – for the FCC to rely on state action in this area . (emphasis added)

23 In FCC 03-249, the FCC noted the necessary partnership between the FCC and states
24 regarding universal service: “...the Qwest court recognized that state action is an integral
25 part of achieving the Act’s universal service goals, and expressly held that the Commission

1 could not simply provide support without also providing an inducement for state action.
2 Where state action is necessary to achieve the Act's goals—such as the reasonable
3 comparability of rates—the Commission has an obligation to ensure that states fulfill their part
4 of the federal-state partnership.” (In the Matter of Federal-State Joint Board on Universal
5 Service, CC Docket No. 96-45, Order on Remand, Further Notice of Proposed Rulemaking,
6 and Memorandum Opinion and Order, adopted October 16, 2003, released October 27, 2003,
7 FCC 03-249, ¶96) (emphasis added)

8 There has also been significant discussion and activity on this issue in other states,
9 including Kansas and California, that supports and/or results in conclusions similar to those
10 set forth in my testimony.

11 On October 2, 2006, the Kansas Corporation Commission (KCC) issued an Order
12 Adopting Requirements for Designation of Eligible Telecommunications Carriers (Docket No.
13 06-GIMT-446-GIT). In this Order is a ruling specifically concerning Lifeline support
14 whereby the KCC takes the position that customers should have choices and that universal
15 service programs, including Lifeline, should support customer choice. The KCC thus found
16 “that all ETCs shall allow Lifeline customers to select a plan and apply the discount to that
17 plan.” The KCC further stated, that “limiting Lifeline customers to the lowest cost plan that
18 an ETC has available is contrary to the goals for universal service.” (¶66)

19 Following the KCC's Order, several ETCs filed Petitions for Reconsideration. In an
20 Order Addressing Petitions for Reconsideration, issued November 20, 2006, the KCC,
21 however, stated: “The Commission will not reconsider its order directing ETCs to allow
22 Lifeline customers to select which plan to apply the Lifeline discount. The Commission
23 believes it is the public interest to ensure that Lifeline customers are not limited to one plan.
24 The Commission notes that other carriers participating in this docket do provide a choice of
25 plans to Lifeline customers. Finally, . . . neither [ETC] . . . provided the Commission with

1 authority stating that this Commission cannot expand the application of the Lifeline discount
2 to plans other than the lowest cost plan provided by an ETC. Likewise, . . . [they] have not
3 demonstrated that they are harmed in any way by giving their low-income customers more
4 choice among the services they are offering as ETCs.” (Docket No. 06-GIMT-446-GIT, ¶47)

5 On March 23, 2007, Sprint filed a complaint with the United States District Court for
6 the District of Kansas challenging the Kansas Lifeline Rule and seeking injunctive relief. On
7 May 8, 2007, the Court, by agreement of the parties, referred the matter to the FCC. (*Sprint*
8 *Spectrum, L.P. v Moline et al.*, Case No. 2:07-cv-2130)

9 On June 8, 2007, Sprint filed a petition with the FCC requesting a declaratory ruling
10 concerning the Kansas Corporation Commission’s October 2, 2006 ruling relating to Lifeline
11 support. On July 10, 2007, the FCC sought comment on the Sprint Petition (DA 07-2978).
12 Comments were due on or before August 9, 2007, and reply comments were due on or before
13 August 24, 2007. The FOPC filed comments with the FCC in support of the KCC. The FOPC
14 comments filed August 9, 2007, stated:

15 The citizens of Florida fully support the comments filed by the National
16 Association of State Utility Consumer Advocates (NASUCA) in this
17 proceeding. We agree with the NASUCA’s observation that “Sprint has taken
18 an FCC regulation, Section 54.403(b), which was intended to ensure that the
19 Lifeline discount is passed through to benefit the qualifying low income
20 consumers, and interpreted it as a restriction on the scope of Lifeline.” As
21 explained in NASUCA’s comments, this restrictive interpretation of Section
22 54.4039(b) is both invalid and contrary to the goal of advancing universal
23 service. The Federal Communications Commission should not preempt the
24 efforts of state commissions to advance universal service based on Sprint’s
25 improper reading of Commission rule 54.4039(b). The Florida Public Service

1 Commission is currently considering adoption of rules governing the purchase
2 of optional services by Lifeline and Link-Up customers. We believe that low-
3 income customers should be eligible for Lifeline credit for any service or
4 package of services provided by an Eligible Telecommunications Carrier
5 (ETC) that includes basic local exchange telecommunications service
6 capability. (emphasis added)

7 On August 24, 2006, the California Public Utilities Commission (CPUC) issued an
8 Opinion supporting the application of the Lifeline discount to bundled packages (Decision 06-
9 08-030). The CPUC introduces the general issue of bundling by stating that because “[t]he
10 majority of communications services sold are in bundles, rather than on a stand-alone basis . . .
11 policy decisions affecting bundles are especially significant for California consumers”
12 (Section XI.A.). The CPUC then goes on to explain that “[w]ith respect to Lifeline, we hold
13 that we should maintain our current practice of requiring that packages be made available
14 to Lifeline customers at a discount equal to the Lifeline subsidy. This policy ensures that
15 Lifeline consumers continue to realize the scope of the benefit they receive.” (emphasis
16 added) In conclusion, the CPUC states the following: “[i]n summary, bundles may include
17 any telecommunications service, but we will continue to require that bundles be made
18 available to Lifeline customers at a discount equal to the Lifeline subsidy.” (Section XI.B.)
19 (emphasis added)

20 The Public Utility Commission of Texas (TPUC) has adopted Rule §26.412, Texas
21 Administrative Code, for its Lifeline Service Program. Subsection (e) of this rule, which is
22 specifically titled “Bundled packages” states:

23 A Lifeline provider shall provide customers who apply to receive Lifeline
24 Service access to bundled packages at the same price as other consumers less
25 the Lifeline discount that shall only apply to that portion of the bundled

1 package bill that is for basic network service. (emphasis added)

2 The Utah Public Service Commission (UPSC) has adopted Rule 746-341, Utah
3 Administrative Code, Lifeline/Link-Up Rule. Subsection (G) of Rule 746-341-5, Lifeline
4 Telephone Service Features, states:

5 Other Services - - A Lifeline telephone service customer will not be required
6 to purchase other services from the ETC, nor prohibited from purchasing
7 other services unless the customer has failed to comply with the ETC's terms
8 and conditions for those services. (emphasis added)

9 In an Order entered December 22, 2008, the Pennsylvania Public Utility Commission
10 (PPUC) ordered Verizon to provide a Lifeline discount on bundled offerings that include
11 local, toll, and optional services (Dockets C-20077916 and C-20077917). The PPUC Order
12 explained that other states that currently support the application of the Lifeline discount to
13 bundled packages include: Wisconsin, Missouri, Indiana, Oregon, Michigan, Ohio,
14 Kentucky, Vermont, Nebraska, Tennessee, Oklahoma, and South Carolina. (emphasis
15 added)

16 Q. CAN YOU PROVIDE SOME BACKGROUND INFORMATION FOR ISSUES 3
17 AND 4 OF YOUR TESTIMONY?

18 A. Yes, I will.

19 Q. Would the FPSC be requiring a Lifeline discount on all components of a bundled
20 service offering?

21 A. No. The FPSC would only be requiring that the Lifeline discount be applied to the
22 local usage functionality component of any bundled service offering.

23 Q. Is it in the public interest to require all of Florida's ETCs to provide the Lifeline
24 discount on bundled service offerings which include a local usage functionality?

25 A. Yes. Providing the Lifeline discount on bundled service offerings which include a

1 local usage functionality is in the public interest and will further the goals of the universal
2 service program. As defined by Section 364.025(1), Florida Statutes, the term "universal
3 service" means "an evolving level of access to telecommunications services that, taking into
4 account advances in technologies, services, and market demand for essential services, the
5 Commission determines should be provided at just, reasonable, and affordable rates to
6 customers, including those in rural, economically disadvantaged, and high-cost areas."
7 (emphasis added) This Legislative definition recognizes the rapidly changing marketplace and
8 that Commission universal service policy should not stay dormant, but should change as the
9 marketplace changes. Consumer choice of bundled packages in today's marketplace is one
10 example of the "evolving level of access to telecommunications services." Another example
11 is the current FCC request for comments on its proposal to initiate a Broadband Lifeline trial.
12 Lifeline eligible consumers would receive a credit of fifty percent of the cost of broadband
13 Internet access installation, including a broadband Internet device up to a \$100, and a discount
14 of up to \$10 on their monthly Broadband service. Although the FPSC has opposed expanding
15 the definition of supported services to include broadband, in recent comments filed with the
16 FCC, the FPSC stated that its opposition to expanding the definition of supported services
17 could be tempered with the adoption of an overall fund cap in conjunction with the other
18 reforms noted in its past comments.

19 Verizon has stated that it *is not* in the public interest to require telecommunications
20 companies to provide the Lifeline discount on residential access lines used for bundled
21 services (Interrogatory Response No. 11). Sprint-Nextel has stated that *it is* in the public
22 interest to require telecommunications companies to provide the Lifeline discount on
23 residential access lines used for bundled services, but only if the discount is applied to the
24 lowest generally available residential rate plan. (Interrogatory Response No. 7).

25 I not only believe that it is in the public interest to ensure that Lifeline-eligible

1 consumers are not limited to the choice of one plan, but I believe that ETCs that do not
2 provide a Lifeline discount on bundled service offerings which contain a local usage
3 functionality are practicing a discriminatory policy. Bundled service offerings are a part of the
4 “evolving level of access to telecommunications services” which Lifeline customers should
5 have access to.

6 In paragraph 28 of its universal service order released May 8, 1997, the FCC stated,
7 “In determining the specific services to be provided to low-income consumers, we adopt the
8 Joint Board's reasoning that section 254(b)(3) calls for access to services for low-income
9 consumers in all regions of the nation, and that universal service principles may not be
10 realized if low-income support is provided for service inferior to that supported for other
11 subscribers.” (emphasis added) I believe ETCs that do not provide a Lifeline discount on
12 bundled service offerings which contain a local usage functionality are providing inferior
13 service to Lifeline customers and as a result, universal service principles are not being
14 realized.

15 Q. Should the discretionary spending of a Lifeline-eligible consumer be taken into
16 consideration in the determination of whether a Lifeline discount should be applied to the
17 local usage functionality of any bundled service offering of an ETC.

18 A. No. It is my belief that the FPSC should not attempt to control the discretionary
19 spending of a consumer. There are consumers who need the vertical services included in
20 bundled service offerings. Evidence provided in the rate rebalancing dockets showed that
21 53% to 72% of Lifeline customers served by the petitioners in that case purchase one or more
22 ancillary services (PSC-03-1469-FOF-TL, p.32). In response to staff's 2008 Lifeline Annual
23 Report data request, Verizon responses showed that 66% of its Lifeline customers subscribed
24 to ancillary services in June 2008. Unemployed consumers need voicemail to receive
25 messages from potential employers. Abuse victims need caller ID to identify callers.

1 Disabled consumers may subscribe to a high-end package with internet and television because
2 it is their only means of communication to the outside world. In addressing commenter's
3 concerns that vertical services would be marketed to low-income consumers who could not
4 afford the vertical features, the FCC stated "While we understand these concerns, we do not
5 prohibit the marketing of vertical services to Lifeline/Link-Up customers at this time." (FCC
6 04-87, ¶53)

7 Q. Should the FPSC stay these proceedings pending a FCC declaratory ruling in the
8 Petition of Sprint Spectrum, L.P. regarding the Kansas Corporation Commission ruling
9 requiring a Lifeline discount on bundled service offerings? (Petition of Sprint Spectrum, L.P.
10 for a Declaratory Ruling that the Kansas Corporation Commission's October 2, 2006 Order in
11 Docket No. 06-GIMT-446-GIT, violates federal law, WC Docket Nos. 03-109 and 07-138
12 (filed June 8, 2007).

13 A. No. The FPSC should not stay these proceedings pending the outcome of the Sprint
14 declaratory Ruling at the FCC. Florida consumers are being harmed on a daily basis by being
15 denied Lifeline service on bundled service offerings which include the basic local usage
16 functionality. There is no prediction on when the FCC will take action on the petition.

17 ISSUE 1: UNDER APPLICABLE LAW, MAY THE COMMISSION REQUIRE FLORIDA
18 ETCs THAT CHARGE FEDERAL END USER COMMON LINE CHARGES, OR
19 EQUIVALENT FEDERAL CHARGES, TO APPLY THE LIFELINE DISCOUNT TO
20 BUNDLED SERVICE OFFERINGS WHICH INCLUDE FUNCTIONALITY THAT IS
21 COMPARABLE TO THAT DESCRIBED AT 47 CFR 54.101(a)(1)-(9) OR SECTION
22 364.02(1), FLORIDA STATUTES?

23 Q. Which protesting parties to this docket include EUCL charges on customer's bills?

24 A. Verizon is the only protesting party to this docket which charges a EUCL on
25 customer's monthly bills.

1 Q. Can the FPSC require ETCs that charge federal end-user common line charges, or
2 equivalent federal charges, to apply the Lifeline discount to bundled service offerings which
3 include functionality similar to that described at 47 CFR 54.101(a)(1)-(9) or Section
4 364.02(1), Florida Statutes?

5 A. Yes. Although I am not an attorney, I believe the FPSC has authority to require ETCs
6 that charge federal end-user common line charges, or equivalent federal charges, to apply the
7 Lifeline discount to bundled service offerings which include functionality similar to that
8 described at 47 CFR 54.101(a)(1)-(9) or Section 364.02(1), Florida Statutes.

9 Q. Verizon believes that the FPSC cannot require the Lifeline discount be applied to the
10 basic local service rate or basic local service rate portion of any bundled service offering
11 which combines both basic and non-basic service. Do you agree?

12 A. No. As already mentioned, I am not an attorney but I believe that the Lifeline discount
13 can and should be applied to the basic local service rate or basic local service rate portion of
14 any bundled service offering which combines both basic and non-basic service. One of the
15 nine functionalities required to be provided by an ETC pursuant to 47 CFR 54.101(a) is local
16 usage. Local usage is a component included in Verizon's bundled service offerings. If a
17 bundled service offering includes a local usage functionality, a Lifeline discount should be
18 able to be applied to that local usage functionality. Verizon Florida intrastate tariffs even
19 describe its bundled service offerings as "Verizon Local Packages."

20 In FCC 97-157, released May 8, 1997, the FCC stated that "As noted in the NPRM, the
21 Commission's Lifeline program currently reduces end-user charges that low-income
22 consumers in participating jurisdictions pay for some state specified level of local service that
23 includes access to the PSTN and some local calling" (§341) I believe the FPSC has the
24 authority to require ETCs to provide access and some level of local usage.

25 Florida Statutes also contemplate Lifeline discounted basic service bundled with

1 nonbasic service. Section 364.10(3)(d), F.S., states: “An eligible telecommunications carrier
2 may not discontinue basic local exchange telephone service to a subscriber who receives
3 Lifeline service because of nonpayment by the subscriber of charges for nonbasic services
4 billed by the telecommunications company, including long-distance service.” (emphasis
5 added).

6 In other words, if a Lifeline customer fails to pay an ETC for any nonbasic services he
7 or she had subscribed to, the ETC cannot, as a result of nonpayment, discontinue his or her
8 basic service. This necessarily assumes that a Lifeline customer will have access to bundled
9 service packages.

10 Section 364.10(3)(a), Florida Statutes, provides that “ Effective September 1, 2003,
11 any local exchange telecommunications company authorized by the commission to reduce its
12 switched network access rate pursuant to s. 364.164 shall have tariffed and shall provide
13 Lifeline service to any otherwise eligible customer or potential customer who meets an
14 income eligibility test at 135 percent or less of the federal poverty income guidelines for
15 Lifeline customers.” (emphasis added).

16 I believe that Verizon is in conflict with the intent of Section 364.10(3)(a) by denying
17 Lifeline applicants a Lifeline discount on bundled service offerings which contain a local
18 usage functionality. The statute does not exclude Lifeline service on bundled service offerings
19 which include functionality similar to that described at 47 CFR 54.101(a)(1)-(9) or Section
20 364.02(1), Florida Statutes.

21 In summary, I believe that ETCs that charge federal end-user common line charges, or
22 equivalent federal charges, are required to apply the Lifeline discount to the basic local service
23 rate or the basic local service rate portion of any service offering which include functionality
24 similar to that described at 47 CFR 54.101(a)(1)-(9) or Section 364.02(1), Florida Statutes.
25 This is consistent with the goals and principles of universal service, is in the public interest,

1 and would foster increased participation in the Florida Lifeline Program.

2 ISSUE 2: UNDER APPLICABLE LAW, MAY THE COMMISSION REQUIRE FLORIDA
3 ETCs THAT DO NOT CHARGE FEDERAL END USER COMMON LINE CHARGES, OR
4 EQUIVALENT FEDERAL CHARGES, TO APPLY THE LIFELINE DISCOUNT TO
5 BUNDLED SERVICE OFFERINGS WHICH INCLUDE FUNCTIONALITY THAT IS
6 COMPARABLE TO THAT DESCRIBED AT 47 CFR 54.101(A)(1)-(9) OR SECTION
7 364.02(1), FLORIDA STATUTES?

8 Q. Which protesting parties to this docket do not include EUCL charges on customer's
9 bills?

10 A. Sprint-Nextel and ALLTEL do not include a EUCL charge on their customer's bills.

11 Q. Can the FPSC require ETCs that do not charge federal end-user common line charges,
12 or equivalent federal charges, to apply the Lifeline discount to bundled service offerings
13 which include functionality similar to that described at 47 CFR 54.101(a)(1)-(9) or Section
14 364.02(1), Florida Statutes?

15 A. Yes. Although I am not an attorney, I believe the FPSC has authority to require ETCs
16 that do not charge federal end-user common line charges, or equivalent federal charges, to
17 apply the Lifeline discount to bundled service offerings which include functionality similar to
18 that described at 47 CFR 54.101(a)(1)-(9) or Section 364.02(1), Florida Statutes. Competitive
19 neutrality comes into play when considering if there should be different requirements for
20 ETCs who charge a EUCL and those who do not charge a EUCL. According to the FCC,
21 consistent with the principle of competitive neutrality, universal service support mechanisms
22 and rules should neither unfairly advantage nor disadvantage one provider over another, and
23 neither unfairly favor nor disfavor one technology over another. (FCC 97-157, ¶ 47)

24 Q. In response to staff interrogatory No. 1, Sprint-Nextel states that "Federal law does
25 provide that an ETC must comply with some, but not all state Lifeline rules or regulations in

1 states such as Florida that have established their own Lifeline program.” Do you agree?

2 A. No. The FCC orders designating Sprint-Nextel and ALLTEL as ETCs each state “We
3 note that ETCs must comply with state requirements in states that have Lifeline programs”
4 (DA 04-2667, footnote 30, DA 04-3046, footnote 29, and DA 04-3617, footnote 27). No
5 exceptions to this requirement are provided by the FCC. Sprint-Nextel and ALLTEL are
6 therefore required to comply with all requirements of the Florida Lifeline program as long as
7 they maintain ETC designation in Florida.

8 Q. Is ETC designation a requirement for Sprint-Nextel and ALLTEL?

9 A. No. ETC designation is a privilege, not a requirement. In accordance with 47 C.F.R.
10 §54.205, Sprint-Nextel and ALLTEL have the ability to relinquish their ETC status if they
11 choose, however by doing so they would forgo receipt of any high-cost subsidies from the
12 USF. As mentioned previously, over the last three years, Sprint-Nextel received over \$26.3
13 million and ALLTEL received over \$14.2 million in high-cost funds from the federal USF.

14 Q. Sprint-Nextel’s witness Mitus asserts that “...there is no basic local service portion to
15 either the lowest-cost plan that is Sprint-Nextel’s Lifeline plan or any other Sprint-Nextel
16 service plan.” (Mitus Direct, p.10, lines 6-8) Do you agree?

17 A. No. On page three of its Petition to the FCC requesting ETC status in the State of
18 Florida, NPCR, Inc. d/b/a Nextel Partners stated:

19 As part of the voice grade access to the PSTN, an ETC must provide local
20 calling. Nextel Partners, through its wireless network, provides subscribers the
21 ability to send and receive local phone calls both over Nextel Partners’ network
22 and through interconnection with the incumbent local exchange carriers serving
23 the Designated Areas. Local usage is included in all of Nextel Partners’
24 calling plans. As a designated ETC, Nextel Partners will comply with any and
25 all minimum local usage requirements required by applicable law. (emphasis

1 added) (Docket No. 96-45, September 16, 2003)

2 On page six of its Petition to the FCC requesting ETC status in the State of Florida,

3 Sprint Corporation stated:

4 *ETCs must include local usage beyond providing simple access to the public*
5 *switched network as part of a universal service offering. Sprint includes*
6 *specified quantities of usage in each of its rate plans, at the option of the*
7 *customer, and thereby complies with the requirement that all ETCs offer*
8 *local usage.* (emphasis added) (Docket No. 96-45, October 10, 2003)

9 Q. Does ALLTEL have a local usage functionality in its bundled service offerings?

10 A. Yes. On page five of its Petition to the FCC requesting ETC status in the State of
11 Florida, ALLTEL Communications, Inc. stated:

12 *ETCs must include local usage beyond providing simple access to the public*
13 *switched network as part of a universal service offering.* The FCC has not
14 quantified a minimum amount of local usage required to be included in a
15 universal service offering, but has initiated a separate proceeding to address
16 this issue. As it relates to local usage, the NPRM sought comments on a
17 definition of the public service package that must be offered by all ETCs.
18 Specifically, the FCC sought comments on how much, if any, local usage
19 should be required to be provided to customers as part of a universal service
20 offering. In the First Report and Order, the FCC deferred a determination on
21 the amount of local usage that a carrier would be required to provide. Any
22 minimum local usage requirement established by the FCC as a result of the
23 October 1998 NPRM will be applicable to all designated ETCs, not simply
24 wireless service providers. ALLTEL will comply with any and all minimum
25 local usage requirements adopted by the FCC. *ALLTEL will meet the local*

1 usage requirements by including local usage plans as part of a universal
2 service offering. (emphasis added) (Docket No. 96-45, November 20, 2003)

3 In addition, in ALLTEL's application for designation as an ETC in rural areas of
4 Florida (Docket No. 060582-TL), ALLTEL stated:

5 A description of Alltel's current rate plans that are generally available in the
6 areas for which Alltel seeks ETC designation is attached as Exhibit C hereto.

7 Exhibit C confirms that Alltel includes local usage in each rate plan and that
8 Alltel offers local calling areas that are substantially larger than those
9 offered by the incumbent LECs. (emphasis added)

10 Q. Is the FPSC attempting to regulate the rates of Sprint-Nextel and ALLTEL by
11 requiring the Lifeline discount be applied to any bundled service offering which includes
12 functionality that is comparable to that described at 47 CFR 54.101(a)(1)-(9) or Section
13 364.02(1), Florida Statutes.

14 A. No. The FPSC, as allowed by law, would simply require the Lifeline discount be
15 applied to the local usage component of any bundled service offering offer that contains a
16 functionality similar to that described at 47 CFR 54.101(a)(1)-(9) or Section 364.02(1),
17 Florida Statutes.

18 Q. Sprint-Nextel and ALLTEL believe that the FPSC cannot require the Lifeline discount
19 be applied to any bundled service package which they offer that includes a functionality
20 similar to that described at 47 CFR 54.101(a)(1)-(9) or Section 364.02(1), Florida Statutes.
21 Do you agree?

22 A. No. Although I am not an attorney, I believe that pursuant to 47 C.F.R. §54.403(b),
23 ETCs are required to apply the Lifeline discount to any bundled service package which they
24 offer that contains a functionality similar to that described at 47 CFR 54.101(a)(1)-(9) or
25 Section 364.02(1), Florida Statutes. 47 C.F.R. §54.403(b), provides that:

1 Eligible telecommunications carriers that charge federal End User
2 Common Line charges or equivalent federal charges shall apply Tier-One
3 federal Lifeline support to waive the federal End-User Common Line charges
4 for Lifeline consumers. Such carriers shall apply any additional federal support
5 amount to a qualifying low-income consumer's intrastate rate, if the carrier has
6 received the non-federal regulatory approvals necessary to implement the
7 required rate reduction. Other eligible telecommunications carriers shall apply
8 the Tier-One federal Lifeline support amount, plus any additional support
9 amount, to reduce their lowest tariffed (or otherwise generally available)
10 residential rate for the services enumerated in §54.101(a)(1) through (a)(9), and
11 charge Lifeline consumers the resulting amount. (emphasis added).

12 I believe that the phrase "or otherwise generally available," requires an ETC to apply
13 its Lifeline discount to reduce one of two rates: (1) its lowest tariffed residential rate; *or* (2)
14 any otherwise generally available rate. By default, an ETC's lowest tariffed rate is its basic
15 local service rate, and its otherwise generally available rates consist of all other rates. The
16 latter necessarily includes service offerings which combine both basic and nonbasic service—
17 bundled service packages. Thus, in applying the discount to rates "otherwise generally
18 available"—that is, bundled services packages—an ETC must simply reduce the basic local
19 service functionality of the bundled service by the Lifeline support amount.

20 Florida statutes also contemplate Lifeline discounted basic service bundled with
21 nonbasic service. Section 364.10(3)(d), F.S., states: "An eligible telecommunications carrier
22 may not discontinue basic local exchange telephone service to a subscriber who receives
23 Lifeline service because of nonpayment by the subscriber of charges for nonbasic services
24 billed by the telecommunications company, including long-distance service." (emphasis
25 added).

1 In other words, if a Lifeline customer fails to pay an ETC for any nonbasic services he
2 or she had subscribed to, the ETC cannot, as a result of nonpayment, discontinue his or her
3 basic service. This necessarily assumes that a Lifeline customer will have access to bundled
4 service packages.

5 A state's authority to establish requirements for wireless ETCs was recently addressed
6 in an opinion regarding WWC Holding company (Western Wireless) by the Tenth Circuit:

7 We believe that section 214(e)(2) demonstrates Congress's intent that state
8 commissions evaluate local factual situations in ETC cases and exercise
9 discretion in reaching their conclusions regarding the public interest,
10 convenience and necessity, as long as such determinations are consistent with
11 federal and other state law.... Consistent with our adoption of permissive
12 federal guidelines for ETC designation, state commissions will continue to
13 maintain the flexibility to impose additional eligibility requirements in state
14 ETC proceedings, if they so choose. (emphasis added) (*WWC Holding* at 1273
15 citing *In re Fed.State Joint Bd. On Universal Serv.*, 20 F.C.C. Rcd. 6371, 6397-
16 98 (March 17, 2005)).

17 In summary, I believe that ETCs that do not charge federal end-user common line
18 charges or equivalent federal charges, are required to apply the Lifeline discount to bundled
19 service offerings which include functionality that is comparable to that described at 47 CFR
20 54.101(a)(1)-(9) or Section 364.02(1), Florida Statutes. This is consistent with the goals and
21 principles of universal service, is in the public interest, and would foster increased
22 participation in the Florida Lifeline Program.

23 ISSUE 3: SHOULD THE COMMISSION REQUIRE EACH FLORIDA ETC THAT
24 CHARGES FEDERAL END USER COMMON LINE CHARGES, OR EQUIVALENT
25 FEDERAL CHARGES, TO APPLY THE LIFELINE DISCOUNT TO ITS BUNDLED

1 SERVICES WHICH INCLUDE FUNCTIONALITY THAT IS COMPARABLE TO THAT
2 DESCRIBED AT 47 CFR 54.101(A)(1)-(9) OR SECTION 364.02(1), FLORIDA
3 STATUTES?

4 Q. Does Verizon make the Lifeline discount available to qualified low-income customers
5 who desire a bundled service offering which contains a local usage functionality?

6 A. No. Although Verizon labels its bundled services as "Bundled Local Service," in its
7 Florida intrastate tariff, Verizon maintains a policy that denies eligible Lifeline applicants
8 from obtaining any bundled service offering which contains a local usage functionality.
9 Section A13.14.3 of Verizon's Florida tariff specifically states that "Bundled Local Service is
10 not available to Lifeline Service customers." (Exhibit RJC-1) Over 9,700 Lifeline applicants
11 who were approved as Lifeline-eligible by the DCF and have requested Verizon's Lifeline
12 discount have been denied Lifeline service because of Verizon's policy.

13 Q. Has the number of Verizon Lifeline customers increased or decreased in the last three
14 years?

15 A. The number of Verizon Lifeline customers has steadily decreased from 26,428 in
16 September 2006, to 23,918 in September 2007, to 22,720 in June 2008. Although Verizon
17 claims it is because of its loss of landlines, I believe one of the reasons for the decrease is
18 because of Verizon's policy of denying Lifeline-eligible consumers the option of choosing a
19 bundled service offering and receiving a Lifeline discount on the local usage functionality of
20 the bundled offering. As mentioned above, Verizon has denied over 9,700 Lifeline eligible
21 applicants that opportunity. The other two major ILECs in Florida, AT&T and Embarq, have
22 each shown an increase in Lifeline customers over the last three years, and showed an increase
23 in Lifeline customers of 12% and 15% respectively in the latest Lifeline Report.

24 Q. Verizon witness Vasington believes providing a Lifeline discount on the local usage
25 functionality of a bundled service offering places Verizon at a competitive disadvantage.

1 (Vasington Direct, p.16, lines 7-11) Do you agree?

2 A. I respectfully disagree. I believe the opposite is true. By not providing the Lifeline
3 discount on the local usage functionality of the bundled service, Verizon places itself at a
4 competitive disadvantage. Witness Vasington provides an example that Bright House is not
5 required to provide Lifeline service. Although that statement is true, Bright House is not an
6 ETC and is not eligible to receive USF high-cost subsidies such as the \$51.6 million received
7 by Verizon over the last three years.

8 In my opinion, Verizon may want to consider applying marketing efforts to Lifeline-
9 eligible consumers and demonstrate that Verizon's Lifeline service provides an advantage
10 over its main competitor, Bright House. Verizon should look at the ability to provide Lifeline
11 service as a competitive advantage which it has over Bright House, not a competitive
12 disadvantage. Other ILECs such as AT&T and Embarq have recognized the value of Lifeline
13 customers and provide a Lifeline discount on the local usage component of bundled service
14 offerings. I believe Verizon's loss of residential access lines mentioned in witness
15 Vasington's testimony (Direct p.15, lines 4-6) could be slowed if Verizon stops its
16 discriminatory policy of denying a Lifeline discount on the local usage portion of bundled
17 services.

18 In addition, witness Vasington mentions in his testimony that Verizon is placed at a
19 competitive disadvantage because as an ETC, it is required to provide a \$3.50 discount to
20 Lifeline customers which it does not receive reimbursement for because Florida does not have
21 a state universal service fund. Also, at Paragraph 15 of Verizon's Request to Initiate Formal
22 Proceedings, Verizon asserts that the \$3.50 portion of the Lifeline discount "has the potential
23 to cause competitive harm to wireline carriers, especially incumbent local exchange carriers."

24 Although Florida does not have a state universal service fund, Florida does have a
25 mechanism that provides intrastate matching funds which was approved by the FCC (FCC 97-

1 420, released December 30, 1997). In paragraph 126 of FCC 97-420, the FCC states:

2 The Commission's Lifeline program currently reduces end-user charges
3 that low-income consumers in participating jurisdictions pay for some state-
4 specified level of local service. Support from the federal jurisdiction is
5 provided in the form of a waiver of the federal SLC. To participate, states are
6 required to generate a matching reduction in intrastate end-user charges.

7 *Participating states may generate their state support from any intrastate*
8 *source.* (emphasis added)

9 Paragraph 127 of FCC 97-420 goes on to state:

10 With respect to states that generate intrastate Lifeline support, the
11 Commission did not prescribe a method by which states must generate such
12 support. In the *Order*, the Commission found "no reason at this time to intrude
13 in the first instance on states' decisions about how to generate intrastate support
14 for Lifeline."

15 A mechanism was provided by the Florida Legislature for carriers which believed that
16 they needed reimbursement of the \$3.50 discount provided to Lifeline customers. Section
17 364.025(3), Florida Statutes, provides the following:

18 *If any party, prior to January 1, 2009, believes that circumstances have*
19 *changed substantially to warrant a change in the interim mechanism, that party*
20 *may petition the commission for a change, but the commission shall grant such*
21 *petition only after an opportunity for a hearing and a compelling showing of*
22 *changed circumstances, including that the provider's customer population*
23 *includes as many residential as business customers. The commission shall act*
24 *on any such petition within 120 days.* (emphasis added)

25 Verizon has had the opportunity to file a Section 364.025(3), Florida Statutes, petition

1 with the FPSC indicating the need to be reimbursed the \$3.50 portion of the Lifeline discount,
2 but has chosen not to do so. By letter dated November 30, 2000, to the FPSC's Director of
3 Competitive Services from Verizon's Director of Regulatory Affairs, Michelle Robinson,
4 regarding the possible establishment of an interim Lifeline fund in Florida to reimburse the
5 \$3.50 credit provided to customers by ETCs, Verizon stated that it "is opposed to any
6 universal service-like funding mechanism to be imposed on Florida's local exchange carriers
7 at this time." (Exhibit RJC-2) When questioned in staff interrogatory No. 1 as to whether this
8 statement still reflects Verizon's position, Verizon responded that "...staff did not provide a
9 copy of the letter it references and Verizon therefore cannot assess the quoted statements in
10 context. In an effort to be responsive, Verizon states that it has not requested the
11 establishment of a state universal service fund in Florida..."

12 Q. Does Verizon or any Verizon affiliates provide a Lifeline discount on bundled service
13 offerings which include functionality similar to that described at 47 CFR 54.101(a)(1)-(9) or
14 Section 364.02(1), Florida Statutes in any other states?

15 A. Yes. According to responses to staff's data request No. 4, Verizon California Inc.
16 offers the Lifeline discount on service packages in California; Verizon South Inc. offers the
17 Lifeline discount on service packages in North Carolina; Verizon Northwest Inc. offers the
18 Lifeline discount on service packages in Oregon; and GTE Southwest Incorporated (d/b/a
19 Verizon Southwest) offers the Lifeline discount on service packages in Texas.

20 It is my belief that Verizon affiliates were also ordered to provide the Lifeline discount
21 on bundled service offerings in Vermont and Maine. (Verizon operations in Vermont and
22 Maine have now been sold to FairPoint Communications) On October 11, 2005, Verizon New
23 England Inc., d/b/a Verizon Vermont, filed tariff revisions making service packages available
24 to Lifeline customers. In a March 22, 2006 Order, the Vermont Public Service Board stated:

25 On January 24, 2006, the Department and Verizon filed a Stipulation

1 related solely to the tariff provisions that would make service packages
2 available to Lifeline customers. The parties agree that Verizon's proposed
3 Lifeline-Related Tariff Revisions are just and reasonable. The Stipulation
4 provides that the Board may enter an order that the tariff revisions be
5 implemented in accordance with their terms.

6 We find the parties' Stipulation to be reasonable and consistent with our
7 September 26, 2005, Order. Therefore, we approve the Stipulation and the
8 proposed tariff revisions that will take effect May 1, 2006. (Docket No. 7142)

9 In a June 24, 2008 Order, the Maine Public Utilities Commission stated:

10 We disagree with Verizon's assertion that Section 13(A) conflicts with the FCC
11 rules...We see no reason why Lifeline-qualified customers should be
12 discouraged from purchasing the most cost-effective services for their needs
13 just because they include long distance or other services. The Lifeline discount
14 can, and should, be applied to the local service portion of the bundled price.
15 Thus, we do not view Lifeline as subsidizing toll service; we view it as
16 applying to the local service portion of the bundle. We also note that a number
17 of other states, including California, Texas, Utah, Wisconsin, Missouri,
18 Indiana, Oregon, Michigan, Ohio, Kentucky, Vermont, Nebraska, Tennessee,
19 Oklahoma, and South Carolina support the application of the Lifeline discount
20 to bundled packages. Thus, we retain Section 13(A) of the draft rule and its
21 application to all ILECs. (Docket No. 2008-15, June 24, 2008, p. 12)

22 In addition, in an Order entered December 22, 2008, the Pennsylvania Public Utility
23 Commission ordered Verizon to provide a Lifeline discount on bundled offerings that include
24 local, toll, and optional services. In its Order, the Pennsylvania Commission stated:

25 We agree with the Administrative Law Judge's rejection of Verizon's

1 claim that the Lifeline credit cannot be provided to customers who purchase
2 local service as part of a package of services. There is no legal basis for
3 Verizon's position that it may deny Lifeline 135 eligible consumers the
4 federally funded discount when they purchase local calling as part of a bundle
5 with other services.

6 The Pennsylvania Commission subsequently ordered Verizon to file revised tariffs
7 modifying the tariff language restricting Lifeline customers from subscribing to any package
8 or bundled offerings.

9 In California Public Utility Commission (CPUC) Resolution T-16687, issued
10 December 19, 2002, the CPUC stated:

11 Verizon advises the Telecommunications Division (TD) that it believes
12 "Universal Lifeline Telephone Service (ULTS) customers are low-income
13 customers that should be encouraged to keep their telephone bills as low as
14 possible." Verizon also states that "A customer who purchases Local Package
15 and subscribes to all available options would save over 40% as compared to the
16 individual features' tariffed rates, even before taking into account any Zone
17 Usage Measurement (ZUM) or local directory assistance usage, which are both
18 included in Local Package." We find that ULTS customers should not be
19 denied potential savings of "over 40%" solely because they are low income
20 subscribers subsidized by the ULTS program. Therefore, we will require
21 Verizon to file a supplement to Advice Letter (AL) No. 9952 deleting the
22 condition that ULTS customers subscribing to either Local Package Standard,
23 Local Package, or Local and Toll Package must agree to be converted from
24 ULTS to Basic Exchange Residential Service.

25 ULTS subscribers should also be able to subscribe to the Local

1 Package, or Local and Toll Package containing a ULTS discounted access line.

2 The CPUC noted Verizon comments to the resolution which stated "Denying
3 customers access to Verizon Local Packages harms them by restricting their
4 choices to CLEC packages." (emphasis added)

5 The CPUC agreed and found that such harm is as real for ULTS eligible customers as
6 it is for other residential subscribers.

7 In summary, harm is being caused to Lifeline-eligible consumers in Florida by
8 Verizon's discriminatory policy of refusing to provide the Lifeline discount on bundled
9 service offerings which contain a local usage functionality. Over 9,700 Lifeline-eligible
10 Florida consumers have been denied a Lifeline discount by Verizon. Verizon has received
11 \$51.6 million in high-cost universal service subsidies over the last three years, but its
12 commitment to promote Lifeline is questionable given the steady decrease in the number of its
13 Lifeline customers. Verizon is providing a Lifeline discount on bundled service offerings in
14 other states but has refused to do so in Florida. It is my belief that both federal and state law
15 provide authority for the FPSC to require ETCs in Florida to provide the Lifeline discount on
16 the local usage functionality of any bundled service offering. Therefore, the Commission
17 should require each Florida ETC that charges federal end-user common line charges, or
18 equivalent federal charges, to apply the Lifeline discount to its bundled services which include
19 functionality that is comparable to that described at 47 CFR 54.101(A)(1)-(9) or Section
20 364.02(1), Florida Statutes.

21 ISSUE 4: SHOULD THE COMMISSION REQUIRE EACH FLORIDA ETC THAT DOES
22 NOT CHARGE FEDERAL END USER COMMON LINE CHARGES, OR EQUIVALENT
23 FEDERAL CHARGES, TO APPLY THE LIFELINE DISCOUNT TO ITS BUNDLED
24 SERVICES WHICH INCLUDE FUNCTIONALITY THAT IS COMPARABLE TO THAT
25 DESCRIBED AT 47 CFR 54.101(A)(1)-(9) OR SECTION 364.02(1), FLORIDA

1 STATUTES?

2 Q. Does Sprint-Nextel and ALLTEL allow eligible Lifeline applicants to choose any
3 bundled service offering which contains a local usage functionality?

4 A. No. Sprint-Nextel and ALLTEL only allow eligible Lifeline applicants to subscribe to
5 one basic bundled package offering. Lifeline applicants cannot choose a bundled service
6 offering of their choice or need which contains a local usage functionality and have the
7 Lifeline discount applied to it.

8 In addition, Sprint-Nextel and ALLTEL engage in additional validation procedures
9 upon notification from the FPSC that a consumer has been approved for DCF benefits and is
10 requesting Lifeline benefits, contrary to Florida's Lifeline simplified certification and
11 automatic enrollment processes. The simplified certification process allows eligible Lifeline
12 and Link-Up customers to enroll in the programs by simply signing a document certifying,
13 under penalty of perjury, that the customer participates in one of the Florida Lifeline and Link-
14 Up qualifying programs. Florida's automatic enrollment process provides that a Lifeline
15 applicant, once certified by DCF, is then automatically enrolled in the Lifeline program.

16 For Sprint-Nextel customers subscribing to bundled service packages, a second four-
17 page application is mailed to the applicant. Enclosed with this application is a letter
18 explaining that the company only offers basic service for Lifeline customers and that, as a
19 result, the consumer's subscription will be changed from his or her existing bundled package
20 to the Lifeline basic service. Sprint Nextel also requires the applicant to agree to the rates,
21 terms and conditions of its lowest generally available rate plan to which the Lifeline discount
22 is applied.

23 Staff Interrogatory No. 8 asked ALLTEL if it required a Lifeline applicant, who has
24 been qualified through Florida's Lifeline automatic enrollment, to provide any additional
25 information before receiving the discount. ALLTEL responded that it requires the customer to

1 complete the Lifeline enrollment form which requires a customer to verify that he/she does not
2 receive Lifeline discounts from another service provider and that no other person residing at
3 the customer's billing address receives the Lifeline discounts.

4 Section 364.10(h)(2), Florida Statutes, provides that: "If any state agency determines
5 that a person is eligible for Lifeline services, the agency shall immediately forward the
6 information to the commission to ensure that the person is automatically enrolled in the
7 program with the appropriate eligible telecommunications carrier." (emphasis added) When
8 Sprint-Nextel and ALLTEL request additional information after a Lifeline applicant has been
9 approved through the Lifeline automatic enrollment process with DCF, applicants are not
10 being "automatically enrolled in the program."

11 By Order PSC-06-0680-PAA-TL, the FPSC stated the following regarding the Lifeline
12 simplified certification process:

13 In summary, the current simplified certification process improves
14 efficiencies and helps get needed assistance to consumers sooner. In addition,
15 no evidence has been presented to indicate that the simplified certification
16 process contributes to an increase in fraudulent activity. Therefore, we hereby
17 expand the application of the simplified certification enrollment process by
18 requiring all ETCs to adopt this method of enrollment for the Lifeline and
19 Link-Up programs. This action will make the programs more uniform, and
20 allow all qualified consumers an opportunity to benefit.

21 Q. How many Lifeline customers does Sprint-Nextel serve in Florida?

22 A. From the inception of the Lifeline automatic enrollment process in April 2007, Sprint-
23 Nextel has received over 10,350 Lifeline eligible customer applications through the Lifeline
24 automatic enrollment process. In response to data requests for the 2008 Lifeline Report,
25 Sprint-Nextel reported that it has over 2.1 million customers in Florida, yet it only reported 78

1 Lifeline customers as of June 2008.

2 Q. How many Lifeline customers does ALLTEL serve?

3 A. From the inception of the Lifeline automatic enrollment process in April 2007,
4 ALLTEL has received over 4,478 Lifeline eligible customer applications through the Lifeline
5 automatic enrollment process. In response to data requests for the 2008 Lifeline Report,
6 ALLTEL reported that it has over 1 million customers in Florida, yet it only reported 32
7 Lifeline customers as of June 2008.

8 Q. Does Sprint-Nextel provide a Lifeline discount on bundled service offerings which
9 include functionality similar to that described at 47 CFR 54.101(a)(1)-(9) or Section
10 364.02(1), Florida Statutes, in any other states?

11 A. In response to staff interrogatory No. 12, Sprint-Nextel states that the KCC has
12 implemented an Order requiring ETCs to apply the Lifeline discount to calling plans other
13 than the lowest generally available residential rate plan.

14 Q. Does ALLTEL provide a Lifeline discount on bundled service offerings which include
15 functionality similar to that described at 47 CFR 54.101(a)(1)-(9) or Section 364.02(1),
16 Florida Statutes, in any other states?

17 A. Yes. In response to staff interrogatory No. 11, ALLTEL states that it provides a
18 Lifeline discount on bundled service offerings which include functionality similar to that
19 described at 47 CFR 54.101(a)(1)-(9) or Section 364.02(1), Florida Statutes, in Kansas and
20 Texas. In addition, ALLTEL states that certain ALLTEL affiliates provide the Lifeline
21 discount on several grandfathered bundled service packages in certain former Midwest
22 Wireless and Virginia Cellular states.

23 In summary, harm is being caused to Lifeline-eligible consumers in Florida by Sprint-
24 Nextel's and ALLTEL's discriminatory policies of refusing to provide Lifeline applicants an
25 option to subscribe to any bundled service offerings which contain a local usage functionality.

1 Together, Sprint-Nextel and ALLTEL received over \$40 million in universal service fund
2 high-cost subsidies from Florida in the last three years. They have a total of over 3 million
3 customers in Florida and reported just 110 Lifeline customers as of June 2008. It is my belief
4 that both federal and state law provide authority for the FPSC to require ETCs in Florida to
5 provide the Lifeline discount on the local usage functionality of any bundled service offering.
6 Therefore, the Commission should require each Florida ETC that does not charge federal end-
7 user common line charges, or equivalent federal charges, to apply the Lifeline discount to its
8 bundled services which include functionality that is comparable to that described at 47 CFR
9 54.101(A)(1)-(9) or Section 364.02(1), Florida Statutes.

10 Q. Does this conclude your testimony?

11 A. Yes.

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VERIZON FLORIDA LLC

GENERAL SERVICES TARIFF

14th Revised Page 11.0.2
 Canceling 13th Revised Page 11.0.2

A13. MISCELLANEOUS SERVICE ARRANGEMENTS

A13.14 Verizon Calling Services (Continued)

.3 Rates (Continued)

c. Bundled Local Service

Bundled Local Service provides local flat-rate service (including Extended Calling Service), IntraLATA long distance (only Verizon Regional Package Extrasm and Verizon Regional Packagesm), and a choice of vertical options at one monthly rate to residential customers. (Bundled Local Service is not available to Lifeline Service customers.)

Bundled Local Service is available to residential customers in four bundled packages: Verizon Local Packagesm, Verizon Local Package Extrasm, Verizon Regional Package Extrasm and Verizon Regional Packagesm. (These four bundled packages are not compatible with each other, with other packaged services or with ISDN.)

	<u>Monthly Rate</u>
(1) <u>Verizon Local Package</u> ^{sm1,2}	\$ 33.99 (I)
Local Service (including Extended Calling Service) ³ Local Directory Assistance Unlimited ⁴ Up to 3 Vertical Options (see following list)	
(2) <u>Verizon Local Package Extra</u> ^{sm1,2}	36.99 (I)
Local Service (including Extended Calling Service) ³ Local Directory Assistance Unlimited ⁴ 4 - 10 Vertical Options (see following list)	

¹ Nonrecurring charges, specified in Section A4, are not applicable when Verizon Local Packagesm, Verizon Local Package Extrasm, Verizon Regional Package Extrasm or Verizon Regional Packagesm are established or discontinued.

² The Verizon Five Cents Plansm is available to Residential Customers subscribing to Verizon Local Package Extrasm and Verizon Local Packagesm.

³ Residential service and Extended Calling Service (ECS) are provided in A3 of this tariff.

⁴ Local Directory Assistance is provided in A3.10 of this tariff.

sm Registered Trademark of Verizon



Verizon Communications
106 East College Avenue, Suite 810
Tallahassee, FL 32301

Phone 850.222.6300
Fax 850.222.2912

November 30, 2000

Mr. Walter D'Haeseleer
Director of Competitive Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Dear Mr. D'Haeseleer:

Thank you for the opportunity to share with you Verizon's position on establishing an interim Lifeline fund in Florida.

As you know, Verizon is opposed to any universal service-like funding mechanism to be imposed on Florida's local exchange carriers at this time. We believe that such a fund would create administrative burdens on the companies that would outweigh any benefits. Additionally, Verizon believes that the cost of implementing the fund would exceed the potential revenues generated.

Our position on this matter, however, should in no way be construed that Verizon is any less than committed to Florida's Lifeline and Link Up programs. We strongly encourage the Commission's objective to increase enrollment in these programs through cost-effective and targeted efforts.

We look forward to working with the Commission in pursuing these goals.

Sincerely,

A handwritten signature in black ink, appearing to read "Michelle Robinson".

Michelle Robinson
Director-Regulatory Affairs (Florida)

MR/DC/dm

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DIVISION OF
COMPETITIVE SERVICES