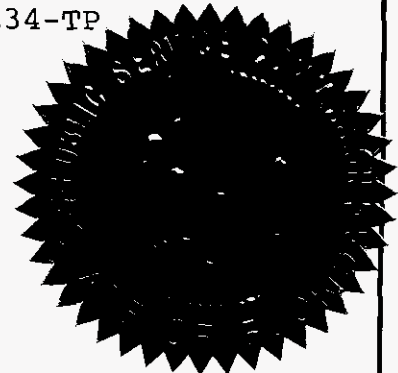


BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 080234-TP

In the Matter of:

IMPLEMENTATION OF FLORIDA LIFELINE
PROGRAM INVOLVING BUNDLED SERVICE
PACKAGES AND PLACEMENT OF ADDITIONAL
ENROLLMENT REQUIREMENTS ON CUSTOMERS.



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PROCEEDINGS: HEARING

BEFORE: CHAIRMAN MATTHEW M. CARTER, II
COMMISSIONER LISA POLAK EDGAR
COMMISSIONER KATRINA J. McMURRIAN
COMMISSIONER NANCY ARGENZIANO
COMMISSIONER NATHAN A. SKOP

DATE: Monday, March 2, 2009

TIME: Commenced at 9:30 a.m.
Concluded at 12:01 p.m.

PLACE: Betty Easley Conference Center
Room 148
4075 Esplanade Way
Tallahassee, Florida

REPORTED BY: LINDA BOLES, RPR, CRR
Official FPSC Reporter
(850) 413-6734

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1 APPEARANCES:

2 DULANEY L. O'ROARK III, GENERAL COUNSEL, Southeast
3 Region Verizon, 5055 North Point Parkway, Alpharetta, Georgia
4 30022, appearing on behalf of Verizon Florida LLC.

5 STEPHEN ROWELL, ESQUIRE, Alltel Communications, LLC,
6 1 Allied Drive, Little Rock, Arkansas 72202, appearing on
7 behalf of Alltel Communications, LLC.

8 MARSHA E. RULE, ESQUIRE, Rutledge, Ecenia & Purnell,
9 Post Office Box 551, Tallahassee, Florida 32302-0551, appearing
10 on behalf of Sprint Nextel.

11 DOUGLAS C. NELSON, Sprint Nextel, 233 Peachtree
12 Street, NE, Suite 2200, Atlanta, Georgia 30303, appearing on
13 behalf of Sprint Nextel.

14 CHARLES J. BECK, ESQUIRE, Office of Public Counsel,
15 c/o The Florida Legislature, 111 West Madison Street, Room 812,
16 Tallahassee, Florida 32399-1400, appearing on behalf of the
17 Citizens of the State of Florida.

18 CHARLES MURPHY, ESQUIRE, and TIMISHA BROOKS, ESQUIRE,
19 FPSC General Counsel's Office, 2540 Shumard Oak Boulevard,
20 Tallahassee, Florida 32399-0850, appearing on behalf of the
21 Commission Staff.

22 MARY ANNE HELTON, DEPUTY GENERAL COUNSEL, FPSC
23 General Counsel's Office, 2540 Shumard Oak Boulevard,
24 Tallahassee, Florida 32399-0850, appearing as advisor to the
25 Commission.

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CHAIRMAN CARTER: Good morning. I'd like to call this hearing to order.

First of all, Commissioner Argenziano, can you hear us okay?

COMMISSIONER ARGENZIANO: Yes, I can.

CHAIRMAN CARTER: Okay. Good morning to you.

COMMISSIONER ARGENZIANO: Good morning.

CHAIRMAN CARTER: Staff, would you please read the notice.

MR. MURPHY: Yes. Pursuant to notice filed on June 20th, 2008, this time and place has been set for a hearing in Docket Number 080234-TP, implementation of Florida Lifeline program involving bundled service packages and placement of additional enrollment requirements on customers.

CHAIRMAN CARTER: Thank you. Now let's take appearances of the parties.

MR. O'ROARK: Good morning, Mr. Chairman, Commissioners. I'm De O'Roark representing Verizon Florida LLC.

MR. ROWELL: Good morning. I'm Stephen Rowell. I'm representing Alltel, which is now a subsidiary of Verizon Wireless.

MS. RULE: Marsha Rule, Rutledge, Ecenia & Purnell, representing Sprint Nextel.

1 MR. NELSON: I'm Douglas Nelson representing Sprint
2 Nextel.

3 MR. BECK: Good morning, Commissioners. My name is
4 Charlie Beck. I'm with the Office of Public Counsel appearing
5 on behalf of the citizens of Florida.

6 MR. MURPHY: Charles Murphy and Timisha Brooks on
7 behalf of Commission staff.

8 MS. HELTON: And Mary Ann Helton, advisor to the
9 Commission.

10 CHAIRMAN CARTER: Thank you. Staff, are there any
11 preliminary matters?

12 MR. MURPHY: Yes, sir. In addition to the exhibits
13 initially stipulated by the parties, the parties have
14 stipulated that subject to Commission approval the following
15 exhibits will also be entered into the record: A Comprehensive
16 Exhibit List, deposition transcript including filed, late-filed
17 exhibit of Paul Vasington, and deposition transcript including
18 late-filed exhibit of John Mitus.

19 CHAIRMAN CARTER: Are there any objections? Hearing
20 none, show it done. Okay. Staff, you may proceed.

21 MR. MURPHY: Okay. Mr. Chairman, staff has compiled
22 a list of discovery exhibits that we believe can be entered
23 into the record by stipulation. In an effort to facilitate
24 entry of these exhibits, we have compiled a chart that we have
25 provided to the parties, the Commissioners and the court

1 reporter. In lieu of naming and marking each exhibit for the
2 record, I suggest that this list itself be marked as the first
3 hearing exhibit and that the discovery exhibits be marked
4 thereafter in sequential order as set forth in the chart.

5 CHAIRMAN CARTER: Any questions? The parties
6 received this. Any questions from any of the parties? Okay.
7 Without objection, show it done. You may proceed.

8 (Exhibits 1 through 6 marked for identification.)

9 MR. MURPHY: Mr. Chairman, staff moves Exhibits
10 1 through 6 into the record. The remaining identified exhibits
11 and any additional exhibits will be proffered by the respective
12 parties at the time their witnesses are testifying.

13 CHAIRMAN CARTER: Any objections? Without objection,
14 show it done.

15 (Exhibits 1 through 6 admitted into the record.)

16 Okay. Staff, you may proceed.

17 MR. MURPHY: I believe this would be a good time to
18 administer the oath, Mr. Chairman.

19 CHAIRMAN CARTER: Okay. You guys are going to have
20 witnesses testifying?

21 MR. O'ROARK: Yes, Mr. Chairman.

22 CHAIRMAN CARTER: All witnesses that are going to be
23 testifying, would you please stand and raise your right hand.
24 I'll swear you in as a group.

25 (Witnesses collectively sworn.)

1 Thank you. You may be seated. I only heard two I
2 dos and one -- I didn't hear three. I saw three people. Was
3 that third one, was that an I do?

4 MR. VASINGTON: I said, "Yes."

5 CHAIRMAN CARTER: Okay. Thank you. That was a yes.
6 That works as well.

7 Okay. As we proceed further, we will allow for
8 opening statements. And according to the agreement of the
9 parties in the pretrial stipulation, it's five minutes per
10 party. So with that, is there any further matters before we
11 proceed, staff?

12 MR. MURPHY: No, sir.

13 CHAIRMAN CARTER: Okay. We'll start with opening
14 statements. I think Mr. O'Roark -- are you up first,
15 Mr. O'Roark?

16 MR. O'ROARK: I am, Mr. Chairman. Again, good
17 morning.

18 There are four issues in this case. Verizon will be
19 addressing only two of them, Issues 1 and 3, which are the
20 issues that concern Eligible Telecommunication Carriers known
21 by the acronym ETCs that charge the End User Common Line charge
22 sometimes called the EUCL. That will be it for the acronyms in
23 my opening. Paul Vasington is the Verizon policy witness that
24 will address both of those issues.

25 Issue 1 asks whether the Commission will require ETCS

1 like Verizon that charge the EUCL to apply the Lifeline
2 discount to bundled services. The short answer is no. Under
3 federal law, the requirements are clear; an ETC must provide a
4 retail local service offering that is only available to
5 Lifeline customers that provides the Lifeline discount and that
6 includes the nine specified functionalities that substantially
7 correspond to basic service here in Florida. In other words,
8 ETCs must provide a service offering to which the discount
9 applies, not a floating discount that applies to virtually any
10 bundled service.

11 The evidence will show that Verizon's Lifeline
12 program complies with all federal requirements. The Lifeline
13 program consists of federal and state components that fit
14 together. Lifeline is defined by federal law and the services
15 ETCs are required to provide are specified in FCC regulations
16 that were recommended by the Federal State Joint Board on
17 Universal Service. Florida law requires that ETCs provide a
18 Lifeline Assistance Plan to qualified residential subscribers
19 as defined in a Commission-approved tariff or price list. That
20 tracks the federal requirement that either the Commission or
21 the ETC file with the Universal Service Administrative Company
22 a Lifeline plan that meets federal criteria, including the
23 criteria for supported services. Nothing in the Florida
24 Lifeline statute authorizes the Commission to require ETCs to
25 exceed these criteria concerning the services to which the

1 discount must be applied.

2 Turning to Issue 3, you will hear testimony today
3 that as a matter of policy the Commission should not require
4 that the discount be applied to bundles. Lifeline is a
5 universal service program, which means its purpose is to
6 maximize the number of people connected to communications
7 networks. Requiring that the Lifeline discount be applied to
8 bundled services would not promote that goal because its
9 principal effect would be to provide the discount to people who
10 already have telephone service and either have or want to
11 upgrade to a bundle. In other words, the effect of such a
12 requirement would be to provide support for nonbasic
13 discretionary services, which is not what the Lifeline program
14 was designed to do.

15 There is no free lunch here. Lifeline funding is
16 provided by telephone subscribers and by the ETCs themselves.
17 When considering whether to require a Lifeline discount on
18 bundles, the Commission therefore should evaluate carefully
19 whether such a requirement promotes the goal of universal
20 service. That's particularly true in this case where some
21 carriers, the ETCs, support the program and other carriers such
22 as cable companies do not.

23 In summary, after you've heard all the testimony
24 today, reviewed the law, considered the evidence, we are
25 confident you will conclude that the Commission may not and

1 should not require ETCs to apply the Lifeline discount to
2 bundled services. Thank you.

3 CHAIRMAN CARTER: Thank you. Next.

4 MR. ROWELL: Good morning. Again, I'm Stephen
5 Rowell. I'm an in-house attorney with Alltel. As you probably
6 noticed from our prehearing statement, Alltel has indicated
7 that principally we think this is all a question of law and we
8 still stand by that. The proceeding, how did we get here? You
9 know, it began with an ask by parties, certain parties that the
10 Commission determine that 47 C.F.R. 54.405(b) be found to
11 mandate that we provide a Lifeline discount on all plans. And
12 respectfully -- it's always painful to say to the Commission --
13 but I think you misinterpreted that section of law, and
14 obviously that's an issue that's teed up at the FCC.

15 But if you'd look at the plain words there, the
16 parenthetical that is included in that rule was intended to
17 address the situation where a party doesn't have a tariff, and
18 yet lowest is still part of it. The parenthetical was intended
19 to qualify the word tariff, to replace it for situations like
20 wireless carriers. We don't have tariffs and, therefore, it's
21 still our lowest generally available plan. And that's what we
22 do. We have a plan here which is available, which is a
23 Lifeline plan, but that rule doesn't mandate.

24 But I don't want to spend a lot of time on that
25 because that issue, interpretation of that rule, seems to have

1 become kind of small now in this proceeding. And the parties
2 who are pushing for this imposition of the Lifeline discount
3 requiring us to discount all rate plans seem to have minimized
4 that and moved on to other arguments, trying to argue that, oh,
5 but it's good policy to do it or that something under Florida
6 law encourages it, which I think is wrong.

7 But leaving that aside, there are other federal law
8 issues that have to be addressed too. There are restrictions
9 that the rules provide that the Commission can't regulate
10 rates, and the practical effect of what this does is begin to
11 regulate our rates. It would control what we can and can't
12 charge because we don't just take a basic plan and add other
13 things to it like in the old days -- for other carriers, not
14 us. We never did it. But we have different rates for
15 different packages and they're apples and oranges when you
16 compare the two, our Lifeline compared to our other packages or
17 plan. Our Lifeline plan is basically just less than a
18 \$17 plan, 300 anytime minutes, and there are some vertical
19 features that are available. And if a customer wants, he can
20 add voice mail and a few other things, and that's a prepaid
21 plan and it's there, it's available for anybody who qualifies.
22 And if you tell us that somebody qualifies, then we inform the
23 customer that this is available. And if he wants it, he can
24 get it, he or she can get it, and they'll continue to get it as
25 long as they qualify.

1 But other problems under federal law about expanding
2 it would be that the FCC law provides that states cannot impose
3 USF conditions that are inconsistent with the federal. And
4 imposing it on all we believe is inconsistent with the rule
5 that requires it only be on the lowest price generally
6 available plan. It also cannot burden the federal program.
7 And in this day and age I don't think anybody would argue that
8 the federal program for USF is not already burdened. In fact,
9 the fixes that the FCC has already put in place to try to
10 unburden it, if you will, are the industrywide cap on ETC funds
11 which we are subject to like all CETCs.

12 And then also in the Verizon/Alltel transaction
13 there's a specific additional provision that is a phase down of
14 our ETC funds of 20 percent per year for five years. And so
15 that's another attempt to unburden -- I say all of that just to
16 say it's already burdened. They're trying to unburden it. Why
17 add more? I think that goes against and it would clearly be
18 further burdening the federal to expand Lifeline just for the
19 sake of Lifeline. It's really not for the sake of getting out
20 universal service. That's the endgame is assuring universal
21 service, but no one seems to be contending that that's the
22 problem. We seem to be addressing more of a fix to something
23 where there really isn't a problem or looking for the wrong
24 fix.

25 The other problem with this is, and, again, it's a

1 legal issue, is just under Florida law itself. Specifically as
2 it relates to and particularly to Alltel, we are an FCC
3 designated ETC. We were not designated by the, by this
4 Commission. While we did seek that in one application, when
5 the cap came along, we withdrew that application so we did not
6 receive designation here. Ours is an FCC designation. We go
7 back to them each year to recertify us, and so we're subject to
8 their requirements and their imposition. And we're complying
9 with that and they find that we're complying each year when
10 they recertify us.

11 But if you look specifically then at Florida Statutes
12 dealing with Lifeline, you'll find that there is specific
13 language which indicates that we're not subject to your
14 Lifeline requirements. Your enabling legislation associated
15 with Lifeline is provided and has an exception for
16 telecommunications companies. And if you look at 364.10 of
17 your Florida Stats, it uses the term, and it says the term
18 telecommunications carriers, talking about eligible
19 telecommunications carriers. And it says for purposes of
20 this section, this section dealing with Lifeline specifically,
21 the term eligible telecommunications carrier means a
22 telecommunications company defined in 364.02. 364.02
23 specifically excludes CMRS carriers from it. So we're excluded
24 from the definition of ETC as it relates to Lifeline.

25 Then it goes on, which is designated as an ETC by the

1 Commission, and the Commission defined as this Commission. So,
2 again, we're designated by the FCC, so we don't even come under
3 your enabling legislation as it deals with Lifeline. So,
4 again, I think it's a legal issue. I think it should be
5 decided. There are a lot of practical problems addressed in
6 the testimony of Sprint and others, and we'll explore some of
7 that on cross-examination. And I'll be happy to answer any
8 questions. Thank you.

9 CHAIRMAN CARTER: Thank you.

10 Ms. Rule.

11 MS. RULE: Mr. Nelson will be giving Sprint Nextel's
12 opening statement.

13 CHAIRMAN CARTER: Mr. Nelson, you're recognized.
14 Good morning.

15 MR. NELSON: Good morning, Mr. Chairman. Good
16 morning, Commissioners. I'm Doug Nelson on behalf of Sprint
17 Nextel. And I concur with most of what Mr. Rowell just said,
18 and I'll try to limit my remarks to save some time.

19 We are aware that the Commission and staff are
20 concerned with the level of Lifeline subscribership in the
21 state. That is completely understandable. And I want to
22 assure you that we support the Commission's Lifeline plan and
23 we have participated constructively in the workshops and the
24 considerable effort that staff has gone to to increase
25 subscribership.

1 With that said though, I concur with Mr. Rowell that
2 we have strong misgivings about the proposal that would
3 essentially require wireless ETCs to apply the discount to each
4 and every one of our rate plans, not simply the lowest
5 generally available residential rate. And this is contrary to
6 federal law that dictates how the Lifeline discount is to be
7 applied. That rule is set forth in 47 C.F.R. 54.403(b), and it
8 states that wireless ETCs and others who do not assess an End
9 User Common Line charge must apply the Lifeline discount to the
10 lowest generally available residential rate that includes the
11 enumerated services supported by universal service. The rule
12 could not be more clear. It specifically says the discount
13 applies to the lowest rate plan. It does not say it applies to
14 all rate plans.

15 And while one can go to great lengths to get around
16 the word lowest in the FCC rule, in the end you can't ignore
17 it. But that's the rationale we're presented with in this
18 case: Ignore the word lowest and then create a fiction that
19 all wireless calling plans include, for lack of a better word,
20 a basic service component that includes the Lifeline supported
21 services, and then argue that the discount is only applied to
22 that basic portion.

23 Now it's an incorrect assessment that never mind that
24 there's only one lowest generally available residential rate,
25 that's what the rationale asks us to do. The first question

1 that should be asked is where does the word "basic" or "basic
2 portion" appear in Section 54.403(b)? It does not. Where does
3 it say the discount should be applied to any and all rate plans
4 that include the supported services? It does not. Why does
5 the rule include the word lowest if that word has absolutely no
6 effect?

7 The faulty rationale also implicates federal law
8 prohibiting states from setting rates and rate structures for
9 wireless service providers. Rule 54.403(b) does not create an
10 exception to that prohibition. Sprint Nextel's lowest
11 generally available residential rate is \$29.99. That rate is
12 not built into other plans. Sprint Nextel's plans are priced
13 at a single monthly rate that covers all of the services
14 included in the plan and there's no separate pricing for
15 components and there's no separate \$29.99 basic plan component
16 in each of the plans.

17 We also think the proposal is fundamentally
18 inconsistent with the federal policy for Lifeline to support
19 subscribership and sustainable subscribership to affordable
20 telephone service. This is the reason the Lifeline rules are
21 written as they are to apply to the lowest generally available
22 residential rate. The FCC has not as of yet expanded it to
23 include plans with Internet or other services, and admittedly
24 that is a sensitive topic. Sprint Nextel agrees that neither
25 it nor the regulator or Commission should attempt to determine

1 what services a low-income subscriber should or should not buy,
2 and Sprint Nextel does not prohibit purchase of additional
3 services. But the plain fact is that the FCC rule has
4 prescribed how the Lifeline discount is to be applied. Now
5 Sprint Nextel does not prohibit Lifeline subscribers from
6 purchasing vertical services. In fact, several such services
7 are included as part of the standard discounted Lifeline plan.

8 And a final comment is that we think the Commission
9 is really on to something with the automatic enrollment program
10 that's coordinated through DCF. It's getting the word out,
11 it's generating applications and applicants. The challenge now
12 is to develop a more efficient way to tell people what the
13 terms of the Lifeline plan are and to figure out a way to get
14 them to subscribe, to eliminate steps to subscribe them to a
15 plan.

16 Now one of the things we suggested in postworkshop
17 comments quite a while ago was that our website address be
18 given out. That has the application that can be downloaded
19 directly. Better still, at DCF the application can be
20 downloaded and filled out as the individual signs up for the
21 qualifying services, the services that qualify him or her for
22 Lifeline, and then send the application directly back. Now
23 what that does is it discloses the Lifeline terms and the, and
24 the services that are involved and it eliminates the step of a
25 separate application, which we understand is a major concern.

1 We thank you for your time and your consideration of
2 these matters and that concludes our opening remarks.

3 CHAIRMAN CARTER: Thank you.

4 Mr. Beck.

5 MR. BECK: Thank you, Mr. Chairman.

6 Commissioners, this morning I want to make two points
7 in the opening statement. My first point it this, is that your
8 decision in this docket matters. The fact that it matters I
9 think is dramatically illustrated when you compare the Lifeline
10 participation rates over the last two years with AT&T and
11 Embarq who allow customers to sign up for a package compared to
12 Verizon that refuses to do so.

13 From September 2006 to June 2008, which is the most
14 recent trends we have, AT&T increased the number of Lifeline
15 participants from about 87,000 to 104,000 participants. Embarq
16 increased from about 23,000 to 34,000. Both of these are
17 substantial increases in Lifeline participation by these
18 companies who have, I think, made magnificent efforts in
19 signing up Lifeline customers. Verizon is in stark contrast to
20 this. They have actually decreased the number of Lifeline
21 participants over the same period going from 26,000 in
22 September 2006 to 23,000 in September 2007 to 22,000 in June of
23 2008.

24 Now AT&T and Embarq have embraced Lifeline where
25 Verizon simply will not give the package to customers. Your

1 decision in this case will do a lot to reverse the trends that
2 we're seeing with Verizon compared to the other two companies.

3 The second point is this, is that there's ample
4 precedent for the Commission to issue the order, which you did
5 in your proposed agency action. In 2006, Kansas issued a
6 similar order requiring the companies to provide Lifeline to
7 customers who took bundled services, and it's been followed by
8 a number of commissions, as your witness Bob Casey will tell
9 you when he takes the stand.

10 In June of 2007, Sprint filed a petition for a
11 declaratory ruling with the FCC seeking to strike the action of
12 the Kansas Corporation Commission. Now the National
13 Association of State Utility Consumer Advocates filed comments
14 in the FCC supporting the Kansas Corporation Commission, as did
15 our office. There's where it stands now. And the FCC has not
16 ruled. As you know, sometimes the FCC can sit on items for
17 quite a while; it may be next month when they rule, it may be
18 five years when they rule. But it's important for this
19 Commission to go forward now. You know, you can make a
20 difference. These are very trying economic times. I can't
21 think of a more important time for this Commission to stress
22 the importance of Lifeline and make the companies who are
23 refusing to provide Lifeline with packages, make them do the
24 right thing if they won't do it on their, on their own. Thank
25 you.

1 CHAIRMAN CARTER: Thank you, Mr. Beck. Thank you.
2 Staff, are there any other preliminary matters before we
3 proceed?

4 MR. MURPHY: No, sir.

5 CHAIRMAN CARTER: Okay then. Let's proceed then with
6 our order of witnesses.

7 You may call your first witness.

8 MR. O'ROARK: Verizon calls Paul Vasington.

9 CHAIRMAN CARTER: Okay. And again just kind of a
10 friendly reminder to the lawyers. You know that we have
11 here -- your witnesses are to do a five-minute summary of their
12 testimony, and I'm holding the lawyers responsible for that.

13 MR. O'ROARK: Thank you, Mr. Chairman.

14 PAUL B. VASINGTON

15 was called as a witness on behalf of Verizon Florida LLC and,
16 having been duly sworn, testified as follows:

17 DIRECT EXAMINATION

18 BY MR. O'ROARK:

19 Q Mr. Vasington, have you just been sworn?

20 A Yes, I have.

21 Q And I'll just remind you that you remain under oath.
22 Will you please state your full name for the record.

23 A My name is Paul B. Vasington.

24 Q Mr. Vasington, by whom are you employed and in what
25 capacity?

1 A I'm employed by Verizon as a Director of State Public
2 Policy.

3 Q Did you cause to be prefiled in this docket on
4 December 4th, 2008, 19 pages of direct testimony?

5 A Yes.

6 Q Do you have any additions, corrections or changes to
7 your direct testimony?

8 A Yes. I have two corrections. The first is on
9 Page 7, Line 1. I'd like to add the word "for", F-O-R, after
10 the word mandate. So the sentence will read, "Whether federal
11 rules preclude a state mandate for the Lifeline discount for
12 bundles is still an open question."

13 And then on Page 17, Line 19, where it says, "No
14 state where Verizon is an ILEC requires the company," I'd like
15 to change that to "No state where Verizon is an ILEC except
16 Pennsylvania requires the company to offer Lifeline on bundles
17 without full reimbursement." And the reason for that
18 correction is that subsequent to the filing of my testimony in
19 early December, the Pennsylvania Commission issued an order
20 where it required Verizon to offer the Lifeline discount on
21 three of our packages, and the state does not have a reimburse,
22 a direct reimbursement policy.

23 Q Do you have any other changes to your direct
24 testimony?

25 A No, I do not.

1 Q Did you cause to be prefiled on January 27th, 2009,
2 13 pages of rebuttal testimony?

3 A Yes.

4 Q Do you have any additions, corrections or changes to
5 your rebuttal testimony?

6 A Just one to correct a typo, and that would be on Page
7 8, Line 8. And the question where it says "FFCC," one of the
8 Fs needs to be removed. It doesn't matter which one.

9 Q Mr. Vasington, with those changes, if I were to ask
10 you the same questions that appear in your direct and rebuttal
11 testimony today, would your answers be the same?

12 A Yes, they would.

13 MR. O'ROARK: Mr. Chairman, we request that
14 Mr. Vasington's testimony be inserted into the record as though
15 read.

16 CHAIRMAN CARTER: The prefiled testimony of the
17 witness will be inserted into the record as though read.

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25

1 **Q. PLEASE STATE YOUR NAME, TITLE, AND BUSINESS ADDRESS.**

2 A. My name is Paul B. Vasington. I am a Director-State Public Policy for
3 Verizon. My business address is 185 Franklin Street, Boston,
4 Massachusetts 02110.

5

6 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL**
7 **BACKGROUND.**

8 A. I have a Bachelor of Arts in Political Science from Boston College and a
9 Master's in Public Policy from Harvard University, Kennedy School of
10 Government. I have been employed by Verizon since February 2005.
11 From September 2003 to February 2005, I was a Vice President at
12 Analysis Group, Inc. Prior to that, I was Chairman of the Massachusetts
13 Department of Telecommunications and Energy ("MDTE") from May
14 2002 to August 2003, and was a Commissioner at the MDTE from
15 March 1998 to May 2002. Prior to my term as a Commissioner, I was a
16 Senior Analyst at National Economic Research Associates, Inc. from
17 August 1996 to March 1998. Prior to that, I was in the
18 Telecommunications Division of the MDTE (then called the Department
19 of Public Utilities), first as a staff analyst from May 1991 to December
20 1992, then as division director from December 1992 to July 1996.

21

22 **Q. PLEASE DESCRIBE THE PURPOSE OF YOUR TESTIMONY.**

23 A. The purpose of my testimony on behalf of Verizon Florida LLC
24 ("Verizon") is to present evidence in support of its positions on Issues 1
25 and 3 in this docket, which address whether the Commission *may*

1 require certain Eligible Telecommunications Carriers ("ETCs") to apply
2 the Lifeline discount to bundled service offerings that include basic
3 service functionality (Issue 1) and whether the Commission *should* do so
4 (Issue 3). Issues 1 and 3 concern Florida ETCs like Verizon that charge
5 federal End User Common Line charges. Issues 2 and 4 concern ETCs
6 that do not impose such charges, and accordingly I will not address
7 those issues.

8

9 **Q. HOW IS YOUR TESTIMONY ORGANIZED?**

10 A. First I will provide background on the Lifeline program and the universal
11 service policy that Lifeline was designed to promote. Next, I will explain
12 that federal law only requires ETCs to apply the Lifeline discount to
13 basic service and that Florida law does not authorize the Commission to
14 require ETCs to exceed that federal requirement. Finally, I discuss why
15 requiring ETCs to apply the Lifeline discount to bundled services would
16 disserve the public interest by putting ETCs at a competitive
17 disadvantage.

18

19 **Q. PLEASE PROVIDE A BRIEF DESCRIPTION OF THE LIFELINE**
20 **PROGRAM.**

21 A. Lifeline is one component of the country's low-income universal service
22 policies. Other universal service programs are high-cost support,
23 schools and libraries, and rural health care.¹ According to the Federal
24 Communications Commission ("FCC"), "Since 1985, the [FCC] ... in

¹ See <http://www.lifelinesupport.org/about/usac/>.

1 cooperation with state regulators and local telephone companies, has
2 administered two programs designed to increase subscribership by
3 reducing charges to low-income consumers. The Commission's Lifeline
4 program reduces qualifying consumers' monthly charges, and Link Up
5 provides federal support to reduce eligible consumers' initial connection
6 charges by up to one half."² The Universal Service Administrative
7 Company ("USAC") describes the low-income programs as follows:
8 "Lifeline, Link Up, and Toll Limitation Service (TLS) support provide
9 discounts that make basic, local telephone service more affordable for
10 more than 7 million Americans."³

11 The Florida Public Service Commission authorized the state's first
12 Lifeline Program in 1994 in Order No. PSC 94-0242-FOF-TL, which
13 approved Southern Bell's Lifeline tariff. The following year, Lifeline
14 became available from the other Florida ILECs. The Florida legislature
15 and PSC have since taken additional steps to enhance eligibility and
16 outreach for Lifeline programs, and have made the offering of Lifeline a
17 prerequisite for designation of a carrier as an ETC.

18

19 **Q. PLEASE DESCRIBE UNIVERSAL SERVICE POLICY.**

20 A. The policy of universal service "means that acceptable quality tele-
21 communications services are available at affordable rates to as many
22 individuals as is practical. Universal service policy aims to achieve

² FCC 97-157, ¶ 329.

³ <http://www.lifelinesupport.org/li/low-income/benefits/default.aspx>

1 universal telephone service.”⁴ A National Regulatory Research Institute
2 primer for state utility commissioners on universal service policy notes
3 that universal service policy is based on three general benefits of
4 ubiquitous telephone service: network externalities, public interest or
5 equity, and economic infrastructure and development arguments.⁵

6 Network externalities represent the increased value of telephone service
7 derived from greater availability of the service. In other words, “the
8 value of the network to each user depends on how many other users
9 can be reached via the network. Thus, the network becomes more
10 valuable as additional subscribers are added.”

11 Public interest or equity considerations are based on the view of
12 telephone service as a basic necessity for safety and general societal
13 benefits.

14 Economic infrastructure and development arguments are based on the
15 premise that greater availability of telephone service is correlated with
16 greater economic growth and development.

17 It is important to note here that all of the rationales for and benefits of
18 universal service policy concern the goal of universal customer
19 connections to communications networks. Whether customers are able
20 to afford all of the bells and whistles that are made available from that
21 access is not a question of “universal service.” I will develop this point in
22 more detail later in the testimony.

23

⁴ National Regulatory Research Institute, “Commissioner Primer: Universal Service,” May 2006, at 2.

⁵ *Id.* at 4-5.

1 **ISSUE 1:** UNDER APPLICABLE LAW, MAY THE COMMISSION
2 REQUIRE FLORIDA ETCS THAT CHARGE FEDERAL END
3 USER COMMON LINE CHARGES, OR EQUIVALENT
4 FEDERAL CHARGES, TO APPLY THE LIFELINE DISCOUNT
5 TO BUNDLED SERVICE OFFERINGS WHICH INCLUDE
6 FUNCTIONALITY THAT IS COMPARABLE TO THAT
7 DESCRIBED AT 47 CFR 54.101(a)(1)-(9) OR SECTION
8 364.02(1), FLORIDA STATUTES?

9
10 **Q. DOES FEDERAL LAW REQUIRE THAT THE LIFELINE DISCOUNT**
11 **BE APPLIED TO BUNDLED SERVICES?**

12 A. No. Although I am not an attorney, I understand that federal regulations
13 define "Lifeline" to mean "a retail local service offering" that is (i)
14 available only to qualifying low-income consumers, (ii) provides the
15 applicable discount, and (iii) includes the services or functionalities
16 enumerated in C.F.R. § 54.101. The services and functionalities listed
17 in section 54.101 are as follows:

- 18 1. Voice grade access to the public switched network
- 19 2. Local usage
- 20 3. Dual-tone multi-frequency signaling or its functional equivalent
- 21 4. Single party service or its functional equivalent
- 22 5. Access to emergency services
- 23 6. Access to all operator services
- 24 7. Access to interexchange service
- 25 8. Access to directory assistance

1 9. Toll limitation for qualifying low-income customers

2 This list substantially corresponds to the components of basic service
3 under Florida law in section 364.02(1), Florida Statutes. Although the
4 FCC does not prohibit Lifeline customers from ordering additional
5 vertical services on an a la carte basis,⁶ it does not require ETCs to offer
6 vertical services to Lifeline customers, nor does it require ETCs to apply
7 the Lifeline discount to bundled services.

8

9 **Q. A FEW STATES HAVE MANDATED LIFELINE FOR BUNDLES.**
10 **DOESN'T THAT SUGGEST THAT IT IS REQUIRED BY FEDERAL**
11 **RULES?**

12 A. It actually proves just the opposite. The fact that a few states have
13 mandated the Lifeline discount for bundles and most have not
14 demonstrates that such a discount is not required by the federal rules. If
15 federal rules required that the discount be offered for bundled service,
16 surely the FCC would have taken action against the large number of
17 states that do not mandate it, as well as the large number of companies
18 that have chosen not to offer it in those states. In fact, the USAC web-
19 site provides a tool to check to see whether a particular company in a
20 particular state offers Lifeline on more than just basic services, and the
21 FCC's Lifeline web site directs customers to use that tool.⁷ Therefore, it
22 is clear that federal rules do not mandate the Lifeline discount for
23 bundles.

⁶ In the Matter of Lifeline and Link-up, WC Docket No. 03-109 (released April 29, 2004) at § 53.

⁷ <http://www.lifelinesupport.org/li/low-income/lifelinesupport/browser/>;
http://www.lifeline.gov/lifeline_Consumers.html.

1 Whether federal rules *preclude* a state mandate ^{for} the Lifeline discount for
2 bundles is still an open question. That issue was raised in an FCC
3 Petition by Sprint seeking a declaration that a Kansas Corporation
4 Commission order allowing customers to apply the Lifeline discount to
5 any service violates federal law.⁸ The FCC has not yet ruled on that
6 petition.

7
8 **Q. WOULD A GOVERNMENT MANDATE REQUIRING A LIFELINE**
9 **DISCOUNT FOR BUNDLES PROMOTE UNIVERSAL SERVICE**
10 **POLICY?**

11 A. No. As I mentioned earlier, universal service policy is entirely based on
12 the goal that all customers should be connected to communications
13 networks. As the FCC has stated, the underlying public policy goal of
14 the Lifeline and Link-up programs is the "preservation and advancement
15 of universal service."⁹ Support to low-income customers for the initial
16 connection to the telephone network and for continuing that connection
17 are the major hallmarks of these programs. A requirement that the
18 Lifeline discount be applied to bundles would represent a broad
19 expansion of the Lifeline program in a manner that would not advance
20 these public policy goals underlying Lifeline service.

21 For example, in addition to unlimited direct-dialed local and regional
22 calling, Verizon's Freedom Essentials Package includes unlimited direct-

⁸ Petition of Sprint Spectrum, L.P. for a Declaratory Ruling that the KCC's October 2, 2006 Order in Docket No. 06-GIMT-446-GIT, violates federal law, WC Docket Nos. 03-109 and 07-138 (filed June 8, 2007).

⁹ See e.g., In the Matter of Lifeline and Link-up, WC Docket No. 03-109 (released April 29, 2004) at §3.

1 dial long distance calls to the United States and Canada and Puerto
2 Rico, up to three vertical features (such as Home Voice Mail, Caller-ID
3 and Call Waiting) and a single bill. None of these additional services
4 and functionalities is necessary to enhance or further the goal of
5 universal service in Florida. While applying the Lifeline discount to
6 bundles might make it less expensive for some Lifeline customers who
7 desire to subscribe to packages, those bundles are already discounted
8 and there simply is no public policy dictating that bundled services be
9 further discounted by a Lifeline credit.

10

11 **Q. WOULD A GOVERNMENT MANDATE REQUIRING LIFELINE**
12 **DISCOUNTS FOR BUNDLES INCREASE CONNECTIONS TO**
13 **COMMUNICATIONS NETWORKS?**

14 **A.** No. Mandating Lifeline discounts for bundles would not increase
15 subscribership because its principal effects would be to encourage
16 Lifeline customers who already have basic service to upgrade to
17 nonbasic service packages and to make the Lifeline discount available
18 to Lifeline-eligible customers who are already subscribing to nonbasic-
19 service packages. In other words, the mandate would not increase
20 network subscribership, but would merely provide a Lifeline discount to
21 additional customers who already have telephone service.

22 There may be customers for whom the Lifeline discount is the only
23 protection between having service and not having service, i.e.,
24 customers who cannot afford to pay the full retail price of basic service.
25 However, it is illogical to think that these customers will drop telephone

1 services or not subscribe in the first place if they are not allowed to pay
2 even more for a Lifeline-discounted bundle. If the customer cannot
3 afford to pay the full retail price of basic service, then, by definition, that
4 customer would not be able to afford to pay even more for a Lifeline-
5 discounted bundle. The customer may rightly perceive more *value* from
6 the discounted bundle, but universal service policies are supposed to
7 make network access affordable, not more valuable.

8

9 **Q. DOES THE FACT THAT OTHER STATES HAVE MANDATED**
10 **LIFELINE DISCOUNTS FOR BUNDLED SERVICES MEAN THAT THE**
11 **COMMISSION MAY FOLLOW SUIT?**

12 A. No. As I have already mentioned, the FCC is considering whether a
13 state may require Lifeline discounts to be applied to bundled services.
14 Even if the FCC concludes that such a requirement is permissible,
15 however, whether a particular state commission could require such a
16 discount would depend on its authority under state law. As I discuss
17 below, Florida law does not authorize the Commission to require a
18 Lifeline discount on bundled services.

19

20 **Q. WHAT LIFELINE DISCOUNT DOES FLORIDA LAW REQUIRE ETCs**
21 **TO PROVIDE?**

22 A. Again, I am not an attorney, but I understand that Florida law requires
23 ETCs to provide the Lifeline discount on basic service only. Section
24 364.10(2)(a) provides that an ETC is required to "provide a Lifeline
25 Assistance Plan to qualified residential subscribers, as defined in a

1 commission-approved tariff or price list.” Under federal regulations,
2 state commissions are required to file or require ETCs to file information
3 with the federal universal service fund administrator “demonstrating that
4 the carrier’s *Lifeline plan* meets the criteria set forth” in federal law.¹⁰

5 The Florida requirement that ETCs provide a Lifeline Assistance Plan
6 thus implements the federal requirement that ETCs have Lifeline plans
7 that meet federal criteria. As I already have explained, the federal
8 definition of Lifeline is limited to a retail local service offering that
9 includes the services or functionalities that substantially correspond to
10 basic service in Florida.¹¹ The Florida requirement that ETCs provide a
11 Lifeline Assistance Plan therefore means that they must adopt a Lifeline
12 program in which they apply the Lifeline discount to basic service.

13
14 **Q. DOES FLORIDA LAW AUTHORIZE THE COMMISSION TO REQUIRE**
15 **ETCs TO EXCEED THE FEDERAL REQUIRMENT OF APPLYING**
16 **THE LIFELINE DISCOUNT TO BASIC SERVICE?**

17 A. No. Florida law does not authorize the Commission to require ETCs to
18 exceed that federal requirement.

19
20 **Q. COULD THE COMMISSION REQUIRE ETCs TO APPLY THE**
21 **LIFELINE DISCOUNT TO BUNDLES THAT INCLUDE BASIC**
22 **FUNCTIONALITY?**

¹⁰ 47 C.F.R. § 54.401(d)(emphasis added).

¹¹ See 47 C.F.R. § 54.401(a). Similarly, ETCs that do not charge federal End-User Common Line charges or equivalent federal charges are required to apply the Lifeline discount “to reduce their lowest tariffed (or otherwise generally available) residential rate for the services enumerated in C.F.R. § 54.101 (a)(1) through (a)(9).” 47 C.F.R. § 54.403(b).

1 A. No. My understanding is that such a requirement would violate Florida
2 law, which clearly distinguishes between basic and nonbasic services.
3 Under Florida law, a service must either be a basic service or a
4 nonbasic service; it cannot be both. Florida law provides that basic
5 service consists of the following elements:

6 voice-grade, flat-rate residential, and flat-rate single-line
7 business local exchange services which provide dial tone,
8 local usage necessary to place unlimited calls within a
9 local exchange area, dual tone multifrequency dialing, and
10 access to the following: emergency services such as
11 "911," all locally available interexchange companies,
12 directory assistance, operator services, relay services, and
13 an alphabetical directory listing. For a local exchange
14 telecommunications company, the term shall include any
15 extended area service routes, and extended calling service
16 in existence or ordered by the commission on or before
17 July 1, 1995.¹²

18 Nonbasic service is defined as "any telecommunications service
19 provided by a local exchange telecommunications company other than a
20 basic local telecommunications service, a local interconnection
21 arrangement described in s. 364.16, or a network access service
22 described in s. 364.163."¹³ In other words, a nonbasic service is any
23 retail service consisting of a different set of elements than basic service.

¹² Fl. Stat. § 364.02(1).

¹³ Fl. Stat. § 364.02 (10).

1 Thus, by definition, when a telecommunications service offered as a
2 bundle (that is, as a group of services offered at a single price) consists
3 of the basic service elements and additional elements, that service is
4 nonbasic.

5 Florida's statutory scheme confirms that a local carrier's retail service
6 offering must either be a basic service or a nonbasic service and cannot
7 be a combination of the two. Under Florida law, a local carrier electing
8 alternative regulation may adjust its basic service rates 1% less than the
9 rate of inflation only once in any 12 month period, after giving 30 days
10 notice of its intention to do so.¹⁴ For a nonbasic service, the carrier may
11 change its rates on one day's notice and it may increase its rates up to
12 6% or 20% within a 12-month period, depending on whether it faces
13 competition in an exchange area.¹⁵ This dichotomy requires that a
14 service fall into one category or the other. Otherwise, most service
15 packages would be hybrids subject to both basic and nonbasic
16 regulation, requiring them to be broken down into basic and nonbasic
17 components and priced and tariffed under different rules. The
18 legislature obviously did not intend the statute to be applied in such an
19 unworkable and irrational manner and, not surprisingly, the Commission
20 has not interpreted it that way.

21

22 **Q. IS THERE COMMISSION PRECEDENT THAT CONFIRMS YOUR**
23 **READING OF THE STATUTORY DISTINCTION BETWEEN BASIC**

¹⁴ Fl. Stat. § 364.051(2)(c)(3).

¹⁵ Fl. Stat. § 364.051(5)(a).

1 **AND NONBASIC SERVICES?**

2 A. Yes. The Commission consistently has interpreted "nonbasic service" to
3 include service packages comprised of the basic service elements and
4 other elements. The Commission has approved price cap plans with
5 nonbasic service categories that include packages combining basic
6 service elements and other elements such as vertical features, voice
7 mail and intrastate long distance service. The Commission has not
8 required that such service packages be divided into basic and nonbasic
9 components that are given different regulatory treatment. To the
10 contrary, the Commission has treated these packages as nonbasic
11 services for *all* purposes, and has applied the nonbasic pricing and
12 tariffing rules to them in their entirety. This consistent interpretation by
13 the Commission confirms that service bundles may not be treated as
14 basic service for some purposes and nonbasic service for others.

15

16 **Q. WHAT IS THE SIGNIFICANCE OF YOUR CONCLUSION THAT**
17 **SERVICE BUNDLES THAT INCLUDE BASIC SERVICE**
18 **FUNCTIONALITY MUST BE TREATED AS NONBASIC SERVICES?**

19 A. Because such bundles are nonbasic services under Florida law, the
20 Commission may not require that ETCs apply the Lifeline discount to
21 them.

22

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

1 **APPLY THE LIFELINE DISCOUNT TO ITS BUNDLED**
2 **SERVICES WHICH INCLUDE FUNCTIONALITY THAT IS**
3 **COMPARABLE TO THAT DESCRIBED AT 47 CFR**
4 **54.101(a)(1)-(9) OR SECTION 364.02(1), FLORIDA**
5 **STATUTES?**

6 **Q. WOULD A MANDATE FOR A LIFELINE DISCOUNT ON BUNDLES**
7 **BE CONSISTENT WITH PUBLIC POLICY?**

8 A. It would not be. Such a mandate would ignore the current state of
9 competition in Florida and would not promote efficient competition.
10 Also, this requirement would discriminate between ETCs and other
11 voice service providers.

12

13 **Q. WHAT IS THE CURRENT STATE OF COMPETITION IN FLORIDA?**

14 A. The Commission's 2008 report on the status of competition concluded:

15 Florida's communications market continues to evolve as
16 new technologies and services become more widely
17 accepted. Estimates of wireless substitution for wireline
18 service have increased from prior years, and this trend is
19 expected to continue in the near future. In the most recent
20 reporting period, Florida cable companies expanded the
21 number of markets in which they offer voice services.
22 Finally, Vonage, a nationally known VoIP provider,
23 reported an increased number of Florida subscribers since
24 the last edition of the report; however, that number was
25 filed as confidential. These facts, coupled with continued

1 residential access line losses by ILECs, suggest an active
2 market for voice communications services in many areas
3 of Florida.¹⁶

4 The report also shows that from June 2004 to December 2007, Verizon
5 experienced a 32% decrease in residential access lines, more than
6 other ILECs in Florida.¹⁷

7 A NERA report from earlier this year provides this description of
8 competition in Verizon's Florida ILEC territory:

9 In areas served by Verizon: cable telephony is available to
10 over 93 percent of cable homes passed, cable modem
11 service is available to 100 percent of cable homes passed
12 and wireless service (from three or more carriers) is
13 available to virtually all households. As these options have
14 expanded since 2001, Verizon residential access lines
15 have declined by about 616,000 lines (or 36.5 percent),
16 from 1.69 million to 1.07 million, and Verizon's network
17 usage has similarly experienced a decline.¹⁸

18

19 **Q. DO VERIZON'S COMPETITORS HAVE TO OFFER LIFELINE?**

20 A. Only if they are designated as ETCs, which cable companies are not.

21 Cable companies do not have to offer a Lifeline discount on any of their

¹⁶ Florida Public Service Commission's Division of Competitive Markets and Enforcement, "Report on the Status of Competition in the Telecommunications Industry: As of December 31, 2007," at 3.

¹⁷ *Id.* at 34, Figure 3-9.

¹⁸ William E. Taylor and Harold Ware, "Intermodal Competition in Florida Telecommunications," NERA Economic Consulting, March 2008, at 12.

1 services. As of early this year, Bright House, one of Verizon's major
2 competitors, provided 500,000 of the state's roughly 750,000 cable
3 voice lines.¹⁹

4

5 **Q. WOULD A MANDATE FOR A LIFELINE DISCOUNT FOR BUNDLES**
6 **PUT VERIZON AT A COMPETITIVE DISADVANTAGE?**

7 A. Without question. Verizon is not reimbursed for \$3.50 of the discount it
8 provides Lifeline customers. Verizon thus would have to fund a subsidy
9 for bundled services that Bright House and other competitors do not
10 have to bear, on top of all of the other advantages competitors have in
11 terms of avoiding legacy regulations.

12 The Commission previously has recognized the anticompetitive effects
13 of asymmetric Lifeline policies, particularly the requirement that ETCs
14 fund the Lifeline discount through their rates. In 1997, the FCC noted
15 that "[t]he Florida PSC points out that this method of generating Lifeline
16 support from the intrastate jurisdiction could result in some carriers (i.e.,
17 ILECs) bearing an unreasonable share of the program's costs."²⁰ In
18 1999, the Commission again recognized this problem, stating:

19 Although the absence of explicit state level funding of
20 Lifeline may have been appropriate under rate of return
21 regulation, where a LEC could apply for rate increases if
22 needed, we believe that in the long term this policy is likely

¹⁹ Florida Public Service Commission's Division of Competitive Markets and Enforcement, "Report on the Status of Competition in the Telecommunications Industry: As of December 31, 2007," at 48-49.

²⁰ FCC Universal Service Order, at ¶ 361.

1 not sustainable in a competitive environment. Local
 2 exchange companies with qualifying customers could
 3 provide a disproportionate share of the state matching
 4 funds for those customers, while providers with no Lifeline
 5 customers would contribute nothing. The provider serving
 6 the most low-income customers thus would be
 7 disadvantaged.²¹

8 Contrast Florida's situation with that in California -- one of the states that
 9 is considering applying the Lifeline discount to bundles.²² If the
 10 California Public Utilities Commission ("CPUC") decides to mandate the
 11 discount, then funding would come from an explicit customer surcharge:
 12 "California LifeLine is funded by an all-end-user surcharge billed and
 13 collected by telecommunications carriers which, in turn, remit the
 14 surcharge monies to a financial institution as directed by the
 15 Commission or its representatives."²³ Similarly, in North Carolina,
 16 Oregon, and Texas, Verizon is required to offer Lifeline discounts on
 17 bundles, but is fully reimbursed for all Lifeline discounts, either from a
 18 state universal service fund, or (in North Carolina) as a credit against
 19 state taxes. No state where Verizon is an ILEC ^{except Pennsylvania} requires the company to
 20 offer Lifeline on bundles without full reimbursement.

²¹ Florida Public Service Commission Report on Universal Service and Lifeline Funding Issues, at 26 (February 1999).

²² It should be noted that California has not yet mandated Lifeline for bundles. The Fall 2008 version of the CPUC's Lifeline brochure notes that it is only available for "Flat Rate Local Telephone Service" and "Measured Local Telephone Service." See ftp://ftp.cpuc.ca.gov/Telco/LifeLine%20Marketing%20%26%20Outreach%20Materials/English_Brochure_F2008.pdf.

²³ <http://www.cpuc.ca.gov/PUC/Telco/Public+Programs/ults.htm> (underlining in the original as an embedded link).

1 **Q. ARE YOU TESTIFYING THAT IT IS A BAD IDEA TO OFFER A**
2 **LIFELINE DISCOUNT TO CUSTOMERS WHO CHOOSE**
3 **BUNDLES?**

4 A. Not at all. But it should be left to a business decision and not a
5 government mandate. Especially in this highly competitive environment,
6 government mandates on low-income discounts should be limited to the
7 minimal steps necessary to achieve universal service goals. As I
8 discussed earlier, the mandate for a Lifeline discount on bundles goes
9 well beyond any universal service policy goals and would further distort
10 the competitive marketplace. Therefore, the costs outweigh the
11 benefits. Unlike some other carriers, Verizon has chosen not to offer a
12 Lifeline discount on its bundled service, but Verizon may make a
13 different decision in the future. It is a common feature in competitive
14 markets for carriers to adopt different business and marketing plans.
15 But just because some carriers choose one particular policy does not
16 mean that it would be appropriate for government to mandate that all
17 carriers do so, absent a compelling policy rationale.

18

19 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

20 A. A mandate for applying the Lifeline discount to bundled services is not
21 required by federal law, would not promote universal service policy
22 goals, conflicts with Florida state law, and would disserve the public
23 interest by putting ETCs at a competitive disadvantage. Therefore, the
24 Commission should reject the requirement that the Lifeline discount be
25 applied to service bundles.

1 Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

2 A. Yes.

3

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1 Q. ARE YOU THE SAME PAUL VASINGTON WHO FILED DIRECT
2 TESTIMONY IN THIS CASE ON DECEMBER 5, 2008?

3 A. Yes.

4

5 Q. PLEASE DESCRIBE THE PURPOSE OF YOUR REBUTTAL
6 TESTIMONY.

7 A. The purpose of my rebuttal testimony is to respond to the direct
8 testimony of Robert J. Casey filed on behalf of Staff, with respect to
9 Issues 1 and 3.

10

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

19

20 Q. DOES STAFF BASE ITS POSITION ON ISSUE 1 ON THE SAME
21 REASONING THAT WAS USED IN THE NOTICE OF PROPOSED
22 AGENCY ACTION ORDER THAT GAVE RISE TO THIS DOCKET?

23 A. No. That notice (Order No. PSC 08-0417-PAA-TP) discussed at length
24 the argument that 47 C.F.R. § 54.403(b) required Eligible
25 Telecommunications Carriers ("ETCs") to provide the Lifeline discount

1 on bundled services. In Verizon's Request to Initiate Formal
2 Proceedings, it explained why this reasoning was invalid with respect to
3 ETCs like Verizon that charge federal end user common line charges or
4 equivalent federal charges. Staff now tacitly acknowledges that Verizon
5 was correct because it has dropped the argument that federal Section
6 54.403.403(b) imposes such a requirement on Verizon. Rather than
7 conceding Issue 1, however, Staff attempts to reach its desired outcome
8 by relying on other arguments.

9
10 **Q. DOES STAFF CONTINUE TO ARGUE THAT FEDERAL LAW**
11 **REQUIRES THE LIFELINE DISCOUNT TO BE APPLIED TO**
12 **BUNDLED SERVICES?**

13 A. Yes, but its only argument that a federal requirement exists is incorrect,
14 and Mr. Casey spends little time trying to defend it. He asserts at page
15 23 of his direct testimony that because local usage is one of the nine
16 service components that must be provided to Lifeline customers, the
17 Lifeline discount must be applied to *any* service that includes local
18 usage. This interpretation is plainly wrong because if the FCC had
19 intended for the Lifeline discount to be applied to any service that
20 includes local usage, its rule would have simply said that, and would not
21 have limited the definition of Lifeline to include only the equivalent of
22 basic local service.

23
24 **Q. DOES STAFF NOW ARGUE THAT STATE LAW AUTHORIZES THE**
25 **LIFELINE DISCOUNT TO BE APPLIED TO BUNDLED SERVICES?**

1 A. Yes. Staff argues that Sections 364(10)(3)(a) and 364.10(3)(d)
2 authorize such a requirement.

3

4 **Q. DOES SECTION 364.10(3)(a) AUTHORIZE A DISCOUNT ON**
5 **BUNDLES?**

6 A. Although I am not a lawyer, I do not believe it does. Section
7 364.10(3)(a) provides as follows:

8 Effective September 1, 2003, any local exchange
9 telecommunications company authorized by the commission
10 to reduce its switched network access rate pursuant to s.
11 364.164 shall have tariffed and shall provide Lifeline service
12 to any otherwise eligible customer or potential customer who
13 meets an income eligibility test at 135 percent or less of the
14 federal poverty income guidelines for Lifeline customers.

15

16 This provision expands the number of customers who are “otherwise
17 eligible” to receive the Lifeline discount from certain ILECs, including
18 Verizon. The use of the phrase “otherwise eligible” makes clear that the
19 Legislature did not enact this provision to expand the services to which
20 the Lifeline discount must be applied. This language therefore provides
21 no support for Staff’s argument.

22

23 **Q. DOES SECTION 364.10(3)(d) AUTHORIZE A DISCOUNT ON**
24 **BUNDLES?**

25

1 A. In my layman's opinion, it does not. Section 364.10(3)(d) provides as
2 follows:

3 An eligible telecommunications carrier may not discontinue
4 basic local exchange telephone service to a subscriber who
5 receives Lifeline service because of nonpayment by the
6 subscriber of charges for nonbasic services billed by the
7 telecommunications company, including long-distance
8 service.

9
10 Contrary to Mr. Casey's assertion at page 24 of his direct testimony, this
11 provision does not "necessarily assume[] that a Lifeline customer will
12 have access to bundled service packages." Rather, it merely defines
13 the respective rights of the carrier and customer when a customer does
14 not pay for nonbasic services the carrier has provided. This provision is
15 entirely consistent with Verizon's practice of permitting a Lifeline
16 customer to buy nonbasic services *separate from and in addition to* the
17 customer's discounted basic service.

18
19 **Q. DOES FLORIDA LAW AUTHORIZE THE COMMISSION TO REQUIRE**
20 **ETC'S LIKE VERIZON TO APPLY THE LIFELINE DISCOUNT TO**
21 **BUNDLED SERVICES?**

22 A. No. For the reasons stated in my direct testimony, I do not believe it
23 does. Other than raising the points I have just noted, Staff does not
24 seek to rebut that portion of my testimony on Issue 1.

25

1 **ISSUE 3:** SHOULD THE COMMISSION REQUIRE EACH FLORIDA ETC
2 THAT CHARGES FEDERAL END USER COMMON LINE
3 CHARGES, OR EQUIVALENT FEDERAL CHARGES, TO
4 APPLY THE LIFELINE DISCOUNT TO ITS BUNDLED
5 SERVICES WHICH INCLUDE FUNCTIONALITY THAT IS
6 COMPARABLE TO THAT DESCRIBED AT 47 CFR
7 54.101(a)(1)-(9) OR SECTION 364.02(1), FLORIDA
8 STATUTES?

9

10 **Q.** DOES STAFF ACKNOWLEDGE THAT THE PURPOSE OF
11 FLORIDA'S LIFELINE PROGRAM RELATES TO BASIC LOCAL
12 TELECOMMUNICATIONS SERVICE?

13 **A.** Yes. Mr. Casey quotes with approval PSC Order No. PSC-08-0130-
14 FOF-TL, issued March 3, 2008, which states that the goal of Link-Up
15 and Lifeline programs "is to help low-income households in Florida
16 obtain and maintain *basic telephone service*." (Casey Direct, pp. 4-5,
17 emphasis added.) Verizon is committed to this goal, and its Florida
18 Lifeline program and policies ensure that it is being achieved.

19

20 **Q.** MR. CASEY CLAIMS AT PAGE 9 OF HIS DIRECT TESTIMONY THAT
21 NOT APPLYING THE LIFELINE DISCOUNT TO BUNDLED
22 SERVICES CREATES A BARRIER TO LIFELINE ENROLLMENT IN
23 FLORIDA. HE FURTHER STATES AT PAGE 31 THAT VERIZON
24 DENIED MORE THAN 9,700 LIFELINE APPLICATIONS. HOW DO
25 YOU RESPOND?

1 A. There is no barrier preventing eligible customers from receiving the
2 Lifeline discount from Verizon. Verizon's policy is to tell customers that
3 they may not have both Lifeline and a service bundle, which is *not* a
4 denial of Lifeline service. These customers are free to choose to keep
5 or take the Lifeline discount on basic service, or they may choose the
6 discount on bundled service instead. All Verizon's policy forbids is
7 receiving both discounts on bundled service, which is clearly
8 communicated to customers so they can make the choice that best
9 meets their needs. Some customers may choose the Lifeline discount
10 and some may choose the bundle discount, but this has no impact on
11 subscribership, and no customer has been denied Lifeline service due to
12 this policy.

13

14 **Q. MR. CASEY ASSERTS AT PAGE 21 OF HIS DIRECT TESTIMONY**
15 **THAT THE COMMISSION SHOULD NOT ATTEMPT TO CONTROL**
16 **THE DISCRETIONARY SPENDING OF A CONSUMER. DO YOU**
17 **AGREE?**

18 A. Generally, yes, but limiting the Lifeline discount to basic service does
19 not seek to control consumers' discretionary spending. Indeed, the
20 Commission should not attempt to force ETCs to apply the discount to
21 other telecommunications services because, as Mr. Casey
22 acknowledges, those services involve customers' discretionary
23 spending.

24

25

1 Q. AT PAGE 19 OF HIS DIRECT TESTIMONY, MR. CASEY ASSERTS
2 THAT IF THE LIFELINE DISCOUNT WERE APPLIED AS STAFF
3 REQUESTS, THE DISCOUNT ONLY WOULD BE APPLIED TO THE
4 LOCAL USAGE COMPONENT OF THE BUNDLE. DO YOU AGREE?

5 A. No. As discussed in detail in my direct testimony (and nowhere rebutted
6 in Mr. Casey's testimony) a service must be either basic or nonbasic; it
7 cannot be both. Because a service bundle is a nonbasic service
8 (another point Mr. Casey does not rebut), the Commission may not
9 require an ETC to apply the Lifeline discount to a service bundle or any
10 of its components.

11

12 Q. MR. CASEY CONTENDS AT PAGE 21 OF HIS DIRECT TESTIMONY
13 THAT NOT APPLYING THE LIFELINE DISCOUNT TO SERVICE
14 BUNDLES IS DISCRIMINATORY. PLEASE RESPOND.

15 A. Mr. Casey is incorrect because Florida law creates the requirement that
16 the Lifeline discount be applied to basic services. Verizon does not
17 discriminate against anyone by adhering to a distinction instituted by
18 law.

19

20 Q. AT PAGE 21 OF HIS DIRECT TESTIMONY, MR. CASEY ASSERTS
21 THAT ETCs THAT DO NOT APPLY THE LIFELINE DISCOUNT TO
22 SERVICE BUNDLES ARE PROVIDING INFERIOR SERVICE. IS
23 THAT TRUE?

24 A. No, this statement is clearly wrong. Verizon provides the same level of
25 basic service to Lifeline customers that it provides to other basic

1 customers. Further, if Lifeline customers wish to receive additional
2 telecommunications services, they have two options. First, they can
3 order such services on an a la carte basis. Second, they can forego the
4 Lifeline discount and order the service bundle and receive the
5 discounted, package rate for those services.

6

7 **Q. DO YOU AGREE WITH MR. CASEY'S READING OF FCC ORDER**
8 **FCC**
~~FFCC~~ **04-87?**

9 A. No. Mr. Casey states that "the FCC expressed support for Lifeline
10 customer participation in bundled service packages" in this Order. He
11 then quotes verbatim from the order, with italics, bold print, and
12 underlining of the following passage: "we believe any restriction on the
13 purchase of vertical services may discourage qualified consumers from
14 enrolling and may serve as a barrier to participation in the program."

15

16 Nowhere in this quoted and italicized passage, or in the entire text of
17 FCC 04-87, or in any other rule or FCC decision, does the FCC say
18 anything about supporting Lifeline customer participation in bundled
19 service packages. Mr. Casey is simply reading into the order something
20 that clearly is not there.

21

22 **Q. MR. CASEY REFERS TO A NUMBER OF OTHER STATES THAT**
23 **HAVE REQUIRED LIFELINE FOR BUNDLES. HOW DO YOU**
24 **RESPOND?**

25 A. As I stated in my direct testimony, whether such a mandate is allowed

1 under federal rules is an open question at the FCC, but a minority of
2 states has adopted such a mandate, and Verizon complies with the rule
3 in states where it has been adopted and where we are subject to the
4 rule. Mr. Casey lists these states in his testimony, citing from a Verizon
5 response to a data request.¹ Other state decisions are not controlling
6 on this issue, since it is a matter of Florida law, but even if the
7 Commission finds other state experiences to be instructive, it should be
8 noted that the large majority of states does not require that a Lifeline
9 discount be required for bundles.

10

11 **Q. DO ANY STATES PROHIBIT LIFELINE CUSTOMERS FROM**
12 **SUBSCRIBING TO VERTICAL SERVICES?**

13 A. Yes. To give some examples, in Maryland there are two Lifeline
14 plans. The first is a message rate service for which customers are not
15 allowed to purchase vertical services. The second is a flat rate plan
16 which limits Lifeline customers to the purchase of up to three vertical
17 services at tariffed, a la carte rates. Another example is Ohio, which
18 prohibits Lifeline customers from the purchase of any vertical service,
19 unless the customer has a medical need. Similarly, Virginia does not
20 allow the purchase of vertical services with Lifeline.

21

22

¹ These states are California, North Carolina, Oregon, and Texas. Mr. Casey notes that Pennsylvania adopted such a rule, subsequent to the filing of my testimony and on the date of the filing of the data request response. Also, Mr. Casey states that Verizon affiliates were ordered to provide a Lifeline discount on bundled service offerings in Vermont and Maine. As he notes, Verizon's ILEC operations in Vermont and Maine are now a part of FairPoint Communications, and are no longer Verizon affiliates.

1 Again, these state examples are not dispositive for Florida, where under
2 current policy, Verizon allows Lifeline customers to order vertical
3 features on an a la carte basis, but it is instructive in showing that there
4 is no federal requirement for Lifeline to be provided on non-basic
5 services, since some states limit or do not even allow the purchase of
6 vertical services by Lifeline customers.

7

8 **Q. MR. CASEY TESTIFIES THAT REQUIRING LIFELINE FOR BUNDLES**
9 **IS IN THE PUBLIC INTEREST AND IS CONSISTENT WITH**
10 **UNIVERSAL SERVICE POLICY. DO YOU AGREE?**

11 A. If by "public interest" he means appropriate public policy in the form of a
12 mandate, then, no, I disagree. As I noted in my direct testimony,
13 however, it not necessarily a bad idea for a company to choose to offer
14 a Lifeline discount on top of a bundle discount, but that should be a
15 business decision left to a particular company based on its own
16 business plan and assessment of the market. Mr. Casey even suggests
17 that Verizon could change its Lifeline policy to create a competitive
18 advantage.² This is the kind of decision that should be made by
19 marketing and business development professionals, and not by
20 regulators or people like me in public policy. Given the technological
21 and marketplace evolution in telecommunications, it is better for
22 decisions like this to be made outside of a regulatory proceeding or
23 hearing room.

24

25 The only possible policy rationale for a state commission to require a

² Casey Direct at 32, lines 8-17.

1 mandate of Lifeline for service bundles is that it might further the policy
2 goals of universal service. Mr. Casey believes it does, but I disagree.

3

4 **Q. PLEASE EXPLAIN WHY YOU DISAGREE.**

5 A. Mr. Casey testifies that a Lifeline requirement for service bundles "is
6 consistent with the goals and principles of universal service, is in the
7 public interest, and would foster increased participation in the Florida
8 Lifeline Program."³ He may be correct that the mandate would increase
9 participation in the Florida Lifeline program, but this is a completely
10 separate matter from whether it is consistent with the goals and
11 principles of universal service. Lifeline participation is a *means* to an
12 end, not an *end* in itself. As I noted in direct testimony, "all of the
13 rationales for and benefits of universal service policy concern the goal of
14 universal customer connections to communications networks."⁴ I also
15 recognized that "[t]he customer may rightly perceive more *value* from
16 the discounted bundle," which may increase the participation rate for
17 Lifeline, but this does not equate to an increase in telephone
18 subscribership. A Verizon customer may choose to take the bundle
19 discount in lieu of the Lifeline discount, and this is a choice that the
20 customer is free to make, but it is a choice that does not harm universal
21 service.

22

23 **Q. MR. CASEY NOTES THAT THE NUMBER OF VERIZON**
24 **CUSTOMERS SUBSCRIBING TO LIFELINE HAS GONE DOWN, AND**

³ Casey Direct at 24.

⁴ Vasington Direct at 2.

1 **THAT THE NUMBER OF LIFELINE CUSTOMERS FOR AT&T AND**
2 **EMBARQ HAS INCREASED.⁵ ARE THESE ASSERTIONS**
3 **ACCURATE AND SIGNIFICANT?**

4 A. They appear to be accurate, but I do not believe they lead to the
5 conclusions that Mr. Casey draws from them. Mr. Casey concludes that
6 “one of the reasons for the decrease is because of Verizon’s policy of
7 denying Lifeline-eligible consumers the option of choosing a bundled
8 service offering and receiving a Lifeline discount on the local usage
9 functionality of the bundled offering.”⁶

10

11 First, as Mr. Casey notes, Verizon has experienced a reduction in the
12 absolute number of Lifeline customers, but Verizon also has
13 demonstrated that the reduction in the number of Lifeline customers has
14 been outpaced by the reduction in the number of total lines served by
15 Verizon in Florida, so the ratio of Lifeline customers to total customers
16 has increased. I would also note that Verizon experienced an increase
17 in the number of Lifeline customers from December 2003 to September
18 2006, even though Verizon had the same policy on Lifeline in place
19 during that period.⁷ So there is no reason to conclude from the data that
20 the absolute decline in the number of Verizon Lifeline customers is due
21 to the policy at issue in this case.

22

23 Second, even if were to be demonstrated that the different trends in
24 Lifeline participation among Verizon, AT&T, and Embarq are due to the

⁵ Casey Direct at 31.

⁶ Id. at lines 17-20.

⁷ FPSC, “Number of Customers Subscribing to Lifeline Service,” December 2006, at Table 4.

1 differing policies, this fact would not be indicative of a loss of
2 subscribership. It is entirely consistent with Verizon's view that a Lifeline
3 discount on service bundles may make service bundles more valuable.
4 If a customer can choose to combine a Lifeline discount with a service
5 bundle discount, as AT&T and Embarq have chosen to allow, that
6 customer would likely choose both discounts. But if customers have to
7 choose between a Lifeline discount and a service bundle discount, some
8 percentage of these customers will choose to take the service bundle
9 discount, thus lowering the number of Lifeline customers but not
10 reducing subscribership at all. Because of this, the achievement of
11 universal service goals cannot be measured by Lifeline participation.

12

13 **Q. MR. CASEY NOTES THAT VERIZON IS OPPOSED TO THE**
14 **ESTABLISHMENT OF A STATE UNIVERSAL SERVICE FUND (USF)**
15 **AND HAS NOT REQUESTED AN EXPLICIT LIFELINE FUNDING**
16 **MECHANISM, AS IT WAS ALLOWED TO DO UNDER FLORIDA LAW.**
17 **WHAT IS YOUR RESPONSE?**

18 A. As noted in the letter from Ms. Robinson that Mr. Casey cites, Verizon
19 believes that the administrative burdens of such a fund would outweigh
20 any benefits. Thus, the creation of a fund would not remedy the
21 competitive disparity created by the requirement that ETCs self-fund a
22 portion of the Lifeline discount.

23

24 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

25 A. Yes.

1 MR. O'ROARK: Mr. Vasington is available for
2 cross-examination.

3 CHAIRMAN CARTER: Thank you.

4 MR. O'ROARK: I'm sorry. We've got to do his --

5 CHAIRMAN CARTER: Did you do your summary yet?

6 MR. O'ROARK: -- summary first. Yes.

7 CHAIRMAN CARTER: You're recognized.

8 THE WITNESS: Good morning, Mr. Chairman and
9 Commissioners. Since this is my first time testifying here in
10 Florida, I'd just like to say a brief word about my background.
11 From 1998 to 2003 I was a Commissioner at the Massachusetts
12 Utility Commission, serving as Chairman in 2002 and 2003.
13 Before that I spent a number of years at the Massachusetts
14 Commission on staff as a Staff Analyst and as a Telecom
15 Division Director.

16 I joined Verizon in early 2005 as a Director of State
17 Public Policy, and in this role I've dealt with, and in my
18 previous roles I've dealt with universal service issues,
19 including issues related to Lifeline.

20 At the outset I want to emphasize that Verizon
21 supports the goals of universal service and the Lifeline
22 program and is committed to ensuring that every customer who
23 qualifies and needs Lifeline to stay connected to
24 telecommunications networks may choose to take advantage of the
25 service. Our policy on Lifeline for packages does not deny a

1 customer the ability to choose a Lifeline discount. It simply
2 asks customers to choose a Lifeline discount or a package
3 discount, but not both. This approach is entirely consistent
4 with the goals of the Lifeline program and universal service
5 policy.

6 As to the specific issues of the case, on Issue 1 my
7 first point in my testimony is that federal law does not
8 require that the Lifeline discount be applied to bundled
9 services. Most states do not mandate Lifeline for bundles and
10 the FCC has never told them to change their policies. Federal
11 regulations define Lifeline to include a specific list of
12 services or functionalities which does not include bundles or
13 packages, video, broadband, unlimited long distance, caller ID,
14 voice mail or any other vertical services.

15 The Universal Service Joint Board of State and
16 Federal Regulators and the FCC have determined the list of
17 services that are supported under universal service policy and
18 have considered several times whether additional services and
19 functions should be included in the list, and to date they have
20 not added any additional since the passage of the '96 Telecom
21 Act.

22 The argument of others that any service that includes
23 the functionalities of basic should be given the discount turns
24 on its head the fact that the Joint Board and the FCC have
25 created a limited list of services. Every telephone service

1 has dial tone at its base. And if the Joint Board and FCC had
2 intended for the Lifeline discount to apply to any service that
3 has dial tone, its rule would have simply said that and would
4 not have limited the definition to a specified set of services.

5 Since this is not required under federal rules or
6 law, the next question is what does Florida law say? Florida
7 law provides that an ETC is required to provide a Lifeline
8 Assistance Plan. Federal law requires a demonstration that the
9 carrier's Lifeline plan meets the federal criteria. The list
10 of supported services in federal rules that I mentioned a
11 moment ago corresponds to the definition of basic services in
12 Florida Statute. Therefore, Florida, Florida law only requires
13 that the Lifeline Assistance Plan applies to basic services.
14 This conclusion is reinforced by Florida law and Commission
15 precedent which clearly distinguishes between basic and
16 nonbasic services. Under the law, a service must be either a
17 basic service or a nonbasic service. It can't be both.
18 Bundles are nonbasic services under Florida law, so the
19 Commission may not require that ETCs apply the Lifeline
20 discount to them.

21 As to Issue 3, as a matter of policy, the Commission
22 should not impose such a requirement even if it could. The
23 first reason why it should not is that Lifeline for bundles
24 does not promote universal service policy. All of the
25 rationales and benefits of universal service policy concern the

1 goal of universal customer connections to communications
2 networks, not whether customers have nonbasic or discretionary
3 services. Verizon's policy does not deny Lifeline customers
4 the ability to take nonbasic services on an a la carte basis;
5 it just provides a choice between the Lifeline discount and the
6 package discount. Imposing a bundling requirement therefore
7 would do nothing to increase subscribership rates. Also, a
8 mandate would ignore the current state of competition in
9 Florida and would not promote efficient competition, and this
10 requirement would discriminate between ETCs and other voice
11 providers.

12 In conclusion, a mandate for applying the Lifeline
13 discount to packages is not required by federal law, conflicts
14 with Florida state law, and does not promote universal service
15 policy goals and would disserve the public interest by putting
16 ETCs at more of a competitive disadvantage. Therefore, the
17 Commission should reject any requirement that the Lifeline
18 discount be applied to service bundles. And I thank you for
19 the time and look forward to answering any questions.

20 MR. O'ROARK: Mr. Chairman, now Mr. Vasington is
21 available for cross-examination.

22 CHAIRMAN CARTER: First of all, Mr. Vasington,
23 welcome to Florida.

24 THE WITNESS: Thank you, sir.

25 CHAIRMAN CARTER: Good to see you.

1 Mr. Rowell, any questions?

2 MR. ROWELL: No questions, Your Honor.

3 CHAIRMAN CARTER: Ms. Rule?

4 MR. NELSON: No questions, Your Honor.

5 CHAIRMAN CARTER: Mr. Beck?

6 MR. BECK: Thank you, Mr. Chairman.

7 Good morning, Mr. Vasington.

8 THE WITNESS: Good morning.

9 MR. BECK: Mr. Chairman, I would like to ask to have
10 an exhibit marked for identification. It's Table 3 from the
11 PSC's report to the Governor, the President of the Senate and
12 the Speaker of the House concerning Lifeline.

13 CHAIRMAN CARTER: So we're into -- this will be
14 Exhibit Number 7, is that correct, staff -- nine?

15 MR. MURPHY: Nine.

16 CHAIRMAN CARTER: Number 9. Must be those, what is
17 it, whole numbers and round numbers or whole numbers -- well,
18 now you know I didn't take math as a major.

19 For identification, Number 9.

20 (Exhibit 9 marked for identification.)

21 CROSS EXAMINATION

22 BY MR. BECK:

23 Q Mr. Vasington, do you have Exhibit Number 9 for
24 identification in front of you?

25 A Yes.

1 Q Okay. And would you turn to the statistics for
2 Verizon that are shown on Table 3? Do you see them?

3 A Yes.

4 Q It shows in September of 2006 that Verizon's Lifeline
5 net participation had 26,428 persons; is that correct?

6 A I believe it's -- I think this is showing lines.
7 Yes.

8 Q Uh-huh. And then that decreased by 9 percent to
9 23,918 in September 2007; is that right?

10 A Yes.

11 Q Okay. And then it decreased again in the nine months
12 following to, by 5 percent to 22,720 in June of 2008; is that
13 right?

14 A Yes.

15 Q Okay. And are those numbers correct to the best of
16 your knowledge?

17 A To the best of my knowledge.

18 Q Okay. Now with respect to the size of the number of
19 lines that are served by Verizon, would you agree that AT&T
20 serves more lines than does Verizon, if you know?

21 A I don't know the exact numbers, but, yes, I believe
22 they are in Florida bigger than we are in terms of number of
23 lines.

24 Q And would you, and would you agree that Embarq serves
25 fewer wire lines than Verizon in Florida?

1 A Subject to check, yes.

2 Q Okay. And does Verizon serve both urban and rural
3 markets in Florida?

4 A I don't know the breakdown for density zones of our,
5 of our service, of our service territory, so I don't know what
6 the characterization is. Generally that line is drawn based on
7 UNE rates and where the density zone breakdown is, so I don't
8 know the aggregation of our service territory in those density
9 zones.

10 Q Okay. Would you know whether AT&T and Embarq serve
11 urban and rural areas in Florida?

12 A My answer would be the same for both companies, for
13 all three companies.

14 Q Okay. Concerning the age of the subscribers, do you
15 know whether there's any difference in the age of the
16 subscribers in Verizon's territory compared to AT&T and
17 Embarq's?

18 A No, I haven't studied that.

19 Q Okay. How about income levels, are they different in
20 Verizon's territory compared to AT&T and Embarq's?

21 A I don't know.

22 MR. BECK: Okay. Thank you. That's all I have.

23 CHAIRMAN CARTER: Thank you, Mr. Beck.

24 Staff?

25 MR. MURPHY: No questions.

1 CHAIRMAN CARTER: Commissioners? Mr. O'Roark?

2 MR. O'ROARK: A quick follow-up on redirect.

3 REDIRECT EXAMINATION

4 BY MR. O'ROARK:

5 Q Mr. Vasington, Mr. Beck just asked you some questions
6 about the decrease in Verizon's Lifeline numbers. Can you tell
7 us roughly how that compares to the overall decrease in line
8 counts that Verizon has seen in its Florida service territory?

9 A Yes. Actually, I should say unfortunately Verizon's
10 line loss in general has, has been at a greater rate. So we've
11 lost a higher percentage of our total lines than we have lost
12 of Lifeline lines so that the portion of our customer base that
13 subscribes to Lifeline has actually gone up over that time
14 period.

15 MR. O'ROARK: Thank you. That's all the redirect I
16 have, Mr. Chairman.

17 CHAIRMAN CARTER: Okay. Anything further for this
18 witness? Okay. You may be excused.

19 Let's deal with exhibits.

20 MR. O'ROARK: Mr. Chairman, Verizon would move the
21 admission of Mr. Vasington's direct testimony as, it looks like
22 it would be Exhibit 11 and we could mark it as VZ-1. Excuse
23 me. It would be Exhibit 10 and we'd mark it as VZ-1. And then
24 we would also move the admission of Mr. Vasington's rebuttal
25 testimony, which I believe would be Exhibit 11, and we would

1 mark that as VZ-2 for identification.

2 Commissioner Edgar, you are looking askance. Have I
3 gotten something wrong?

4 COMMISSIONER EDGAR: I guess have to find that poker
5 face again. It's just in my experience we don't generally mark
6 for exhibits the prefiled testimony, but I will certainly defer
7 to the Chair and our counsel.

8 CHAIRMAN CARTER: Yeah. We've entered the testimony.
9 We just want the exhibits now.

10 MR. O'ROARK: Oh, I see. I apologize. In that case,
11 we have no exhibits to mark.

12 CHAIRMAN CARTER: No exhibits? Okay. Let's do this.
13 Thank you. Staff, on the preliminary matters let's kind of
14 bring in line our exhibits now. We've entered into evidence
15 Exhibit 1.

16 MR. MURPHY: Yes, sir. We've moved in 1 through 6.

17 CHAIRMAN CARTER: Okay.

18 MR. MURPHY: And then we've marked for
19 identification, or you have, the Vasington/OPC exhibit which
20 has not been moved in, nor has the exhibits that are associated
21 with Mr. Casey's testimony, 7 and 8. Those would be moved in
22 at the time of his testimony.

23 CHAIRMAN CARTER: Okay. Let's do this so I can keep
24 my little sheets, my paperwork together here. Mr. Beck.

25 MR. BECK: If there's no objections, I would move in

1 Exhibit 9.

2 CHAIRMAN CARTER: Without objection, show it done.

3 Exhibit 9 entered into.

4 (Exhibit 9 admitted into the record.)

5 Okay. And I presume those are all of your witnesses?

6 MR. O'ROARK: That is all of Verizon's witnesses.

7 CHAIRMAN CARTER: Okay. Mr. Rowell.

8 MR. ROWELL: Alltel did not present a witness, Your

9 Honor.

10 CHAIRMAN CARTER: Ms. Rule.

11 MS. RULE: Sprint Nextel would call John Mitus.

12 CHAIRMAN CARTER: Okay. Mr. Mitus.

13 JOHN E. MITUS

14 was called as a witness on behalf of Sprint Nextel and, having
15 been duly sworn, testified as follows:

16 DIRECT EXAMINATION

17 BY MS. RULE:

18 Q Could you please state your name and business address
19 for the record.

20 A Yes. My name is John Mitus, and I represent Sprint
21 Nextel at 6130 Sprint Parkway, Overland Park, Kansas 66251.

22 Q And you were sworn in earlier today, weren't you?

23 A Yes, I was. I said, "Yes."

24 Q Excellent. Welcome to Florida, Mr. Mitus. Did you
25 and your luggage have any problem getting here today?

1 A Myself, I did not have any trouble. My luggage is
2 still at the airport. It got stuck in Memphis. So fortunately
3 Ms. Rule was able to, had a partner that had about the same
4 frame size as I did, so.

5 Q Okay. And can you tell us your capacity of
6 employment at Sprint Nextel?

7 A Yes. In working at Sprint Nextel my job is, I'm
8 responsible for the entire, entirety of the ETC program, which
9 includes the Lifeline component of ETC.

10 Q Did you cause to be prefiled 11 pages of direct
11 testimony on December 5th of last year?

12 A Yes.

13 Q And did you also cause to be prefiled 11 pages of
14 rebuttal testimony on January 27th of this year?

15 A Yes.

16 Q Do you have any changes or corrections to your
17 prefiled testimony?

18 A Yes. On Page 8 of my direct testimony the word
19 "rate" on Line 1 should say "rates" with an S underlying
20 (phonetic).

21 Q Okay. And is that the only change?

22 A Yes, it is.

23 MS. RULE: Commissioners, we've provided you and
24 staff and the parties with a copy of Mr. Mitus's revised
25 testimony. And at this time I would ask that -- wait.

1 BY MS. RULE:

2 Q Mr. Mitus, have you prepared a summary of your direct
3 and rebuttal testimony?

4 A Yes, I have.

5 Q And do you adopt that testimony as your testimony
6 here today?

7 A Yes.

8 Q If I asked you the same questions today, would your
9 answers be the same with that one change?

10 A Yes.

11 MS. RULE: Okay. We would ask that Mr. Mitus's
12 prefiled direct and rebuttal be inserted into the record as
13 though read.

14 CHAIRMAN CARTER: The prefiled testimony of the
15 witness will be inserted into the record as though read.

16

17

18

19

20

21

22

23

24

25

1 **Q. PLEASE STATE YOUR NAME, YOUR POSITION WITH SPRINT NEXTEL**
2 **AND YOUR BUSINESS ADDRESS.**

3 A. My name is John E. Mitus. I am employed by Sprint Nextel Corporation as ETC
4 Program Manager. My business address is 6300 Sprint Parkway, Overland Park,
5 Kansas 66251.

6
7 **Q. PLEASE STATE WHICH PARTIES TO THIS PROCEEDING YOU ARE**
8 **REPRESENTING TODAY.**

9 A. I am providing this testimony on behalf of the wholly-owned operating subsidiaries of
10 Sprint Nextel Corporation that have been designated as eligible telecommunications
11 carriers ("ETCs") in portions of Florida by the Federal Communications Commission
12 ("FCC"), authorizing them to provide Lifeline service in those areas.¹ NPCR, Inc.
13 ("Nextel Partners") is designated as an ETC in portions of the panhandle of Florida,
14 mostly to the north and west of Tallahassee. Sprint PCS is designated as an ETC and
15 authorized to provide Lifeline service in a broader area covering roughly 50% of the
16 state. In this testimony I refer to them collectively as "Sprint Nextel."

17

18

¹ In the Matter of Federal-State Joint Board on Universal Service; Sprint Corporation; Application for Designation as an Eligible Telecommunications Carrier in the State of Alabama, Florida, Georgia, New York, North Carolina, Tennessee and Virginia, CC Docket No. 96-45, Order, DA 04-3617 (rel. Nov. 18, 2004); In the Matter of Federal-State Joint Board on Universal Service; NPCR, Inc. d/b/a Nextel Partners; Application for Designation as an Eligible Telecommunications Carrier in the State of Alabama, Florida, Georgia, New York, Pennsylvania, Tennessee and Virginia, CC Docket No. 96-45, Order, DA 04-2667 (rel. Aug. 25, 2004), corrected by Erratum (Sept. 13, 2004); see also 47 C.F.R. § 54.401.

1 **Q. PLEASE PROVIDE A BRIEF DESCRIPTION OF YOUR BACKGROUND**
2 **AND EXPERIENCE.**

3 A: In 1992, I Received an MBA degree from the University of Nevada – Las Vegas and
4 I received my Bachelor of Science in Finance from Bryant College, Smithfield,
5 Rhode Island in 1988. I have been employed by Sprint Nextel since January 1995.
6 Prior to my employment with Sprint Nextel, I was employed by First Interstate Bank
7 as a Commercial Loan Officer.

8
9 I have been the ETC Program Manager since March 2006. In my current position I
10 am responsible for ensuring that Sprint Nextel remains compliant to receive Universal
11 Service Funds (USF”) as an Eligible Telecommunications Carrier (“ETC”) in 24
12 states and the Commonwealth of Puerto Rico. Prior to this current position I worked
13 in Sprint Nextel’s State Regulatory Affairs Group.² While in that position I was
14 responsible for regulatory oversight in Alabama, Georgia, Kentucky, Louisiana,
15 Mississippi, North Carolina, South Carolina and Puerto Rico.

16
17 **Q: HAVE YOU PREVIOUSLY TESTIFIED BEFORE REGULATORY BODIES?**

18 A: I have testified before the Indiana Utility Regulatory Commission, the Pennsylvania
19 Public Utility Commission, the Nevada Public Utilities Commission, the North
20 Carolina Utilities Commission, the Public Utility Commission of Texas, the
21 Louisiana Public Service Commission, and the South Carolina Public Service
22 Commission.

² State Regulatory Affairs Group was spun off as part of Embarq in 2006.

1 **Q: WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

2 A. The purpose of my testimony is to support Sprint Nextel's ("Sprint Nextel" or
3 "Company") position that the Lifeline discounts should only be applied to the lowest
4 priced generally available service. The Florida Public Service Commission's
5 ("Commission") Proposed Agency Action ("PAA")³ that Sprint Nextel and others
6 oppose in this proceeding concludes that the Lifeline discount should be applied not
7 to the lowest tariffed or otherwise generally available service, but instead to all
8 available rate plans, including those plans that include data services.

9
10 **Q: PLEASE DESCRIBE SPRINT NEXTEL'S LIFELINE PROGRAM.⁴**

11 A: Sprint Nextel operates a Lifeline program in 24 states and the Commonwealth of
12 Puerto Rico. This program allows for a \$13.50 discount on Sprint Nextel's lowest
13 generally available rate plan, which is priced at \$29.99 per month.⁵ At this time, that
14 plan allows for 200 anytime minutes and unlimited nights and weekends starting at
15 9PM until 7AM the next day (Monday morning in the case of weekend calling).
16 These minutes can be used to call anywhere in the country, including Puerto Rico and
17 the U.S. Virgin Islands. The cost to a qualifying lifeline customer is \$16.49 plus
18 taxes and surcharges. In addition to the \$13.50 discount, the end user is not charged

³ Notice of Proposed Agency Action, Order on Application of the Lifeline Discount to Bundled Service Packages, Order No. PSC-08-0417-PAA-TP, June 23, 2008.

⁴ The Lifeline program consists of both Lifeline and LinkUp. For the purpose of this testimony I will only refer to Lifeline. LinkUp allows for up to an \$18 discount for activation fees.

⁵ The Kansas PUC has required Lifeline providers to apply the discount on all rate plans. This decision is under review by the FCC.

1 the USF surcharge or the Number Portability surcharge, thus providing Lifeline
2 customers with even greater savings from the prices charged to the general public.

3
4 Sprint Nextel's current Lifeline offering provides a beneficial alternative to low-cost
5 wireline service plans. Sprint Nextel's Lifeline calling scope is all of the United
6 States and does not include additional per minute charges for calls that are
7 traditionally considered long distance and incur toll charges when dialed from a
8 landline phone. Low-cost wireline plans generally only have a local calling scope.
9 Sprint Nextel's Lifeline plan also includes Voicemail, Call Waiting and Caller ID as
10 part of the standard monthly service charge, providing a further cost advantage over
11 low-cost landline service that does not include these features as part of the standard
12 monthly charge. These unique characteristics of Sprint Nextel's present Lifeline
13 offering provide consumers who qualify for Lifeline with a valuable alternative
14 service option at an affordable discounted rate.

15

16 **Q: HOW DOES A FLORIDA RESIDENT APPLY TO RECEIVE LIFELINE**
17 **BENEFITS?**

18 A: There are several ways of applying to receive Lifeline Service. In Florida most of
19 Sprint Nextel's Lifeline customers come from the Commission's Automatic
20 Enrollment Process. The Automatic Enrollment Process is an arrangement between
21 the Department of Children and Family Services ("DCF"), the Commission and
22 ETCs. This process allows low income individuals to apply for Lifeline while
23 enrolling in qualifying public assistance programs through the DCF. Information
24 collected from applicants by DCF is forwarded to the Commission which, in turn,

1 notifies the ETC identified by the applicant as his or her current service provider.
 2 The ETC then downloads the information from a secure website for enrollment in
 3 Lifeline. A second way is to obtain a Sprint Nextel Lifeline Application on-line at
 4 www.sprint.com/lifeline or to call 1-888-408-3306 and ask for an application. Both
 5 the website and the toll free number have Spanish language options.

6
 7 **Q: PLEASE EXPLAIN WHY THE LIFELINE DISCOUNT ONLY APPLIES TO**
 8 **SPRINT NEXTEL'S LOWEST PRICED PLAN.**

9 **A:** 47 C.F.R § 54.403(b) imposes different Lifeline obligations on telecommunications
 10 providers, depending on whether they do or do not charge the End User Common
 11 Line charge ("EUCL", also known as the "Subscriber Line Charge"):

12 *Eligible telecommunications carriers that charge federal End User*
 13 *Common Line charges* or equivalent federal charges shall apply
 14 Tier-One federal Lifeline support to waive the federal End-User
 15 Common Line charges for Lifeline consumers. Such carriers shall
 16 apply any additional federal support amount to a qualifying low-
 17 income consumer's intrastate rate, if the carrier has received the
 18 non-federal regulatory approvals necessary to implement the
 19 required rate reduction. *Other eligible telecommunications*
 20 *carriers* shall apply the Tier-One federal Lifeline support amount,
 21 plus any additional support amount, to reduce their lowest tariffed
 22 (or otherwise generally available) residential rate for the services
 23 enumerated in §54.101(a)(1) through (a)(9), and charge Lifeline
 24 consumers the resulting amount. (emphasis added).
 25

26 The EUCL, a flat monthly charge assessed by incumbent local exchange carriers
 27 ("ILECs"), is intended to recover much of the ILEC's interstate loop costs. ILECs
 28 are required by § 54.403(b) to waive this charge for Lifeline customers, with any
 29 additional federal support used to reduce the customer's "intrastate rate". As the FCC
 30 recognized, however, not all telecommunications providers charge the EUCL. Those
 31 who do not, including wireless providers like Sprint Nextel, are referred to as "[o]ther

1 eligible telecommunications carriers”, and are subject to a different Lifeline discount
2 regime. Rather than waive the EUCL and reduce the customer’s “intrastate rate”,
3 wireless providers must reduce their “lowest tariffed (or otherwise generally
4 available) residential rate” for the services listed in §54.101(a)(1) through (a)(9).
5 Thus, § 54.403(b) clearly establishes two different classifications of providers, each
6 with its own unique Lifeline obligation.

7
8 I will leave it to the lawyers to give you their legal opinion, but here is how I interpret
9 wireless providers’ Lifeline obligation, and what it means in practice. As noted
10 above, wireless carriers are required to reduce their “lowest tariffed (or otherwise
11 generally available) residential rate” for enumerated services. Wireless carriers in
12 the normal course of business do not file tariffs, but they do have generally available
13 rates. Thus, this section directs wireless carriers to apply the Tier One federal
14 Lifeline support amount, plus any additional support amount, to reduce their lowest
15 generally available residential rate for the services enumerated in §54.101(a)(1)
16 through (a)(9), and charge Lifeline consumers the resulting amount. Sprint Nextel’s
17 lowest generally available residential rate for a plan that includes the required
18 services is \$29.99.

19
20 Clearly, if the FCC had wanted the Lifeline discount to be applied to all rate plans, it
21 would have left out the term “lowest”. For example, if the discount was to be applied
22 to all rate plans, this section would read:

23 Other eligible telecommunications carriers shall apply the Tier-
24 One federal Lifeline support amount, plus any additional support
25 amount, to reduce their ~~lowest~~ tariffed (or otherwise generally

1 available) residential rates for the services enumerated in
2 §54.101(a)(1) through (a)(9), and charge Lifeline consumers the
3 resulting amount.
4

5 Thus, the Lifeline discount clearly applies only to the lowest generally available rate
6 offered by wireless providers.
7

8 **Q: IS THERE ANOTHER REASON THAT THE DISCOUNT SHOULD BE**
9 **LIMITED TO THE LOWEST PRICED PLAN?**

10 A: Yes. The purpose of the Lifeline program is to provide affordable service so that
11 low-income individuals can maintain telecommunications service as a “Lifeline.”
12 One may question whether the purpose of the Lifeline program is being served when
13 low income consumers are encouraged to subscribe to expensive plans that they may
14 not be able to maintain even with the Lifeline discount. I note that this issue was
15 discussed at the Commission’s June 3, 2008 Agenda Conference.⁶ If the concern is
16 truly that consumers who qualify for Lifeline should have access to certain vertical
17 voice services rather than the “high end bundled packages which would include
18 Internet access and cable TV” mentioned by the Commission Staff during the Agenda
19 Conference, I would point out that the Lifeline plan Sprint Nextel offers already
20 includes Call Waiting, Voicemail and Caller ID. This plan clearly provides Lifeline
21 consumers with a unique alternative to “plain old telephone service” at a very
22 affordable price, consistent with what I believe was the FCC’s policy choice in
23 defining Lifeline according to the lowest cost plan.⁷ The PAA fails to consider these

⁶ See June 3, 2008 Transcript at pp. 10-12.

⁷ Sprint Nextel does not advocate second-guessing or limiting any consumer’s choice of service or service provider. Sprint Nextel’s Lifeline customers have always been free to add-on available services such as text messaging to its lowest generally available rate plan,

1 issues and, unfortunately, ignores the plain language of the FCC's rule requiring that
 2 the discount be applied only to the lowest rate plan. Ultimately, however, the
 3 question presented in this docket is not what consumers should or should not
 4 purchase, but what services must be subsidized by other telecommunications
 5 subscribers and their providers pursuant to the specific provisions of 47 C.F.R. §
 6 54.403(b).

7
 8 **Q: DO ANY OF SPRINT NEXTEL'S PLANS INCLUDE DATA FEATURES?**

9 **A:** Yes, the Simply Everything plan, which is priced at \$99.99 per month exclusive of
 10 taxes and surcharges, includes data services. Data services are not included in the
 11 FCC's definition of Lifeline set forth at 47 CFR §54.401. That rule defines a Lifeline
 12 service offering that includes the nine functions enumerated in §54.101(a)(1) through
 13 (a)(9) that an ETC must provide in order to be designated as an ETC. The Company
 14 would be providing Lifeline discounts on services that are not eligible for a discount
 15 if it is required to provide a discount on all price plans.

16
 17 **Q: IN ORDER NO. PSC-08-0417-PAA-TP, THE COMMISSION PROPOSED TO**
 18 **REQUIRE PROVIDERS TO APPLY THE LIFELINE DISCOUNT TO**
 19 **"BUNDLED SERVICE PACKAGES" THAT "COMBINE BASIC LOCAL**
 20 **EXCHANGE SERVICE WITH NONBASIC SERVICES." DOES ANY**
 21 **SPRINT NEXTEL RATE PLAN HAVE A "BASIC LOCAL EXCHANGE**
 22 **SERVICE" PORTION"?**

23 **A.** No. The service offered by Sprint Nextel does not fit the definition of basic local
 24 exchange service as defined in Chapter 364.02(1), Florida Statutes.⁸ As I mentioned

regardless of the Commission's action in this docket.

⁸ Section 364.02(1) states:

"Basic local telecommunications service" means voice-grade,

1 earlier, Sprint Nextel offers customers calling plans that have a national scope with no
2 extra charges based on whether the call is terminated outside the local exchange.
3 This type of calling plan gives Lifeline customers a valuable alternative to traditional
4 local exchange service, but does not fit the traditional definition of "basic local
5 telecommunications service" because it does not include local usage necessary to
6 place unlimited calls within a local exchange area. Thus, there is no basic local
7 service portion to either the lowest-cost plan that is Sprint Nextel's Lifeline plan or
8 any other Sprint Nextel service plan.

9
10 There is a practical reason why this is significant for this proceeding. Pricing for
11 Sprint Nextel plans and wireless plans generally are not divided into "portions" (e.g.,
12 "basic" local calling portions, long distance, or other components of the service).⁹
13 Nor can the services be segregated so that only local calling can be offered if, for
14 instance, long distance calling is disabled. This makes it impossible as a practical
15 matter to apply the Lifeline discount strictly to a "basic local rate portion" of Sprint
16 Nextel service plan rates, and equally impossible to continue providing only the basic

flat-rate residential, and flat-rate single-line business local exchange services which provide dial tone, local usage necessary to place unlimited calls within a local exchange area, dual tone multifrequency dialing, and access to the following: emergency services such as "911," all locally available interexchange companies, directory assistance, operator services, relay services, and an alphabetical directory listing. For a local exchange telecommunications company, the term shall include any extended area service routes, and extended calling service in existence or ordered by the commission on or before July 1, 1995.

⁹ As mentioned above, however, Sprint customers may add-on certain services to their plans, such as text messaging, international long distance, or "Sprint to Home."

1 voice service in the event of non-payment, as Staff suggests.¹⁰ Thus, a customer who
2 has the Simply Everything Plan discussed above receives a bill for the \$99.99 rate for
3 the plan and does not receive a separate line item on the bill for “basic local
4 telecommunications service” or even “unlimited voice service.” The product is
5 priced, offered and provisioned as a single package at a single rate.

6

7 **Q: DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

8 **A: Yes.**

¹⁰ See Transcript, pgs. 13-14.

1 **Q. PLEASE STATE YOUR NAME, YOUR POSITION WITH SPRINT NEXTEL**
2 **AND YOUR BUSINESS ADDRESS.**

3 A. My name is John E. Mitus. I am employed by Sprint Nextel Corporation (“Sprint” or
4 “Company”) as ETC Program Manager. My business address is 6300 Sprint Parkway,
5 Overland Park, Kansas 66251.

6

7 **Q. ARE YOU THE SAME JOHN MITUS THAT FILED DIRECT TESTIMONY IN**
8 **THIS CASE?**

9 A. Yes.

10

11 **Q: WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

12 A. There are several issues in Mr. Casey’s testimony that require additional discussion. Mr.
13 Casey and I clearly have a difference of opinion in interpretation of Section 47 C.F.R.
14 §54.403(b), as he believes that this paragraph makes all wireless service plans eligible for
15 lifeline discount despite the clearly-stated limitation to only the lowest priced plan. Mr.
16 Casey also implies that the USF High Cost program is tied in some manner to the Lifeline
17 program, which it is not. Federal USF High Cost receipts are only to be used for
18 improving and maintaining the recipient’s network and Sprint Nextel uses the high cost
19 support it receives for that purpose and to the benefit of Florida consumers. Lifeline
20 funding is separate from High Cost funding.

21

22 **Q: PLEASE DESCRIBE YOUR INTERPRETATION OF SECTION 47 C.F.R.**
23 **§54.403(B).**

24 A: This section is the linchpin in this docket. Section 47 C.F.R. §54.403(b) reads:

1
2 *Eligible telecommunications carriers that charge federal End User*
3 *Common Line charges* or equivalent federal charges shall apply Tier-
4 One federal Lifeline support to waive the federal End-User Common
5 Line charges for Lifeline consumers. Such carriers shall apply any
6 additional federal support amount to a qualifying low-income
7 consumer's intrastate rate, if the carrier has received the non-federal
8 regulatory approvals necessary to implement the required rate
9 reduction. *Other eligible telecommunications carriers* shall apply the
10 Tier-One federal Lifeline support amount, plus any additional support
11 amount, to reduce their *lowest* tariffed (or otherwise generally
12 available) residential rate for the services enumerated in §54.101(a)(1)
13 through (a)(9), and charge Lifeline consumers the resulting amount.
14 (emphasis added).
15

16 As emphasized above, the rule differentiates between eligible telecommunications
17 carriers ("ETCs") that charge an End User Common Line charge ("EUCL") and those
18 that do not. The EUCL is a fixed charge implemented by ILECs as an explicit substitute
19 for some of the implicit local-service subsidies formerly embedded in interstate access
20 charges. As a commercial mobile radio service provider, Sprint has never charged and
21 received subsidies such as the EUCL. Accordingly, Sprint clearly falls into the "other
22 eligible telecommunications carriers" portion of this paragraph. Other ETCs must apply
23 Tier-One Lifeline support to reduce their lowest tariffed rate, or if no tariff is available,
24 then their lowest generally available rate. As a wireless, "other" ETC, Sprint generally
25 does not file tariffs with state regulatory Commissions, and so applies its discount to its
26 lowest generally available rate as required by Section 47 C.F.R. §54.403(b). As set forth
27 in the FCC's universal service rules at 47 C.F.R. §54.401, Lifeline "*means a retail local*
28 *service offering*" (emphasis added) that is available only to qualifying low income
29 consumers, for which they pay reduced charges as a result of the Lifeline discount
30 described in 47 C.F.R. §54.403, and which includes the services enumerated in 47 C.F.R.
31 §54.101 (a)(1) through (a)(9). The rules do not describe Lifeline as consisting of *all*

1 retail service offerings and requiring application of the discount to all. In other words, an
2 ETC may only apply federal Lifeline support to reduce the cost of the carrier's lowest
3 cost residential service offering that includes the services enumerated in 47 C.F.R.
4 §54.101 (a)(1) through (a)(9), not all offerings that include those services.

5 **Q: WHY DO YOU DISAGREE WITH MR. CASEY'S BELIEF THAT THE PHRASE**
6 **"OR OTHERWISE GENERALLY AVAILABLE," REQUIRES A WIRELESS**
7 **ETC TO APPLY ITS LIFELINE DISCOUNT TO REDUCE ONE OF TWO**
8 **RATES: (1) ITS LOWEST TARIFFED RESIDENTIAL RATE; OR (2) ANY**
9 **OTHERWISE GENERALLY AVAILABLE RATE?**

10 A: The parenthetical phrase "or otherwise generally available" is meant to modify or qualify
11 the term "tariffed", not negate the word "lowest." As described in my direct testimony, if
12 the FCC wanted the discount to be applied to any rate then they would not have included
13 the word "lowest" in the paragraph. A tariff is a public document setting forth the rates,
14 terms and conditions of services that are generally available to the public. Increasingly,
15 as with wireless, the rates, terms and conditions of generally available services are set by
16 contract instead of tariff. For such carriers who are also ETCs, the FCC added the
17 parenthetical ("or otherwise generally available") to clarify that such carriers who do not
18 have a tariff from which to draw a lowest generally available residential rate shall use the
19 lowest residential rate that is otherwise generally available to which to apply the Lifeline
20 discount. Mr. Casey's interpretation that "otherwise generally available" negates the
21 term "lowest" and applies the Lifeline discount to all generally available residential rates
22 makes no sense. Why would the FCC apply the Lifeline discount to only the *lowest*
23 *tariffed* residential rate but apply it to *all* "otherwise generally available" rates as long as
24 they are not tariffed? If the intent was to apply the Lifeline discount to all residential rate
25 plans as Mr. Casey urges, the rule would require ETCs to "reduce their lowest tariffed (or

1 otherwise generally available) residential rates.” Sprint does not have a tariff in Florida,
2 thus is it is required to apply lifeline discounts to its *lowest generally available* rate.

3
4 **Q: HAS SPRINT FILED LIFELINE TARIFFS IN ANY STATE?**

5 A: Yes. In Arizona, Hawaii, Indiana, Iowa, Louisiana, Mississippi, Texas and West
6 Virginia, Sprint has filed informational tariffs in connection with its designation as an
7 ETC. These tariffs provide *general terms and conditions* and lists our lowest generally
8 available rate as the Lifeline rate.

9
10 **Q: MR. CASEY ASSERTS THAT BUNDLED SERVICES SHOULD NOT BE**
11 **DENIED TO LIFELINE CUSTOMERS. PLEASE COMMENT.**

12 A: Mr. Casey appears to imply that customers who receive Lifeline service cannot receive
13 vertical features in addition to a carrier’s Lifeline product. This is not the case. In Order
14 FCC 04-87, issued April 29, 2004, the FCC declined “to adopt rules prohibiting
15 Lifeline/Link-Up customers from purchasing vertical services, such as Caller ID, Call
16 Waiting, and Three-way Calling,” stating that “we believe any restriction on the purchase
17 of vertical services may discourage qualified consumers from enrolling and may serve as
18 a barrier to participation in the program.” (¶53) Although the FCC determined that
19 Lifeline customers should be allowed to purchase vertical services, it made no such
20 determination with regard to bundled services. Subscribers are free to purchase vertical
21 services in addition to Lifeline products, and Sprint notes that its Lifeline customers have
22 always received vertical services, such as Caller ID, Call Waiting, 3-way Calling and
23 Voicemail, as part of the lowest priced generally available service.

24

1 **Q: MR. CASEY SUGGESTS THAT SPRINT IS SOMEHOW ACTING**
2 **IMPROPERLY BY REQUIRING “ADDITIONAL VALIDATION**
3 **PROCEDURES” FROM LIFELINE CUSTOMERS WHO ENROLL THROUGH**
4 **THE AUTOMATIC ENROLLMENT PROCEDURE. HOW DO YOU RESPOND**
5 **TO THAT ACCUSATION?**

6 The accusation is wrong. For Sprint, this case involves a controversy regarding the
7 interpretation of Federal Lifeline rules, specifically whether the rules require the Lifeline
8 discount be applied to the lowest generally available residential rate for service that
9 includes the enumerated services or to all such generally available residential rates. Thus
10 far the Commission’s proposed agency action supporting the latter interpretation is not in
11 effect. Sprint’s position throughout is that it may apply the Lifeline discount only to its
12 lowest priced generally available rate as required by the FCC. Thus Sprint has been and
13 continues to act in a manner consistent with what it believes to be required by federal
14 law. This means that existing Sprint customers in Florida who apply for Lifeline must all
15 be subscribed to Sprint’s lowest priced plan in order to receive the Lifeline discount. If
16 Sprint were to switch customers’ plans to the lowest priced plan without notice of the
17 terms of the plan and without receiving their consent as Mr. Casey apparently proposes it
18 do upon notification from the PSC that a consumer has been approved for DCF benefits
19 and is requesting the Lifeline discount, many customers likely would view it as slamming
20 or cramming. Then state regulatory agencies might be investigating Sprint for slamming
21 or cramming a customer.

22
23 Even assuming the Lifeline discount must be applied to all generally available residential
24 rate plans, there have been and remain other circumstances in which additional contact is
25 required with the applicant. For instance, FCC rules state that Lifeline customers are
26 only allowed one Lifeline discount per household. Since wireless services are still

1 considered by many as secondary services to wireline, the Company must ensure that the
2 household is not currently receiving a Lifeline discount, which required an additional
3 customer contact. Until this month when the Florida Staff revised the Lifeline
4 application by adding a checkbox by which the customer must indicate whether he or she
5 already receives the Lifeline discount that information was not provided. Therefore
6 Sprint had to have additional contact with the customer to obtain that information.
7 Another example of when additional contact with Lifeline applicant is required before
8 Lifeline service can be established is when the applicant does not already have Sprint
9 service. Although the automatic enrollment process is intended to enroll customers who
10 already have service with a particular ETC and qualify for the Lifeline discount, it has
11 been Sprint's practice to attempt to enroll all applicants referred through the automatic
12 enrollment process, including those who may check Sprint as their service provider (and
13 thus their requested ETC) but who do not already have Sprint service. When there is no
14 existing service account with Sprint, one must be established which requires additional
15 customer contact. It is Sprint's understanding from comments by Mr. Casey during the
16 rule development workshop on November 5, 2008 that he believes an ETC may have
17 additional contact with a Lifeline applicant to establish an account if the applicant does
18 not currently have service with the ETC. (November 5, 2008 Workshop transcript, p. 33.
19 lines 3-17.)

20
21 For these reasons the assertion that Sprint is acting "contrary to Florida's Lifeline
22 simplified certification and automatic enrollment process", as Mr. Casey alleges at page
23 38 of his testimony, is incorrect. To the contrary, Sprint has cooperated with Staff and

1 worked to balance the objectives of the automatic enrollment process with federal
2 Lifeline rules and intends to continue to do so.

3

4 **Q: MR. CASEY ALSO COMMENTS ON THE RELATIVELY FEW NUMBER OF**
5 **LIFELINE CUSTOMERS THAT SPRINT CURRENTLY SERVES. HOW DO**
6 **YOU RESPOND?**

7 A: Sprint supports the Lifeline program, actively seeks to serve this market segment, and
8 invests in getting the word out about its Lifeline program. Sprint advertises in general
9 publication newspapers, has a dedicated Lifeline page on its website, and potential
10 customers can find Sprint listed as a provider on the USAC website. In October Sprint
11 participated in Lifeline Awareness Week in Orlando and West Palm Beach, and of course
12 Sprint participates in the auto-enrollment process.

13

14 Importantly, Sprint is not a designated ETC throughout the entire state of Florida, and can
15 only serve customers within its designated territory. However, the automatic enrollment
16 process permits any Florida customer to “enroll” in Sprint’s Lifeline service even though
17 they live outside Sprint’s designated area. Mr. Casey failed to mention on page 39 of his
18 testimony that the number of “Lifeline eligible applications” that he says Sprint received
19 through the auto-enrollment process includes customers outside of Sprint’s designated
20 territory, to whom Sprint cannot provide Lifeline service.

21

22 **Q: SHOULD THE FACT THAT SPRINT RECEIVES A PARTICULAR AMOUNT**
23 **OF HIGH COST SUPPORT HAVE ANY IMPACT ON THE OUTCOME OF**
24 **THIS DOCKET?**

25 A: No. This docket is about Lifeline requirements and how to interpret them in a manner
26 consistent with FCC rules. As I explained above, High Cost support should not be

1 confused with Lifeline support. With regard to use of High Cost funds, "Sprint is
2 obligated under section 254(e) of the Act to use high-cost support 'only for the provision,
3 maintenance, and upgrading of facilities and services for which support is intended'"
4 (FCC Order DA 04-3617 ¶ 20). However, on page 26, line 8, of his direct testimony,
5 Mr. Casey states that "ETC designation is a privilege not a requirement," seeming to
6 imply that Sprint may not deserve such a privilege by virtue of its positions on the
7 Lifeline discount and issues addressed in this docket. What he fails to mention is that
8 Sprint spent \$26.3 million in high-cost support from 2006, through November 2008 to
9 provision (i.e., to expand the footprint), maintain and upgrade the network for 2.1 million
10 Sprint customers. This is documented in compliance filings made pursuant to the FCC's
11 designation order.

12
13 **Q: MR. CASEY IS CONCERNED THAT FLORIDA IS A NET PAYER INTO THE**
14 **USF. DO YOU AGREE WITH HIS ANALYSIS?**

15 **A:** Yes. As noted in Mr. Casey's testimony "(a)ccording to the latest Universal Service
16 Monitoring Report, in 2007, Florida contributed \$481,258,000 into the universal service
17 fund, but only received \$183,382,000 from the fund". What would concern me as a net
18 payer into the fund is that Mr. Casey is asking Sprint to relinquish its \$7.6 Million in
19 annual high cost receipts because we do not agree with the Commission's interpretation
20 of federal Lifeline rules. Mr. Casey stated on page 26, line 9 that "Sprint-Nextel and
21 ALLTEL have the ability to relinquish their ETC status if they choose, however by doing
22 so they would forgo receipt of any high-cost subsidies from the USF."
23

1 Of course, relinquishment has not been raised as an issue in this case. But because Mr.
2 Casey seems to suggest relinquishment as a positive alternative, it bears discussing
3 briefly. If Florida loses a designated ETC, it loses the high cost funding brought into the
4 state by that ETC. The Commission must determine if there is a benefit to having \$7.6
5 million reinvested into the infrastructure of Florida or to have designated ETCs relinquish
6 their designation altogether, thereby causing the high cost funds to leave the state and
7 thereby further widening the amount by which Florida is a USF net payer.

8

9 **Q: MR. CASEY STATES "I NOT ONLY BELIEVE THAT IT IS IN THE PUBLIC**
10 **INTEREST TO ENSURE THAT LIFELINE-ELIGIBLE CONSUMERS ARE NOT**
11 **LIMITED TO THE CHOICE OF ONE PLAN, BUT I BELIEVE THAT ETCS**
12 **THAT DO NOT PROVIDE A LIFELINE DISCOUNT ON BUNDLED SERVICE**
13 **OFFERINGS WHICH CONTAIN A LOCAL USAGE FUNCTIONALITY ARE**
14 **PRACTICING A DISCRIMINATORY POLICY." CAN YOU PLEASE**
15 **COMMENT ON THIS STATEMENT?**

16 **A:** Mr. Casey is correct in the fact that qualifying Lifeline customers should not be pigeon-
17 holed into one rate plan; however he is only looking at this one company at a time versus
18 the competitive marketplace. Much like competition for non-Lifeline customers, there
19 are different options for Lifeline eligible customers. For example, the Commission
20 praises TracFone for adding 65,000 lifeline customers while offering a prepaid plan that
21 credits 68 minutes of use every month in return for its Lifeline support¹ and this is the
22 only plan for which TracFone offers Lifeline. For \$16.49 plus taxes, Sprint provides 200
23 anytime minutes plus unlimited nights and weekends starting at 9PM along with the
24 vertical features of Call Waiting, Caller ID, 3 Way Calling and Voicemail. Sprint's local
25 calling scope is the whole of the United States, as it offers long distance as part of its

¹ Numbers of Customers Subscribing to Lifeline Service and the Effectiveness of Procedures to Promote Participation, prepared by the Florida Public Service Commission, December 2008. Page 14.

1 lowest priced generally available rate. The ILECs in the areas that Sprint is designated as
2 an ETC generally offer Unlimited Local calling for a set price as a Lifeline option. Thus,
3 Lifeline consumers have three options between companies and this is what competition is
4 all about. It should be up to the end user to determine whether unlimited local calling via
5 the ILEC, the ability to call nationwide for a shorter period of time via Sprint, or a free 68
6 minutes through TracFone is more beneficial.

7

8

9 Q. **DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

10 A: Yes.

11

1 BY MS. RULE:

2 Q Mr. Mitus, please provide your summary.

3 A Good morning. My name is John Mitus and I represent
4 NPCR, Inc., and Sprint Spectrum LP. Combined I will refer to
5 them as Sprint or Sprint Nextel.

6 As you know, Sprint Nextel is a wireless eligible
7 telecommunication carrier or ETC that does not charge End User
8 Common Line or EUCL charges or equivalent federal charges. The
9 focus of my testimony is that the FCC rules state that the ETCs
10 that do not charge EUCLs, the Lifeline discount is to be
11 applied to the lowest generally available residential rate
12 provided by an ETC.

13 This is made clear in Section 54.403(b) when it
14 states that other ETC carriers shall apply Tier-One federal
15 Lifeline support amount, plus any additional support amount, to
16 reduce their lowest tariffed (or otherwise generally available)
17 residential rate for the services enumerated in Section
18 54.101(a)(1) through (a)(9).

19 The Florida Public Service Commission proposal would
20 require that Lifeline discount be applied not just to the
21 lowest tariffed or otherwise generally available service but
22 additionally to all available rate plans, including those plans
23 that include data services. This is blatantly inconsistent
24 with Section 54.403(b). If the FCC wanted the Lifeline
25 discount to be applied to all rate plans, it would have left

1 out the term "lowest" and certainly would have used the plural
2 term "rates."

3 In my testimony I describe Sprint's current Lifeline
4 offering which provides a beneficial alternative to Lifeline
5 subscribers. It doesn't give them access to high-end bundles
6 that include Internet, but it does give them access to vertical
7 services customers want like voice mail, caller ID, call
8 waiting, and it also gives them nationwide calling. It serves
9 the goal of the Lifeline program, which is to provide very
10 affordable service so that low-income individuals can maintain
11 telecommunication services as a lifeline.

12 Sprint's current Lifeline plan is based upon its
13 200 anytime minutes basic plan which retails for \$29.99 plus
14 taxes and other fees. A \$13.50 discount is then applied to
15 this plan for a net cost of \$16.49. Furthermore, USF charges
16 are not charged to these accounts, further reducing the amount
17 paid for Lifeline when compared with the standard rate for the
18 plan. Included in the Lifeline plan is 200 anytime minutes,
19 plus unlimited night and weekend minutes starting at 9:00 p.m.,
20 allowing more than 26,000 minutes of calling a month. As I
21 said, vertical services include long distance, voice mail,
22 caller ID, call waiting and no additional charges. This means
23 that Sprint's calling scope is nationwide rather than a Florida
24 community. Also, these features can be used anywhere on the
25 Sprint network, whether you're traveling through Florida or

1 across the country. And, of course, customers are free to
2 purchase additional vertical services if they desire.

3 Sprint believes that the first step to increasing
4 Lifeline subscribership is informing the public about the
5 availability of Lifeline and Link-Up. Sprint does this by
6 advertising in newspapers, on its own website and at the USAC
7 website -- USAC meaning Universal Service Administrative
8 Company.

9 The Commission has made a good first step in
10 implementing the auto enrollment process. However, once the
11 education process is complete, it should be the customer that
12 decides which provider to select, just as these companies
13 compete for non-Lifeline customers.

14 In Sprint's ETC designated area there are at least
15 two alternatives, Sprint and the ILEC. In some areas we
16 compete with TracFone and Alltel. Each one of these companies
17 offer a Lifeline plan at various price points and calling
18 areas. This concludes my opening statement.

19 MS. RULE: Sprint Nextel tenders Mr. Mitus for
20 cross-examination.

21 CHAIRMAN CARTER: Thank you. Mr. O'Roark, any
22 questions?

23 MR. O'ROARK: No, Mr. Chairman.

24 CHAIRMAN CARTER: Mr. Rowell, any questions?

25 Mr. Beck, you're recognized.

1 MR. BECK: No questions, Mr. Chairman.

2 CHAIRMAN CARTER: Staff, you're recognized.

3 MR. MURPHY: No questions.

4 CHAIRMAN CARTER: Commissioners, any questions?

5 Okay. Redirect?

6 MS. RULE: None.

7 CHAIRMAN CARTER: Any exhibits?

8 MS. RULE: No exhibits.

9 CHAIRMAN CARTER: Thank you. You may be excused.

10 Call your next witness. You're recognized.

11 MS. BROOKS: We'd like to call Mr. Robert Casey on
12 behalf of staff.

13 ROBERT J. CASEY

14 was called as a witness on behalf of Commission Staff and,
15 having been duly sworn, testified as follows:

16 DIRECT EXAMINATION

17 BY MS. BROOKS:

18 Q Good morning, Mr. Casey.

19 A Good morning.

20 Q Could you please state your name, title and employer
21 for the record?

22 A My name is Robert J. Casey. I'm a Public Utilities
23 Supervisor with the Florida Public Service Commission.

24 Q And were you sworn in and understand that you are
25 under oath?

1 A Yes, I was.

2 Q And are you the same Robert J. Casey who filed direct
3 testimony in this docket on January 9th, 2009?

4 A Yes, I am.

5 Q And do you have any changes or corrections to your
6 direct testimony?

7 A Yes, I do.

8 Q If you could please make us aware of those at this
9 time.

10 A Certainly. On Page 13 of my direct testimony I
11 address FCC and other state commission actions. Two state
12 commission actions have taken place since the filing of my
13 testimony which I would like to note. Number one, on
14 January 21st, 2009, the Ohio PUC granted an Embarq petition
15 allowing it to provide Lifeline discounts on bundled service
16 offerings. This followed a 2007 order granting AT&T petition
17 for the same thing.

18 Number two, the Indiana Regulatory Utility Commission
19 finalized its rulemaking regarding Lifeline discounts on
20 bundled service offerings. By statute the rule must be up and
21 running by July 1st, 2009.

22 The next update is on Page 31, Lines 10 and 20, and
23 on Page 37, Line 9. I stated that over 9,700 Lifeline
24 applicants who were approved as Lifeline eligible by the DCF
25 and have requested Lifeline's discount have been denied

1 Lifeline service because of Verizon's policy. As of this
2 morning the number increased to 11,399.

3 I also have an update on Page 39, Line 23. I stated
4 that Sprint Nextel received over 10,350 Lifeline eligible
5 customer applications through the Lifeline automatic enrollment
6 process. As of this morning that number increased to 11,936.

7 Finally my last update is on Page 40, Line 4. I
8 stated that Alltel received over 4,478 Lifeline eligible
9 customer applications through the Lifeline automatic enrollment
10 process. As of this morning that number increased to 5,373.
11 This concludes my changes.

12 Q Thank you, Mr. Casey. Including all of the changes
13 noted a minute ago, does your filed testimony remain the same?

14 A Yes, it does.

15 MS. BROOKS: Mr. Chairman, at this time I'd like to
16 ask that the direct testimony of Mr. Casey be entered into the
17 record as though read.

18 CHAIRMAN CARTER: The prefiled testimony of the
19 witness will be inserted into the record as though read.

20 MS. BROOKS: Thank you.

21 BY MS. BROOKS:

22 Q Mr. Casey, did you also file two exhibits with your
23 direct testimony?

24 A Yes, I did.

25 MS. BROOKS: Mr. Chairman, I'd like to bring your

1 attention to Exhibits 7 and 8 on the stipulated exhibit list.
2 At the appropriate time I will ask that they be moved into the
3 record.

4 (Exhibits 7 and 8 marked for identification.)
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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 Lifeline and Link-Up, eligible

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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1 BY MS. BROOKS:

2 Q Mr. Casey, have you prepared a summary of your
3 testimony?

4 A Yes, I have.

5 Q Can you please proceed with it at this time?

6 A Certainly.

7 Q Thank you.

8 A I am here this morning because a barrier to Lifeline
9 enrollment has been created in Florida. Some ETCs are denying
10 or limiting Lifeline benefits on the local usage portion of
11 their bundled service offerings. By law this Commission has
12 oversight responsibility of the Link-up and Lifeline programs
13 to ensure that universal service objectives are maintained.

14 The issues addressed in this proceeding are both
15 legal and policy issues. Florida Statutes define universal
16 service as an evolving level of access to telecommunications
17 services which take into account advances in technologies,
18 services and market demand for essential services. It is my
19 belief that by including this language in the statute the
20 Legislature did not intend that the Florida universal service
21 policy remain stagnant. I believe bundled service offerings
22 are an example of the evolving level of access and advances in
23 technologies the Legislature was referring to when this law was
24 enacted.

25 Each of the three ETC parties in this docket receive

1 high-cost funding from the federal Universal Service Fund.
2 Verizon, \$52.8 million; Sprint Nextel, \$27 million; and Alltel,
3 \$14.6 million over the last three years.

4 One of the obligations of an ETC that receives these
5 high-cost funds is the requirement that it offer Lifeline and
6 Link-Up services. Over the last two years the number of
7 Verizon Lifeline customers has decreased by over
8 3,700 consumers. As of this morning, 11,399 Lifeline eligible
9 consumers approved by DCF through the Lifeline automatic
10 enrollment process have been denied a Lifeline discount by
11 Verizon.

12 As of June 2008, Sprint Nextel reported over
13 2.1 million customers in Florida with only 78 Lifeline
14 customers, while Alltel reported over 1 million customers with
15 only 32 Lifeline customers. Less than 1 percent of consumers
16 who were approved through the Lifeline automatic enrollment
17 process and indicated Sprint Nextel or Alltel as their carrier
18 ended up receiving Lifeline.

19 The Link-Up and Lifeline programs are more important
20 than ever in Florida due to the present state of the economy.
21 As of November 2008, 1.7 million Floridians were receiving food
22 stamps, the number one qualifying program for Link-Up and
23 Lifeline. I believe that denying or limiting Lifeline benefits
24 on the local usage portion of any bundled service offering has
25 created a barrier to the Lifeline enrollment in Florida. It is

1 my belief that both federal and state law provide authority for
2 this Commission to require ETCs to provide the Lifeline
3 discount on the local usage portion of any bundled service
4 offering, whether it be on a wireless or landline platform.

5 The FCC orders designating Sprint Nextel and Alltel
6 in Florida clearly state that they must comply with state
7 requirements in states that have Lifeline programs such as
8 Florida.

9 I believe the Commission should require each Florida
10 ETC to apply the Lifeline discount to the local usage portion
11 of any bundled service offering. Many states have addressed
12 these very same issues and have taken similar actions to what
13 is being recommended. Providing the Lifeline discount on the
14 local usage portion of any bundled service offering of an ETC
15 is in the public interest and will further the goals of the
16 universal service program. This concludes my summary.

17 MS. BROOKS: Thank you, Mr. Casey.

18 Mr. Casey is now available for cross-examination.

19 CHAIRMAN CARTER: Mr. O'Roark.

20 MR. O'ROARK: Mr. Chairman, I'd like to start by
21 passing out some exhibits and marking them for identification.

22 CHAIRMAN CARTER: You may proceed.

23 COMMISSIONER EDGAR: Mr. Chairman, while he's doing
24 that, can I ask a, just a clarification question?

25 CHAIRMAN CARTER: You're recognized.

1 COMMISSIONER EDGAR: Thank you.

2 Mr. Casey -- go ahead. Sorry.

3 THE WITNESS: Yes, Commissioner. I'm sorry.

4 COMMISSIONER EDGAR: That's all right. When you were
5 just beginning you gave us updated numbers.

6 THE WITNESS: Yes.

7 COMMISSIONER EDGAR: And I think I may have gotten
8 that wrong, so I'd just like for my own benefit -- on Page
9 31 in about the middle of the page you gave us an update for,
10 for in your testimony where it says, thank you, a number for
11 the Lifeline applicants that you were saying for Verizon had
12 been denied service because of Verizon's policy, and in the
13 prefiled testimony it says 9,700. Was it -- your update's a
14 little over 11,000?

15 THE WITNESS: 11,399 as of this morning.

16 COMMISSIONER EDGAR: Okay. And then right after that
17 you gave us an updated number for the automatic enrollment
18 applications I believe for Embarq.

19 THE WITNESS: For Sprint Nextel.

20 COMMISSIONER EDGAR: Okay. What was the number for
21 Sprint Nextel?

22 THE WITNESS: Sprint Nextel, in my testimony I had
23 10,350, and that number is now 11,936.

24 COMMISSIONER EDGAR: Okay. Is it just a coincidence
25 that those two numbers are so close?

1 THE WITNESS: It's just a coincidence. Yes, it is.

2 COMMISSIONER EDGAR: Okay. I thought maybe I had
3 heard wrong.

4 THE WITNESS: Okay. I see what you're talking about,
5 the 11,000. Yes.

6 COMMISSIONER EDGAR: Yes.

7 THE WITNESS: It's just a coincidence.

8 COMMISSIONER EDGAR: Okay. Thank you.

9 CHAIRMAN CARTER: Anything further from the bench?
10 Mr. O'Roark, you may proceed.

11 MR. O'ROARK: Mr. Chairman, I've passed out three
12 exhibits, and I would ask that if you can pull out the second
13 one in the stack entitled Selected Lifeline Regulations. I'd
14 request that that be marked as Exhibit 10.

15 CHAIRMAN CARTER: Okay. Okay.

16 MR. O'ROARK: And the second document in the stack
17 which is headed General Services Tariff and A3, Basic Local
18 Exchange Service, I'd request that that be identified as
19 Exhibit 11.

20 CHAIRMAN CARTER: Okay.

21 MR. O'ROARK: And, Mr. Chairman, I'll note that this
22 exhibit is double-sided. If that's not acceptable, we can have
23 that redone as a single-sided document.

24 And then finally there is a document headed Federal
25 and State Universal Service Definitions, and we would request

1 that that document be identified as Exhibit 12.

2 (Exhibits 10, 11 and 12 marked for identification.)

3 CHAIRMAN CARTER: Okay. You may proceed.

4 MR. O'ROARK: Thank you.

5 CROSS EXAMINATION

6 BY MR. O'ROARK:

7 Q Good morning, Mr. Casey.

8 A Good morning.

9 Q We've met before. I'm De O'Roark and I represent
10 Verizon.

11 If I could, let me ask you to start by taking a look
12 at what has been marked as Exhibit 10. It has the heading
13 Selected Lifeline Regulations. Do you have that in front of
14 you?

15 A Yes, I do.

16 Q Okay. Now you have responsibility for Lifeline
17 issues at the Commission; is that right?

18 A That's correct.

19 Q And I believe you say in your testimony that the
20 definition of Lifeline is provided in 47 C.F.R. 54.401; is that
21 correct? I'll refer you to your rebuttal testimony, Page 4,
22 Line 9.

23 A I don't have rebuttal testimony.

24 Q I'm sorry. Your direct testimony.

25 A Okay.

1 Q It came after our testimony, so I think of it as
2 rebuttal. But you're correct, it is labeled direct.

3 A Okay. And that's Line 4 on Page 9; correct?

4 Q The other way. Page 4, Line 9.

5 A I was close. All righty.

6 Q And you agree that the definition of Lifeline is
7 provided in 47 C.F.R. 54.401?

8 A Yes, I do.

9 Q And that's the same definition that you use on the
10 state level for Lifeline; is that right?

11 A Yes.

12 Q Now do you also have in front of you what's been
13 marked as Verizon, as Exhibit 11?

14 A Yes.

15 Q Can you confirm -- well, first let me ask you to take
16 a look at the page starting at revised Page 6. This is Section
17 A3.4 of the tariff.

18 A Okay.

19 Q And do you see under .3 a program with the heading
20 Interstate Subscriber Line Charge Waiver and Matching Program?

21 A Yes. I see that.

22 Q Are you, are you familiar with this program that
23 Verizon offers?

24 A Yes.

25 Q And can you confirm that this is the Verizon Lifeline

1 Assistance Plan?

2 A Without going over every sentence over this tariff I
3 can't confirm it, but subject to check, yes.

4 Q And Verizon's plan allows eligible customers to
5 receive a Lifeline discount on Verizon's basic local
6 telecommunications service; is that right?

7 A Yes.

8 Q Let me ask you to refer back to Exhibit 10. And if
9 you can take a look at the Lifeline definition that we
10 discussed just a moment ago on the second page under 54.401.
11 Just let me know when you're there, please.

12 A Okay. I'm there.

13 Q Okay. Would you agree with me that Verizon's
14 Lifeline Assistance Plan is a retail local service offering?

15 A Yes, I would.

16 Q Can we agree that Verizon's plan is available only to
17 qualifying Lifeline customers, excuse me, qualifying low-income
18 customers?

19 A Yes.

20 Q Can we agree that Verizon's plan enables qualifying
21 low-income consumers to pay reduced charges as a result of
22 application of the applicable discount?

23 A Yes.

24 Q Can we agree that Verizon's plan includes the
25 services and functionalities enumerated in Section

1 54.101(a) (1) through (a) (9)?

2 A Yes.

3 Q Can we agree that Verizon's plan complies with
4 subsection (c) in 54.401 concerning deposits to the best of
5 your knowledge?

6 A Yes, to the best of my knowledge.

7 Q Now subsection (d) in 54.401 requires the Commission
8 to file information with the Universal Service Administrative
9 Company demonstrating that Verizon's Lifeline plan meets the
10 Lifeline criteria or --

11 A Yes. For high cost? Are you referring to high cost?

12 Q No. I'm referring to 54.401 under the Lifeline
13 definition. Do you see where it says, "The state commission
14 shall file or require the"?

15 A Yes, I do see that. Yes.

16 Q Okay. Does the Commission file that certification or
17 does the Commission require ETCs to file it?

18 A The Commission requires ETCs to file it.

19 Q Okay.

20 A And that's by order.

21 Q Okay. Now does the Commission annually certify ETCs?

22 A Only for high cost.

23 Q Okay.

24 A For Lifeline purposes the ETCs must file with USAC
25 the annual certification.

1 Q To your knowledge, has the USAC ever rejected
2 Verizon's filing?

3 A Not to my knowledge.

4 Q Do you know of any FCC Lifeline regulation with which
5 Verizon has failed to comply?

6 A Yes.

7 Q Which one?

8 A Lifeline discount on basic local service included in
9 a bundled service offering.

10 Q Okay. And are we referring there to 54.401(a)(2)?

11 A Yes.

12 Q Is there anything in 54.401(a)(2) that refers to
13 bundled services?

14 A No. But the discount is to basic local services, and
15 basic local services are included in a bundled service
16 offering. Therefore, it should be, the Lifeline discount
17 should be applied to that.

18 Q Is there any federal rule or regulation that states
19 that?

20 A That it has to be applied to basic local service?

21 Q No. That's not what I was trying to ask you. I'm
22 asking you whether there's any federal rule or regulation that
23 states that the Lifeline discount must be applied to a bundled
24 service.

25 A No, it does not state that. It states to be applied

1 to basic local service. And if basic local, basic local
2 service is included in a bundled package, then a Lifeline
3 discount should be applied to that portion of the package which
4 includes basic local service.

5 Q That is your conclusion, not something the FCC has
6 ever stated; correct?

7 A That's correct. That's my opinion. And I'm not an
8 attorney, as you know.

9 Q And let me make that point clear. You have a good
10 deal of testimony that talks about legal requirements. The
11 questions I'm asking you here today are not asking for a legal
12 opinion from you but just your best testimony as a layman, and
13 I assume you understand that.

14 A That's correct. All three of the witnesses have
15 stipulated that we're not legal experts.

16 Q Now let me ask you to turn to Page 13 of your direct
17 testimony.

18 A Okay. I'm there.

19 Q At Line 8 you discuss a 2004 FCC order that declined
20 to adopt a rule that would have prohibited Lifeline customers
21 from purchasing vertical services. Do you see that testimony?

22 A Yes, I do.

23 Q Now the order did not change the FCC's regulations
24 concerning services that ETCs are required to provide Lifeline
25 customers, did it?

1 A No, it did not.

2 Q The order did not address bundled services at all,
3 did it?

4 A I believe it did when it says that any restriction on
5 the purchase of vertical services may discourage qualified
6 consumers from enrolling.

7 Q Is there anything in that order that expressly
8 addresses bundled services?

9 A I believe that vertical services are included in a
10 bundle. And if you're not allowing a Lifeline discount on a
11 bundle and those vertical services are included in it, then,
12 yes.

13 Q Does the word "bundled" appear in that order to your
14 knowledge?

15 A Not to my knowledge.

16 Q You don't deny that Verizon makes available vertical
17 services on an a la carte basis to Lifeline customers, do you?

18 A No, I do not.

19 Q Would you agree that the federal and Florida Lifeline
20 programs are interrelated?

21 A Yes.

22 Q And you've already mentioned that both rely on the
23 same definition of Lifeline.

24 A That's correct.

25 Q And the Commission approves ETCs under a federal

1 standard?

2 A Yes.

3 Q ETCs provide tariffed Lifeline Assistance Plans to
4 the Commission?

5 A Not all -- wireless ETCs do not provide tariffed
6 information, Lifeline information to the Commission. They're
7 not required to file tariffs.

8 Q Let me make another clarification just to assist our
9 discussion. I'm just going to be addressing Issues 1 and 3.

10 A Okay.

11 Q I probably should have made that more clear before.
12 So I'm just going to be talking about carriers that charge the
13 EUCL.

14 A Okay.

15 Q And as far as those carriers are concerned, ETCs do
16 provide tariffed Lifeline Assistance Plans to the Commission.

17 A That's correct.

18 Q Part of the Lifeline funding comes from the federal
19 program and part from the state program?

20 A That's correct.

21 Q And you cite Section 120.89(13)(d) as relevant in
22 this case because the Commission is implementing sections of
23 the Federal Telecommunications Act here.

24 A Right. That is state law which allows us to
25 implement the requirements of the Federal Telecom Act.

1 Q Turning now to Page 14 of your direct testimony.

2 A Okay.

3 Q And I'm looking at Lines 17. You testify that the
4 Federal Telecommunications Act states, rather permits states to
5 adopt regulations not inconsistent with the Commission's rules
6 to preserve and advance universal service.

7 A Yes.

8 Q You would agree, wouldn't you, that this Commission
9 only adopts such regulations if it has been authorized to do so
10 by the Florida Legislature?

11 A That's correct.

12 Q Let me ask you to turn to Page 23, please. And I'm
13 specifically looking at Line 20, Mr. Casey. So let me know
14 when you're there.

15 A Okay.

16 Q You state that in 1997 the FCC stated that the
17 Lifeline discount applied to a state-specified level of local
18 service, emphasizing the phrase "state-specified level of local
19 service."

20 A Yes.

21 Q Why did you emphasize that phrase?

22 A Because it, basically because there's wireless and
23 there's landline customers or regulations. Wireless isn't
24 exactly the same as basic local service. They provide local
25 usage. Okay? To me that is the same thing whether it's called

1 local usage or basic local service, it's the same thing. So
2 that's why I underlined state specific -- specified level of
3 local service.

4 Q So you're not making the point there that this
5 Commission can establish what the level of service is?

6 A I believe they can. It's my belief that they can.

7 Q Do you have the Commission's order in front of you?

8 A No, I do not.

9 Q Okay. I happen to have it here. Let me bring it to
10 you and ask you a couple of questions.

11 A Sure.

12 Q Mr. Casey, I've given you a portion of the FCC order
13 that you cited.

14 I'm not requesting that it be identified as an
15 exhibit, Mr. Chairman.

16 CHAIRMAN CARTER: Okay.

17 BY MR. O'ROARK:

18 Q Now I believe you refer to Paragraph 341 in your
19 testimony; is that correct?

20 A That's correct.

21 Q And can you read the first sentence, which I believe
22 is the sentence that you quote in your testimony?

23 A "As noted in the NPRM, the Commission's Lifeline
24 program currently reduces end-user charges that low-income
25 consumers in participating jurisdictions pay for some

1 state-specified level of local service that includes access to
2 the PSTN and some local calling."

3 Q Is that the sentence that you quoted in your
4 testimony?

5 A Yes, it is.

6 Q Okay. Can I ask you now to turn to Paragraph 384 of
7 the same order.

8 A Okay. I'm there.

9 Q Can you please read the first three sentences out
10 loud.

11 A Sure. "We agree with the Joint Board that we should
12 ensure through universal service support mechanisms that
13 low-income consumers have access to certain services. The
14 current Lifeline program does not require that low-income
15 consumers receive a particular level of telecommunication
16 services. Thus, heeding the specific recommendation of the
17 Joint Board and a majority of the commenters, we amend the
18 Lifeline program to provide that Lifeline service must include
19 the following services: Single party service, voice grade
20 access to the public switched telephone network, DTMF or its
21 functional digital equivalent, access to emergency services,
22 access to operator services, access to inter-exchange service,
23 access to directory assistance and toll limitation services as
24 discussed in Section 4 above."

25 Q Thank you, Mr. Casey. Isn't it true that the FCC in

1 this order moved from a state-specified level of local service
2 to a federally specified level of local service?

3 A I don't believe I'm ready to make an opinion on that.
4 That's a legal conclusion that you're asking me for, and I'm
5 not prepared to do that.

6 Q Moving on then again at Page 23 of your direct
7 testimony, now I'm at Line 25 where you begin discussing two
8 Florida provisions that deal with Lifeline. The first one is
9 Section 364.10(3)(d), which essentially says that an ETC can't
10 discontinue basic service to a Lifeline customer based on the
11 customer's failure to pay for nonbasic services; is that right?

12 A That's correct.

13 Q That provision does not state that the Commission is
14 authorized to require ETCs to apply the Lifeline discount to
15 bundles, does it?

16 A No, it does not. But it does say that basic and
17 nonbasic services could be combined for a Lifeline customer.

18 Q Well, you used the word "combined." You're aware
19 that Verizon does allow Lifeline customers to buy nonbasic
20 services such as vertical features on an a la carte basis.

21 A Yes, I do.

22 Q And Verizon would comply with the statutory
23 requirement that you reference if, when a customer fails to pay
24 for one of those a la carte nonbasic services, Verizon
25 continues to provide the basic service to the customer provided

1 the customer pays for that service; correct?

2 A That's correct.

3 Q The next section you refer to, and I think we're now
4 at Page 24 of your testimony, is Section 364.10(3)(a) which
5 required ILECs subject to rate rebalancing to provide Lifeline
6 service to any otherwise eligible customer or potential
7 customer who met the specified income eligibility test; is that
8 right?

9 A That's correct.

10 Q Now you would acknowledge that the rate rebalancing
11 statute that underpins this subsection has been repealed.

12 A I'm sorry. Could you repeat that?

13 Q You would acknowledge that that rate rebalancing
14 statute has been repealed.

15 A That's correct.

16 Q 364.10(3)(a) does not say anything about what
17 services must be provided to Lifeline customers, does it?

18 A No, it does not.

19 Q Even if the customer meets the income test, the
20 customer must be otherwise eligible for Lifeline service;
21 correct?

22 A Yes.

23 Q So the customer is not entitled to have a Lifeline
24 discount apply to services that aren't supported by the
25 Lifeline program; isn't that true?

1 A I agree.

2 Q Are there any other Florida statutory provisions that
3 you contend authorize the Commission to require ETCs to apply
4 the Lifeline discount to bundled services?

5 A Besides 364.10?

6 Q Correct.

7 A Well, we have the --

8 Q Besides the two that you have just described in your
9 testimony that we just covered.

10 A Okay. That would authorize the Commission to give
11 the Lifeline discount on bundled services?

12 Q Yes.

13 A Okay. We go back to Section 120 which we brought up
14 earlier that allows us to implement the requirements of the
15 Telecom Act. That's what the state allowed us to do under 120.

16 Q And this may get us into legal territory, but can you
17 agree that when the Commission does that, it has to act
18 consistently with federal law?

19 A In my opinion as not a legal expert we have to abide
20 by federal law. We can add on to the federal law but we cannot
21 be inconsistent with the federal law.

22 Q Okay. Is there any other provision of state law that
23 you contend authorizes -- that authorizes the Commission to
24 require ETCs to apply the Lifeline discount to bundles?

25 A As I'm not a legal expert, I am not aware of any

1 right now. We can go into 364.051, which is universal service.
2 There might be something in that.

3 Q You said .051 which describes basic and nonbasic
4 service.

5 A I'm sorry.

6 Q Did you mean .025?

7 A I'm sorry. .025, yes.

8 Q Okay.

9 A That's why you're the attorney.

10 Q I'm glad to see I serve some role around here.

11 Would you agree with me that Lifeline is a universal
12 service program?

13 A Yes, I would.

14 Q The goal of the Florida Lifeline program is to help
15 low-income households in Florida obtain and maintain basic
16 telephone service?

17 A That's correct. That was in a Commission order.

18 Q Let's take a look at Page 20 of your direct
19 testimony.

20 A Okay. I'm there.

21 Q And you were just referring to 364.025 and you refer
22 to that section at Line 3 of your testimony; is that correct?

23 A That's correct.

24 Q Let me ask you now to refer to what we have
25 previously identified as Exhibit 12. It has the heading

1 Federal and State Universal Service Definitions.

2 A Okay. I have it here.

3 Q Would you agree with me that the Florida definition
4 of universal service is similar to the federal definition?

5 A Similar, yes.

6 Q I mean, for example, both refer to an evolving level
7 of services.

8 A Correct.

9 Q Both refer to advances in technologies.

10 A Correct.

11 Q Both refer to central services.

12 A And what was the last one, the last question?

13 MR. O'ROARK: Mr. Chairman, do you want --

14 CHAIRMAN CARTER: No. Let's proceed.

15 BY MR. O'ROARK:

16 Q Both refer to essential services.

17 A Yes.

18 Q Now the Federal State Joint Board on Universal
19 Service periodically reviews the services that should receive
20 universal service support and makes recommendations to the FCC;
21 is that right?

22 A That's correct.

23 Q And based on the board recommendations, the FCC
24 regulations list the nine services that must be supported for
25 universal service purposes.

1 A Correct.

2 Q And those services, as I think we've discussed,
3 substantially correspond to basic service here in Florida.

4 A Whether it be basic service or local usage, yes.

5 Q And the FCC regulations do not require that support
6 of services must include any bundle that includes the nine
7 specified services?

8 A They do not require the bundled services. They do
9 require local usage, which if it's part of a bundled service,
10 then it becomes -- a Lifeline discount should be applied to
11 that portion of the bundled service which is basic local
12 service.

13 Q And as I think we discussed before, your testimony
14 there is your opinion rather than something that is expressly
15 stated in the federal rules.

16 A Yes.

17 Q Has the Florida Commission ever added any services
18 that must be supported for universal service purposes? Do you
19 understand my question?

20 A No. Could you --

21 Q Sure. The FCC has required that there be nine
22 services that are supported for universal service purposes.

23 A Correct.

24 Q And I'm asking if this Commission has ever made a
25 ruling as to what services must be supported for universal

1 service purposes.

2 A Any more? No. Any more than the nine services? No.

3 Q Are you now proposing that the Commission add
4 services that must be supported for universal service purposes?

5 A No, I'm not.

6 Q Are you asking that the Commission adopt bundling as
7 a supported service under Section 364.025?

8 A No, I am not. I'm asking that the Commission require
9 ETCs to give a Lifeline discount on the basic local service
10 portion of any bundled service, not unbundled services.

11 Q Are you recommending that the Commission do that for
12 any universal service program? Let me -- that's a bad
13 question. Let me just -- I'll strike it.

14 Are you recommending that the Commission take that
15 approach for supported universal services generally?

16 A Do we support universal services in general?

17 Q No, sir. That's not my question.

18 A Okay.

19 Q I'll move on.

20 A Okay.

21 Q Has the question which services should be supported
22 for universal service purposes been identified as an issue in
23 this case?

24 A Yes. In my testimony I've listed the issues. Is
25 that what you were asking?

1 Q No. I was more specific than that. My question is
2 whether the question of which services should be supported for
3 universal service purposes has been specifically identified as
4 an issue in this case.

5 A Basic local service, Lifeline discount on basic local
6 service or local usage. That's an issue in this case.

7 Q Bear in mind I'm asking about universal service
8 generally. You understand that there's more than just the
9 Lifeline universal service program.

10 A Correct. There's three other programs.

11 Q Okay. And that if the Commission were to increase
12 the services for universal support, that would apply not only
13 to Lifeline but to other programs; correct?

14 A I don't see how you're tying a Lifeline discount to
15 schools and libraries or high cost or anything else. Is that
16 what you're trying to do? I don't understand your question.
17 Would you please --

18 Q Let me try asking the questions.

19 A Okay.

20 Q Would you agree that if the Commission under 364.025
21 decides to require that universal service funding apply to more
22 than just the nine services identified by the FCC, that that's
23 a requirement that would apply to all universal service
24 programs?

25 A That's a legal opinion and I'm not ready to answer

1 that.

2 Q Okay. And your proposal is that the Commission
3 should require ETCs to apply the Lifeline discount to any
4 bundled service that includes local dial tone?

5 A I am recommending that it be applied to the basic
6 local service portion of any bundled package, not to the whole
7 bundled package.

8 Q And would you agree that most bundles with
9 telecommunication services include basic service functionality?

10 A Yes.

11 Q So you're requesting that the discount be applied to
12 most service bundles here in Florida.

13 A Could you repeat that?

14 Q You're requesting that the Lifeline discount be
15 applied to most service bundles here in Florida.

16 A If it includes basic local service.

17 Q And you said that most do.

18 A And most do to my knowledge, yes.

19 Q Would you agree that a service bundle is a set of
20 services offered at a price below the sum of the prices of the
21 individual services?

22 A Yes, I would agree to that. Subject to check, of
23 course.

24 Q So the whole costs less than the sum of the parts?

25 A Correct.

1 Q Applying the Lifeline discount to the bundle means
2 the customer gets both the Lifeline discount and the bundle
3 discount?

4 A Applying the Lifeline discount to the basic local
5 service portion of the bundled service offering. You're
6 saying, you keep saying apply the Lifeline discount to the
7 bundled service. That's not what we're recommending.

8 Q The effect is the same, isn't it?

9 A No, it isn't. We're not recommending that the
10 Lifeline discount be applied to any unbundled or, I'm sorry,
11 nonbasic service in a bundle. We're recommending that it be
12 applied to the basic local service portion of the bundled
13 service.

14 Q Applying the Lifeline discount to the basic service
15 functionality in a bundle means the customer gets both the
16 Lifeline discount and the bundle discount; isn't that true?

17 A Subject to check, because I'm not aware of what the
18 charge is for basic local service within a bundled package.

19 Q So the effect of applying the Lifeline discount in
20 that way is to make vertical services and other nonbasic
21 services cheaper.

22 A That's correct.

23 CHAIRMAN CARTER: Let's hang on for a sec.
24 Mr. O'Roark, about how much further do you have, if you, if you
25 know? If you don't know, it's okay, but if you know, just --

1 MR. O'ROARK: Ten minutes, ten to 15 minutes.

2 CHAIRMAN CARTER: Let's do this, Commissioners. We
3 need to give the court reporter a break, so -- and we've been
4 going for -- we'll come back at ten after. We're on recess.

5 (Recess taken.)

6 COMMISSIONER EDGAR: Okay. And for the record,
7 Commissioner Argenziano is with us by phone.

8 COMMISSIONER ARGENZIANO: Yes. Thank you.

9 COMMISSIONER EDGAR: So we will -- thank you,
10 Commissioner. So we will go ahead and get started.

11 Mr. O'Roark.

12 MR. O'ROARK: Thank you, Commissioner Edgar.

13 BY MR. O'ROARK:

14 Q Mr. Casey, may I ask you to turn to Page 21 of your
15 direct testimony, please.

16 A Sure. Okay.

17 Q And I'm looking at Line 19. Your testimony is that
18 some customers need vertical services?

19 A Yes.

20 Q Your view is that making the Lifeline discount
21 available on basic services in bundles will make it easier to
22 obtain vertical services that customers need?

23 A Yes.

24 Q You acknowledge that Verizon offers vertical services
25 to Lifeline customers on an a la carte basis?

1 A On an a la carte basis. And I just saw a news
2 release last week where they're planning to give a \$5 basic
3 service if you get DSL. It's supposedly going to come out in
4 the summer. If you get DSL, you can get \$5 local service for a
5 minimum.

6 Q Is that basic service, Mr. Casey?

7 A Basic service, what they describe as 911 service.
8 You can get 911 service and you can receive calls, then for
9 \$10 you can receive a limited amount of local calls.

10 Q So that wouldn't be basic local service, would it?

11 A I would consider that basic local service if you can
12 make and receive phone calls and dial 911.

13 Q Doesn't basic service include flat-rated local usage?

14 A That would not be flat rate.

15 Q What would not be flat rate? The Verizon program --

16 A Well, it would be flat rate but it wouldn't be
17 unlimited.

18 Q So that -- since it would not include unlimited, it
19 would not be basic local service, would it?

20 A It would to me. It's local usage in my opinion.

21 Q Let me ask you to take a look at Line 25, same page.

22 A Okay.

23 Q You testify that some customers need Internet and
24 television services.

25 A Need or desire, yes. If a person is disabled at home

1 and that is their only means of communication, then yes. That
2 is their discretionary spending. So if they desire to do that
3 instead of going out to a movie theater -- they might not be
4 able to.

5 Q And you acknowledge that Verizon makes broadband and
6 television services available to Lifeline customers on an a la
7 carte basis?

8 A Sure.

9 Q Your view is that making the Lifeline discount
10 available on basic service functionalities and bundles that
11 include broadband and video services will make it easier for
12 customers to obtain broadband and video services?

13 A I'm not -- my testimony is not about video services.
14 It's about basic local service, lifeline discount on basic
15 local service which is contained in a bundled service offering.

16 Q And if that bundle includes broadband or video
17 service, you believe that the Lifeline discount should apply to
18 the basic service functionalities in that bundle; is that
19 right?

20 A To the basic local service, yes, portion of it.

21 Q And it is a bundle that includes broadband and video
22 service.

23 A No matter what the bundle includes, if it includes
24 basic local service, then a Lifeline discount should be applied
25 to that.

1 Q In your opinion, is it appropriate for the Commission
2 to require that the Lifeline discount be applied in a way that
3 is intended to affect the affordability of broadband and video
4 service?

5 A I'm not making any statement about broadband or video
6 service. That's out of the realm of what I'm trying to say.
7 The Lifeline discount should be applied to the basic local
8 service portion of any bundled service offerings no matter what
9 the bundle includes.

10 Q Well, I'm looking at Page 22, Line 1, and you talk
11 about customers that may subscribe to high, a high-end package
12 with Internet and television because it is their only means of
13 communication with the outside world.

14 A Correct.

15 Q Is it not your testimony that the, that your proposal
16 will help those customers obtain video and broadband service?

17 A It will help them obtain and maintain local service
18 at a better price, which may allow them to get an extra
19 nonbasic service.

20 Q This Commission doesn't have jurisdiction over video
21 or broadband service, does it?

22 A No. I never said it did.

23 Q Mr. Casey, have you done any empirical studies to
24 determine whether acquiring the Lifeline discount to be applied
25 to bundles would increase telephone subscribership?

1 BY MR. ROWELL:

2 Q Mr. Casey, hello. How are you?

3 A Fine. How are you?

4 Q Can you hear me okay?

5 A Yes, I can hear you fine.

6 Q It seems like you're a long way off.

7 You referenced some other states indicating that they
8 have imposed a requirement that Lifeline be imposed on all rate
9 plans in your testimony, do you not?

10 A Yes, I did.

11 Q Okay. And Texas and Kansas were a couple of those
12 you referenced?

13 A Yes.

14 Q Okay. When you researched that, I assume what you
15 did, that you went to Texas, looked at their rules, their
16 statutes. Is that what you did?

17 A Yes. Yes.

18 Q Is that correct?

19 A That's correct.

20 Q Okay. Did you look at the designation orders of the,
21 of the carriers like Alltel?

22 A No, I did not.

23 Q Did you look at any tariffs or informational filings
24 that Alltel might have filed?

25 A In Texas?

1 Q Yes.

2 A No.

3 Q Okay. What about in Kansas?

4 A No.

5 Q Okay. So you don't know specifically what has been
6 required of the carriers or how they are or may not be
7 complying or fulfilling their obligations under those rules.
8 You just looked at the rule.

9 A And the Kansas orders which required the Lifeline
10 discount on bundled packages.

11 Q Right. But you didn't look at how we're fulfilling
12 that, whether it is something less than your interpretation of
13 it really being on all rate plans; right?

14 A No.

15 Q Okay. For example, you don't know whether they
16 actually impose it on rate plans associated with Smartphones,
17 do you?

18 A No, I do not.

19 Q Okay. Would you be surprised if it doesn't apply to
20 Smartphones?

21 A I would be surprised.

22 Q Okay. Do you have a cell phone?

23 A Yes, I do.

24 Q What kind of phone do you have?

25 A What brand?

1 Q Yes.

2 A It's an Alltel phone.

3 Q Oh, good. Thank you.

4 A At least today I do.

5 Q Maybe I should stop.

6 A At least today I do.

7 Q Is it a Smartphone or is it a, just a standard voice
8 phone?

9 A Standard phone.

10 Q Okay. Have you ever priced a Smartphone?

11 A Yes, I have.

12 Q Have you priced the Verizon Storm which we will be
13 offering in a few months? That's my --

14 A No, I haven't priced a Storm.

15 Q You know, it's like an iPhone. And would you agree
16 with me that when a customer purchases that, it's important to
17 the carrier to obviously recover his investment in the phone?

18 A Correct.

19 Q Okay. And part of the recovery of that is recovering
20 for data charges?

21 A Say that again. Part of --

22 Q Part of, part of the means for recovery of the
23 investment of that phone is the entire rate plan, which
24 includes compensation or charges for data, use of data on the
25 phone.

1 A Yes. I agree.

2 Q Okay. So is it your view --

3 MS. BROOKS: Excuse me.

4 COMMISSIONER EDGAR: Just a moment. Counsel?

5 MS. BROOKS: This is beyond the scope of Mr. Casey's
6 testimony.

7 MR. ROWELL: I think he is asking this Commission to
8 impose Lifeline discounts on all of our rate plans, and
9 Smartphone is one of those types of rate plans. I mean, if the
10 staff or proponents are willing to agree that, no, it won't
11 apply, isn't going to apply, then obviously I'd withdraw my
12 questions.

13 MS. BROOKS: He's not an expert on wireless. His
14 testimony is on Lifeline.

15 MR. ROWELL: So would they, would you stipulate then
16 that he has no knowledge about wireless rate plans, Smartphones
17 to back up his opinions and his testimony? And if so, then
18 I'll withdraw my questions.

19 COMMISSIONER EDGAR: Can you tie it to Lifeline? I'm
20 not sure that you've made that --

21 MR. ROWELL: Okay. Let me, let me ask this question.

22 COMMISSIONER EDGAR: -- I was going to say link, but
23 that, that nexus.

24 MR. ROWELL: Okay. Let me, let me ask this.

25 COMMISSIONER EDGAR: Then I will allow and we'll see

1 where we go.

2 MS. BROOKS: Thank you, Commissioner.

3 COMMISSIONER EDGAR: Thank you.

4 BY MR. ROWELL:

5 Q Is it your proposal that the Commission require
6 wireless carriers to provide Lifeline discounts when a customer
7 buys a Smartphone and the package of voice data and all other
8 services that go with that?

9 A If that package includes basic local usage, then,
10 yes, a Lifeline discount would be applied to the basic local
11 usage portion of that bundle.

12 Q All right. And if that's true, if that was done,
13 what you've suggested, would that mean that if a customer would
14 accept toll blocking on that phone, that the company could not
15 demand a deposit from that customer?

16 A I believe wireless has toll limitation, if I'm not
17 mistaken, not toll blocking, if I'm not mistaken.

18 Q Okay. Whichever. But what's the answer to the
19 question?

20 A Okay. Could you repeat your question then?

21 Q Is it, is it your view then that if Lifeline
22 discounts were required to be provided on Smartphones and their
23 package of data, voice and other services, whether the company
24 would be denied the ability to obtain a deposit from that
25 customer as long as he accepts toll blocking or toll

1 limitation?

2 A If a customer accepts toll blocking, then they are
3 not allowed to -- they're not required to put up a deposit.

4 Q In spite of the fact that this is a very expensive
5 instrument? They would then be allowed --

6 A In spite of -- that's my opinion, yes. In spite of
7 the fact.

8 Q Let me finish this question. So in spite of the fact
9 that a customer would have purchased a very expensive phone and
10 not had to put up a deposit and sign a, and he signs a
11 contract, but as long as he pays some minimum charge, minimum
12 basic charge, we would not be allowed to disconnect that phone.

13 A That is my opinion, yes. Disconnect local usage on
14 the phone.

15 Q All right. So how do you suggest that the company
16 would then recover its lost investment on that phone?

17 A I would assume that the company would get a credit
18 report up ahead before they sign that customer up for a very
19 expensive phone so that they're assured that they will get paid
20 for it eventually.

21 Q And when they use that credit report, they use it in
22 order to decide whether to demand a deposit, don't they?

23 A That's correct.

24 Q Okay. But you're saying they couldn't.

25 A If it's a Lifeline customer.

1 Q All right. And don't many of these phones come with
2 rate plans that in fact are nationwide calling and therefore
3 don't even have toll?

4 A Correct.

5 Q So the customer can say I'll take toll blocking and
6 he's really agreed to nothing because the rate plan that he's
7 obtained doesn't even have toll anyway.

8 A I believe the testimony shows you don't have toll
9 blocking. It's toll limitation where you put a dollar amount
10 on their services, a maximum dollar amount.

11 Q Okay. Whichever, toll blocking, toll limitation, my
12 question is so you're suggesting that the wireless company
13 would have to sell this phone. Even if it does a credit check
14 and wants a deposit, it can't because the customer has said
15 I'll take toll blocking even though there's never going to be
16 toll on the phone. Can you explain to me how that's going to
17 allow us to be secure in selling that expensive phone or how to
18 recover our investment in that phone? It doesn't work, does
19 it?

20 A It's just like any other customer though. If it's a
21 non-Lifeline customer and you're selling them a \$10 phone, a
22 \$300 phone for \$10, the same thing would happen.

23 Q But if it's a non-Lifeline customer, I can demand
24 that he put up a deposit, can I not?

25 A I'm not familiar with that, those rules and we don't

1 regulate that for a non-Lifeline customer.

2 Q Well, you wouldn't be surprised if when we look at
3 his credit history and he wants a very expensive phone and plan
4 that we might require a deposit.

5 A You may.

6 Q Okay. Are you aware of any violations of any FCC
7 rules, federal Lifeline rules of which Alltel has been found
8 guilty of by the FCC or by USAC with respect to Florida?

9 A Found guilty as of yet? No.

10 Q Okay. Have you started any action at this Commission
11 or made any allegations that up until today Alltel has violated
12 any such rules?

13 A No.

14 MR. ROWELL: Okay. No further questions.

15 COMMISSIONER EDGAR: Thank you. Any questions from
16 Sprint Nextel?

17 MR. NELSON: Yes, we have some, Your Honor.

18 CROSS EXAMINATION

19 BY MR. NELSON:

20 Q Mr. Casey, I think you know me, Doug Nelson.

21 A Oh, yes.

22 Q Sprint Nextel. Good morning. It's still morning. I
23 want to -- and as a preliminary matter, I want to make sure
24 that you are aware that Sprint Nextel is a wireless ETC;
25 correct?

1 A Correct.

2 Q Now I want to start by asking you about Page 13 of
3 your testimony where you discuss an FCC Lifeline and Link-Up
4 order, it's FCC 04-87, and it's around Line 8, I believe. And
5 you're, you're discussing Paragraph 53 in this order. And I'll
6 give you time to find that.

7 A Okay.

8 Q Now you cite that order for the proposition that, and
9 I'm quoting from your testimony, the FCC expressed support for
10 Lifeline customer participation in bundled service packages; is
11 that correct?

12 A Yes.

13 Q And the FCC did so when it declined to adopt rules
14 prohibiting Lifeline customers from purchasing vertical
15 services.

16 A To have any restriction on vertical services.

17 Q No. Now let's be clear about this. What did the FCC
18 do in Paragraph 53? And we have a copy in case you'd like to
19 reference it. And what I'm looking at specifically are the
20 last two sentences of Paragraph 53. Could you read those out
21 loud, please?

22 A The last two sentences?

23 Q Yes.

24 A All right. "However, some expressed concern that
25 ETCs may be marketing vertical services to low-income customers

1 who may be unable to afford these features. While we
2 understand these concerns, we do not prohibit the marketing of
3 vertical services to Lifeline/Link-Up customers at this time."

4 Q Now do you agree that the FCC did not require ETCs to
5 sell vertical services to Lifeline customers? They simply did
6 not prohibit it; is that correct?

7 A What they're saying is that there should not be a
8 restriction on vertical services. Now if those vertical
9 services are included in a bundled package, then there should
10 be, there should be no restriction as far as Lifeline customers
11 from obtaining that bundled package.

12 Q Okay. Could -- I'm sorry. And I don't want to --
13 maybe -- I'll move on.

14 Would you agree the effect of this order in Paragraph
15 53 which you just read is to permit ETCs to sell or not to sell
16 vertical features to Lifeline subscribers; is that correct?

17 A I believe the -- in my opinion, the essence of that
18 paragraph says that there should not be a restriction on
19 vertical services for Lifeline customers whether it be a la
20 carte or in a bundle.

21 Q Can you point me to the language in Paragraph 53 that
22 states that, that there is no restriction? Could you just read
23 the portion of that paragraph?

24 A "We believe any restriction on the purchase of
25 vertical services may discourage qualified consumers from

1 enrolling and may serve as a barrier to participation in the
2 program."

3 Q The vertical services that are identified in that
4 paragraph are caller ID, call waiting and three-way calling,
5 would you agree with that?

6 A Yes.

7 Q And these are features, they're called vertical
8 features, they're features that complement voice telephone
9 service. Would you agree with that?

10 A Yes, I would.

11 Q Would you agree that the FCC did not identify
12 Internet or data services as a vertical feature in that
13 paragraph?

14 A Yes.

15 Q Do you consider Internet service a vertical feature?

16 A No.

17 Q Are you aware that Sprint Nextel's Lifeline plan
18 includes caller ID, call waiting and three-way calling?

19 A Yes.

20 Q And voice mail?

21 A I believe voice mail is an a la carte item.

22 Q Correct. And are you aware that, as you just
23 implied, Sprint Nextel Lifeline subscribers can purchase
24 additional services a la carte as add-ons to their Lifeline
25 service?

1 A Yes.

2 Q So you would agree with me that Sprint Nextel's
3 customers are not prohibited from purchasing vertical services;
4 is that correct?

5 A They're not prohibited from purchasing vertical
6 services until you go to the next package where they may have
7 four or five vertical features and you're restricting them from
8 purchasing it in a bundle.

9 Q I'm sorry. Okay.

10 A If you go to the next step up and say they want four
11 or five vertical features in a bundle, you're not allowing
12 that.

13 Q But a Lifeline subscriber can purchase those
14 features.

15 A A la carte.

16 Q A la carte.

17 A Right.

18 Q Thank you.

19 A At a cost more than they would get in a bundle.

20 Q Now I want to turn next to your testimony on Page 28,
21 and I'm looking at the portion beginning on Line 22, and this
22 is your discussion of your interpretation of Section 54.403(b)
23 of the Code of Federal Regulations. Do you see that portion?

24 A That's correct.

25 Q And I do have copies, if you need to see that rule.

1 A I believe on the next page, on 29, I have that.

2 Q You've taken it and excerpted it.

3 A Right.

4 Q Okay. Now the rule -- now, to begin with, this is
5 the FCC rule that instructs ETCs on how to apply the Lifeline
6 discount; is that correct?

7 A Correct.

8 Q And the rule distinguishes between ETCs that charge
9 an End User Common Line charge and ETCs who do not; is that
10 correct?

11 A Correct.

12 Q And ETCs who do not are referred to in the rule as
13 other ETCs; is that correct?

14 A That's correct.

15 Q And wireless ETCs fall into this category.

16 A Yes. They do not charge a EUCL.

17 Q Let's assume for a moment that a wireless ETC has a
18 tariff that lists five residential rate plans. Under your
19 interpretation of Section 54.403(b) as set forth in your
20 testimony, would the ETC be required to apply the Lifeline
21 discount to reduce all five of the rate plans or only the
22 lowest rate plan?

23 A All five of the rate plans if they include a basic
24 local service portion or functionality.

25 Q Now does the rule say anything about a basic local

1 service portion? Can you read that from the rule to me?

2 A No. It says you have to support the nine services
3 that, it quotes the nine services -- or it quotes the FCC rule
4 which requires the nine services, which includes local usage.

5 Q I'd like to hand the rule out just so we all have
6 reference to it as we discuss it.

7 A Sure.

8 Q So you can see that the rule says that for tariffed
9 services it is to apply to the lowest tariffed rate; is that
10 correct?

11 A That's correct.

12 Q Because that's -- strike that. Now your testimony at
13 Line 13 on Page 29, Page 29, Line 13, you state that the rule
14 requires an ETC to reduce, one, its lowest tariffed residential
15 rate; correct?

16 A Correct.

17 Q And then you have the word "or any otherwise
18 generally available rate"; is that correct?

19 A Correct.

20 Q Can you tell us your understanding of what an
21 otherwise generally available rate is?

22 A Anything that's not tariffed. You're given two
23 choices there, reduce their lowest tariffed or otherwise
24 generally available rate.

25 Q Okay. So let's assume that a wireless ETC has five

1 residential rate plans and they're all tariffed. Now you've
2 testified at Lines 12 through 14 that that rule requires the
3 ETC to apply the discount to reduce one of two rates; is that
4 correct?

5 A That's correct.

6 Q So it's an either/or situation for a wireless ETC.

7 A Correct.

8 Q It must either reduce its lowest tariffed residential
9 rate or any otherwise generally available rate; is that
10 correct?

11 A Correct.

12 Q So in this example where there's an ETC with five
13 rates all tariffed, must it apply the discount to the lowest
14 tariffed rate or to all five tariffed rates?

15 A Say that again.

16 Q In this example --

17 A Okay.

18 Q -- where there is another ETC that doesn't charge the
19 EUCL --

20 A Okay.

21 Q -- with five rates, all of which are tariffed --

22 A Uh-huh.

23 Q -- by your reading of the rule, must that ETC apply
24 the discount to the lowest of those five tariffed rates or to
25 all those five tariffed rates?

1 A In my opinion, if it was tariffed, then it would be
2 the lowest tariffed. Since wireless is not tariffed, then it
3 would be or otherwise generally available.

4 Q So taking those five tariffed rates and just
5 numbering them one, two, three, four, five, if a customer, a
6 Lifeline applicant sought the discount on number one, which is
7 the lowest tariffed rate, they would, they would be provided
8 the discount; correct?

9 A If it's the lowest tariffed rate -- in your example,
10 yes.

11 Q Okay. And if they apply, if they ask for the
12 Lifeline discount to apply to rate number two, which is
13 tariffed but is not the lowest rate, that would, the Lifeline
14 discount would not apply to that rate; is that correct?

15 A No. It's one of two. Your other -- lowest tariffed
16 rate, which wireless don't have, or otherwise generally
17 available rate.

18 Q Okay. Well, let's take that second rate then that's
19 not the lowest tariffed rate.

20 A Uh-huh.

21 Q Is there any way in your opinion the Lifeline
22 applicant could, could receive the discount if they wanted that
23 service?

24 A They would just pay the retail price of it.

25 Q So if an ETC has ten rate plans, five of which are

1 tariffed, five of which are not tariffed, it's another ETC that
2 does not charge the End User Common Line charge, by your
3 reading of that rule, how many of those ten plans would be
4 subject to the Lifeline discount?

5 A If you have a tariffed rate, it would be the lowest
6 tariffed rate, the plan with the lowest tariffed rate.

7 Q So out of those ten, the lowest tariffed rate would
8 have the discount applied to it.

9 A Yes.

10 Q But not the second, third, fourth and fifth.

11 A Yes. In my opinion -- again, I'm not an attorney,
12 but in my opinion, yes.

13 Q And the remaining five rates, because assuming they
14 are otherwise generally available, would have the discount
15 applied to them by virtue of being otherwise generally
16 available?

17 A Would you restate that?

18 Q The other --

19 COMMISSIONER EDGAR: And, Mr. Nelson, I'm having a
20 hard time hearing you as well, too. Could you pull the mike
21 closer or you closer?

22 MR. NELSON: I'm sorry. Yeah.

23 BY MR. NELSON:

24 Q Now in a hypothetical example with ten rates that an
25 ETC charges, ten different distinct rates, it's a non-EUCL

1 charging ETC.

2 A Okay.

3 Q And five of those rates are tariffed. If a customer
4 for the second lowest tariffed rate sought a Lifeline discount,
5 you're telling me that the Lifeline discount would not apply to
6 that rate.

7 A That's correct. If you have a tariffed rate, it's
8 the lowest tariffed rate.

9 Q Okay. So it would apply to one of the five tariffed
10 rates being the lowest tariffed rate and it would apply -- what
11 about the other five rates that are not tariffed but are
12 generally available to the public?

13 A No. It's either, either/or. It's lowest tariffed
14 rate. If you have a lowest tariffed rate -- if you have a
15 tariffed rate, it's the lowest tariffed rate.

16 Q Okay. So out of those ten, how many of those plans
17 would the discount apply to?

18 A If they are tariffed, it would be the lowest tariffed
19 rate.

20 Q Okay. I'm talking about -- I think we've probably
21 taken care of this line.

22 Okay. What I'd like to do is now give you a
23 hypothetical involving generally available rates. And what I
24 would like to do is hand out an exhibit, Sprint Exhibit 1.
25 Well, it would be Exhibit Number 13, Sprint Exhibit 1.

1 COMMISSIONER EDGAR: Yes. We will mark as 13.

2 MR. NELSON: Okay.

3 (Exhibit 13 marked for identification.)

4 BY MR. NELSON:

5 Q Now would you agree that the left-hand column on this
6 exhibit -- oh, I'll wait a moment for --

7 COMMISSIONER EDGAR: Yeah. Just, just a moment,
8 Mr. Nelson, before you begin your questions.

9 Can you, can you tell me what we're looking at? And
10 I need a brief title for the exhibit list.

11 MR. NELSON: I would call it Rule 54.403(b). I think
12 we have it labeled on the top right --

13 COMMISSIONER EDGAR: Excerpt?

14 MR. NELSON: Excerpt. Correct. Yes.

15 BY MR. NELSON:

16 Q Now would you accept, subject to check, that the
17 left-hand column on this table accurately sets forth the
18 portion of 54.403(b) that states how other ETCs shall apply the
19 Lifeline discount?

20 A Subject to check, since this isn't the whole rule.

21 Q That's correct. It's the sentence that addresses
22 other ETCs; correct?

23 A Correct.

24 Q Now please look at the second column in the exhibit.
25 Do you see where I've crossed out the portion of the last part

1 of that sentence? I've crossed out the words "lowest tariffed
2 or otherwise generally available residential rates."

3 A Yes.

4 Q Now would you agree that that version with those
5 words crossed out essentially calls for the same application of
6 a Lifeline discount to the left-hand portion? In other words,
7 are these saying in your mind the same thing with respect to
8 how other ETCs apply the Lifeline discount?

9 A Yes. As long as the residential rates are basic
10 local usage, yes.

11 Q Okay. Thank you.

12 Now we're going to have to hand out the other one
13 now. I'm sorry. There's one more exhibit, and then I'm fairly
14 close to being finished.

15 COMMISSIONER EDGAR: Okay. That's fine. You can go
16 ahead and pass it out. And we'll mark that as 14, and I will
17 look to you as a, for a title.

18 MR. ROWELL: Okay. Thank you.

19 COMMISSIONER EDGAR: Okay. Mr. Nelson, a title,
20 please.

21 MR. NELSON: Hypothetical fuel efficiency discount.

22 COMMISSIONER EDGAR: Okay.

23 MR. NELSON: If that's okay.

24 COMMISSIONER EDGAR: That's fine.

25 (Exhibit 14 marked for identification.)

1 BY MR. NELSON:

2 Q I'll give you a little time to study it.

3 A Okay.

4 Q Now the -- would you agree that the sentence
5 structure in this hypothetical handout tracks the sentence
6 structure of 54.403(b) that we just discussed?

7 A It's similar, but it's way out of the scope of what
8 I'm testifying to. I'm not testifying to automobile fuel
9 efficiency or anything like that.

10 Q Well, I'm trying to get at how --

11 MS. BROOKS: Commissioner?

12 COMMISSIONER EDGAR: Hold on.

13 MS. BROOKS: This is outside the scope of Mr. Casey's
14 testimony.

15 COMMISSIONER EDGAR: Mr. Nelson.

16 MR. NELSON: I guess the response is that this, this
17 rule is critical to the outcome of this case, how that sentence
18 is read, and this provides a way to sort of probe how he's
19 interpreting the sentence structure of 54.403(b).

20 MS. BROOKS: The interpretation of the statute will
21 be briefed. This is irrelevant to Mr. Casey's testimony.

22 MR. NELSON: Yeah. I just want to explore, I just
23 want to be able to explore how he reached his interpretation of
24 the statute essentially.

25 COMMISSIONER EDGAR: Okay. Let me look to

1 Ms. Helton. Ms. Helton?

2 MS. BROOKS: We should --

3 COMMISSIONER EDGAR: No. Just a moment.

4 MS. BROOKS: I'm sorry.

5 COMMISSIONER EDGAR: Ms. Helton.

6 MS. HELTON: I think that Mr. Casey has made it clear
7 that he is not an attorney, he's not giving legal, expert legal
8 advice today. And, quite frankly, maybe it's just that my
9 stomach is sitting over here growling, but it looks to me, I'm
10 having a hard time understanding the relevance of this exhibit.
11 It looks to me at best it's an, a FERC rule and, if anything,
12 we would be talking about an FCC rule, and it looks like kind
13 of a logic equation that I had when I was in college and I'm
14 having a hard time understanding how it's relevant here.

15 COMMISSIONER EDGAR: I'm guessing sentence structure
16 is part of the point. But Mr. Nelson --

17 MR. NELSON: If I would agree to limit it to two
18 questions -- I think the relevance is -- well, I don't want to
19 belabor this. I'm simply pointing out in Mr. Casey's testimony
20 he sets up an either/or scenario where he reads 54.403(b) and
21 says the discount applies to the lowest tariffed or otherwise
22 generally available rate. And this is a way to illustrate that
23 interpretation in another context essentially and probe how
24 he's constructing the sentence essentially.

25 COMMISSIONER EDGAR: Okay. I do understand what

1 you're, what you're saying. And I would also make the point
2 that a determination on scope is not linked to time, but I
3 appreciate the cooperation.

4 I'm going to disallow and rule in favor of the
5 objection and ask you to move on.

6 MR. NELSON: Okay.

7 COMMISSIONER EDGAR: And obviously you would have the
8 right to, to use your briefing pages in whatever way you
9 choose.

10 MR. NELSON: Okay.

11 MS. BROOKS: Thank you, Commissioner.

12 COMMISSIONER EDGAR: Do you have questions of --

13 MR. NELSON: That's all I have. That's it.

14 COMMISSIONER EDGAR: Okay. All right.

15 Mr. Beck.

16 MR. BECK: No questions, Commissioner.

17 COMMISSIONER EDGAR: Okay. Questions from the bench?
18 Commissioner McMurrian.

19 COMMISSIONER McMURRIAN: Thank you, Chairman.

20 Mr. Casey.

21 THE WITNESS: Yes, ma'am.

22 COMMISSIONER McMURRIAN: I wanted to ask you about
23 that same passage that we've just been talking about on your
24 Page 29 starting with Line 9, and ask you about the word
25 "lowest" there.

1 Does your, does your interpretation of that, of that
2 section, would lowest modify both the tariffed residential rate
3 as well as the otherwise generally available rate, or would the
4 lowest only go with the tariffed part?

5 THE WITNESS: I believe it only goes with the lowest
6 tariffed. And I believe if they wanted it to apply to the
7 other, they would have said lowest otherwise generally
8 available. They could have put lowest in there too or they
9 could have been put only in the sentence if they want it to
10 apply to both.

11 COMMISSIONER McMURRIAN: Okay. And I guess a
12 follow-up to that would be who makes a determination which one
13 of those -- if there's a choice of one of two rates, who makes
14 the determination about whether it's, you're number one or
15 number two? Is it the company or who decides which one of
16 those rates that the Lifeline would apply to?

17 I believe the company, if the company had a tariffed
18 rate, which in this case the wireless don't.

19 COMMISSIONER McMURRIAN: Okay. When you say in this
20 case, do you mean because these companies don't have tariffed
21 rates or because wireless companies --

22 THE WITNESS: Because wireless don't have tariffed
23 rates.

24 COMMISSIONER McMURRIAN: None of the wireless
25 companies have tariffed rates.

1 Well, when, I believe when Mr. Nelson was asking you
2 about that sentence that starts on Line 7 with other eligible
3 telecommunication carriers, I think that you said that that was
4 talking about wireless carriers there because they don't charge
5 the EUCL; is that right?

6 THE WITNESS: That's correct, Commissioner.

7 COMMISSIONER McMURRIAN: So if the, if wireless
8 companies don't have tariffed rates, why would -- again, I'm
9 just trying to clarify this. I'm not trying to be
10 confrontational here. But why would that sentence have the
11 section about lowest tariffed rates if those don't apply to
12 wireless carriers?

13 THE WITNESS: They may have in the past when this law
14 was initiated.

15 COMMISSIONER McMURRIAN: In the past. Okay. And I
16 have a couple of other questions, Chairman.

17 In your summary you talked about a couple of
18 different state decisions. You said the Ohio PUC granted, and
19 I just didn't catch whose petition you were talking about
20 there.

21 THE WITNESS: The latest petition was Embarq.

22 COMMISSIONER McMURRIAN: Embarq.

23 THE WITNESS: That order came out on January 29th.

24 COMMISSIONER McMURRIAN: That's the one I meant. And
25 you said, I think you said back in 2007 maybe they had granted

1 one.

2 THE WITNESS: Right. AT&T also petitioned the Ohio
3 Commission for the ability to give a Lifeline discount on
4 bundled services. If I could, I'd like to just state that the
5 Ohio Commission does have a rule which prohibits Lifeline
6 customers from getting vertical services unless there is a
7 medical need. Now AT&T and Embarq said, believe that while
8 that shouldn't happen, they should be allowed to have it on any
9 package. And so they petitioned the Commission and the
10 Commission granted their petitions.

11 COMMISSIONER McMURRIAN: Okay. That helps. You
12 anticipated, I think, my next question as to why they would
13 petition in that case. Because I don't think we've had that
14 here. That AT&T and Embarq, to the extent they do that, they
15 have just offered that. They never petitioned for us to allow
16 it, and that's because we don't have a similar rule to Ohio; is
17 that --

18 THE WITNESS: That's correct. That's correct. They
19 voluntarily do it.

20 COMMISSIONER McMURRIAN: Okay. Okay. And then with
21 respect to Indiana, you said that they had, that they were
22 putting in place a rule that it would be up by, I think you
23 said, July of 2009. Can you tell me a little bit more about
24 that rule?

25 THE WITNESS: Excuse me. It does require a Lifeline

1 discount on bundled services. I was communicating with an
2 analyst with Indiana to make sure that that was the case. And
3 she said it has gone through the Commission, the Commission has
4 approved it, and now it has to go through the state just like
5 we have to go after we finish a rule and forward it on.

6 COMMISSIONER McMURRIAN: Okay.

7 THE WITNESS: But by law it has to be in place by
8 July 1st.

9 COMMISSIONER McMURRIAN: Okay. Thank you. That's
10 all I have, Chairman.

11 COMMISSIONER EDGAR: Any further questions from the
12 bench? No?

13 Okay. Redirect.

14 MS. BROOKS: Thank you, Commissioner.

15 REDIRECT EXAMINATION

16 BY MS. BROOKS:

17 Q Mr. Casey, you've been asked to read Paragraph 53 of
18 order FCC 0487. The second sentence of this paragraph states,
19 "Like the Joint Board, we believe any restriction on the
20 purchase of vertical services may discourage qualified
21 consumers from enrolling and may serve as a barrier to
22 participation in the program." In your role supervising and
23 addressing Lifeline issues at the PSC, would you agree with the
24 Joint Board and the FCC that restrictions on vertical services
25 discourage Lifeline enrollment?

1 A Yes, I would.

2 Q Okay. And this includes bundled packages.

3 A This includes bundled packages which include vertical
4 services, yes.

5 Q Okay. Thank you. Mr. Casey, you've been asked a
6 number of questions today. In closing, is there anything that
7 you would like to say to clarify any of the responses you've
8 given?

9 A No.

10 MS. BROOKS: Okay. Thank you.

11 COMMISSIONER EDGAR: Okay. I'll ask you to hold for
12 just a moment.

13 Commissioner Skop.

14 COMMISSIONER SKOP: Thank you, Madam Chairman.

15 Good morning, Mr. Casey.

16 THE WITNESS: Good morning.

17 COMMISSIONER SKOP: Some quick questions, again,
18 trying to follow along. And we've been heavily docketed
19 lately, so I apologize if, if I'm missing something, but
20 hopefully in refreshing my memory.

21 With respect to Lifeline and the offerings, I know
22 the Commission has taken great lengths to promote that, and
23 recently that's expanded to wireless carriers. How many
24 wireless carriers in Florida currently offer the Lifeline?

25 THE WITNESS: We have three wireless ETCs now in

1 Florida.

2 COMMISSIONER SKOP: Can you identify those, please?

3 THE WITNESS: Alltel Wireless, Sprint Nextel and
4 Safelink Wireless, which is TracFone d/b/a.

5 COMMISSIONER SKOP: Okay. And with respect to each
6 of those offerings, each company, I would assume, has different
7 offerings that they provide to their customers; is that
8 correct?

9 THE WITNESS: That's correct.

10 COMMISSIONER SKOP: Okay. And I guess if I've
11 heard -- most of the discussion this morning is centered around
12 the wireless issue applying the Lifeline discount to bundled
13 services; is that correct?

14 THE WITNESS: Yes, sir.

15 COMMISSIONER SKOP: Okay. And for the traditional
16 landline, that's not necessarily really a problem to the extent
17 that it's not overly contested?

18 THE WITNESS: Yes, sir.

19 COMMISSIONER SKOP: Okay. All right. With respect
20 to some of the questions that you've been asked, I know that
21 the, the focus has been on federal regulation and
22 interpretation of that, and we've gone so far as to try and
23 parse the language to try and find meaning. But is it merely a
24 problem that perhaps as we move forward with Lifeline and apply
25 that to wireless, and I know that we do have some offerings,

1 but is it a matter of perhaps the statutory framework has not
2 kept pace with some of the initiatives that either the
3 Commission or at the federal level have been designed to
4 accomplish? To the extent that, you know, when Lifeline first
5 came about, it was limited to basic wireline service and now
6 it's tending to, to migrate into wireless here in our state and
7 other states, but I'm just trying to understand the, both sides
8 of the argument. So if you could expand on that just a little
9 bit, I'd greatly appreciate it.

10 THE WITNESS: I believe the statutes have not kept up
11 with the very evolving process that they're talking about in
12 the statutes. Wireless ETCs were started by the FCC -- I mean,
13 were designated by the FCC. In each of the orders they
14 specifically said that if a state has a Lifeline program, you
15 must follow it. So we have a very, I believe we have a very
16 limited regulatory, we have a very limited jurisdiction over
17 the wireless for ETC status. We're not trying to get into
18 rates or anything like that. We're trying to stick to the ETC
19 regulations.

20 And the way I look at the wireless for Alltel and
21 Sprint Nextel, that was almost like in my opinion a voluntary
22 jurisdiction. When they received their designation from the
23 FCC, they agreed that they would abide by the Lifeline programs
24 of different states they're in.

25 COMMISSIONER SKOP: So just one final question. Then

1 is -- I guess I'll withdraw the question. Thank you.

2 COMMISSIONER EDGAR: Thank you.

3 Ms. Brooks.

4 MS. BROOKS: Ms. Chairman, as noted previously, I'm
5 asking that Exhibits 7 and 8 be moved into the record.

6 COMMISSIONER EDGAR: Which means you're done with
7 your redirect?

8 MS. BROOKS: Yes.

9 COMMISSIONER EDGAR: Okay. Then we will move to --

10 MR. NELSON: Madam Chair, I'd like to, I'm sorry,
11 move that Exhibit 13 be moved into the record as well. That
12 was the first --

13 COMMISSIONER EDGAR: Hold on. We'll get there. Just
14 hold for just a moment.

15 Okay. 7 and 8, seeing no objection, 7 and 8 will be
16 moved into the record.

17 (Exhibits 7 and 8 admitted into the record.)

18 Let me go ahead and take up the exhibits that
19 Mr. O'Roark put forward, which would be 10, 11 --

20 MR. O'ROARK: And 12.

21 COMMISSIONER EDGAR: -- and 12. Any objections?
22 Seeing none, 10, 11 and 12 will be moved into the record.

23 (Exhibits 10, 11 and 12 admitted into the record.)

24 And, Mr. Nelson, that brings us to?

25 MR. NELSON: Exhibit 13.

1 COMMISSIONER EDGAR: Okay. Any objections to Exhibit
2 13? Seeing none, Exhibit 13 will be entered into the record.

3 (Exhibit 13 admitted into the record.)

4 Mr. Casey, you are excused.

5 THE WITNESS: Thank you, Commissioner.

6 COMMISSIONER EDGAR: Thank you. Okay. Let me look
7 first to staff. Any additional matters to take up now that we
8 are at the conclusion of the witness portion?

9 MR. MURPHY: No. Commissioner, just the dates, if
10 you have them, for the transcripts and briefs.

11 COMMISSIONER EDGAR: Okay. The dates that I have in
12 front of me say March 9th for the transcript to become
13 available, and April 3rd is the date for briefs to be submitted
14 by. And I'm not seeing any, any disagreement. So, so we'll
15 leave that at that.

16 Anything else for the good of the order while we are
17 still all gathered together on the record? Seeing nothing,
18 okay. Then thank you to the parties, to the witnesses, to our
19 staff and my colleagues, and we are adjourned.

20 (Proceeding adjourned at 12:01 p.m.)

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1 STATE OF FLORIDA)
2 COUNTY OF LEON) : CERTIFICATE OF REPORTER

3

4 I, LINDA BOLES, RPR, CRR, Official Commission
5 Reporter, do hereby certify that the foregoing proceeding was
6 heard at the time and place herein stated.

7 IT IS FURTHER CERTIFIED that I stenographically
8 reported the said proceedings; that the same has been
9 transcribed under my direct supervision; and that this
10 transcript constitutes a true transcription of my notes of said
11 proceedings.

12 I FURTHER CERTIFY that I am not a relative, employee,
13 attorney or counsel of any of the parties, nor am I a relative
14 or employee of any of the parties' attorneys or counsel
15 connected with the action, nor am I financially interested in
16 the action.

17 DATED THIS 9th day of March, 2009.

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Linda Boles
LINDA BOLES, RPR, CRR
FPSC Official Commission Reporter
(850) 413-6734

EXHIBIT NO. 1 _____

DOCKET NO.: 080234-TP

WITNESS: n/a

PARTY: Staff

DESCRIPTION: Comprehensive Exhibit List

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 080234-TP EXHIBIT 1

COMPANY FL PSC Staff - stip-1

WITNESS Comprehensive Exhibit list

DATE 03/02/09

PROFFERING PARTY: Staff

I.D. # STIP-1

DOCKET NO.: 080234-TP

EXHIBIT NO. _____

WITNESS: STIP-1

PARTY: Staff

DESCRIPTION: Comprehensive Exhibit List

EXHIBIT #	WITNESS	ID#	DESCRIPTION	IN? (Due Date if EXH is Late Filed)
<i>Exhibits</i>				
1	n/a	STIP-1	Comprehensive Exhibit List	
<i>Staff</i>				
2	n/a	STIP-2	Composite: Verizon Responses to Staff's Interrogatories a. Responses to Staff's First Set of Interrogatories (1-14) b. Supplemental Response to Staff's Interrogatory No. 4	
3	n/a	STIP-3	Sprint-Nextel Responses to Staff's Interrogatories (1-13)	
4	n/a	STIP-4	Alltel Responses to Staff's Interrogatories (1-12)	
5	n/a	DEPO-1	Transcript, Late-filed Exhibit (Tax Allocation), and errata, if any, from the deposition of Verizon witness Paul B. Vasington	
6	n/a	DEPO-2	Transcript, Late-filed Exhibit (Tax Allocation), and errata, if any, from the deposition of Sprint-Nextel witness John E. Mitus	
7	Robert J. Casey <i>Staff</i>	RJC-1	Verizon Florida tariff, Section A13.14.3, 14 th Revised Page 11.0.2.	
8	Robert J. Casey <i>Staff</i>	RJC-2	Letter dated November 30, 2000, to the FPSC's Director of Competitive Services from Verizon's Director of Regulatory Affairs, regarding the possible establishment of an interim Lifeline fund in Florida to reimburse the \$3.50 Lifeline credit provided to customers by ETCs.	

EXHIBIT NO. 2 _____

DOCKET NO.: 080234-TP

WITNESS: n/a

PARTY: Staff

DESCRIPTION: Composite: Verizon Responses to Staff's Interrogatories
a. Responses to Staff's First set of Interrogatories (1-14)
b. Supplemental Response to Staff's Interrogatory No. 4

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 080234-TP EXHIBIT 2

COMPANY FL PSC Staff - STIP 2

WITNESS Composite - Verizon Responses to

DATE 03/02/09 Staff Interrogatories

PROFFERING PARTY: Staff

I.D. # STIP-2

EXHIBIT NO. 2 _____

DOCKET NO.: 080234-TP

WITNESS: n/a

PARTY: Staff

DESCRIPTION:

A

PROFFERING PARTY: Staff

I.D. # STIP-2

Dulaney L. O'Roark III
Vice President & General Counsel, Southeast Region
Legal Department



P.O. Box 110, 37th Floor
MC FLTC0007
Tampa, Florida 33601-0110

Phone: 678-259-1449
Fax: 678-259-5015
de.oroark@one.verizon.com

December 23, 2008 - VIA ELECTRONIC MAIL

Ann Cole, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 080234-TP

In re: Implementation of Florida lifeline program involving bundled service packages
and placement of additional enrollment requirements on customers

Dear Ms. Cole:

Enclosed for filing in the above matter is Verizon Florida LLC's Notice of Service of
Objections and Responses to Commission Staff's First Set of Interrogatories. Service
has been made as indicated on the Certificate of Service. If there are any questions
regarding this filing, please call me at 678-259-1449.

Sincerely,

s/ Dulaney L. O'Roark III

Dulaney L. O'Roark III

DOCUMENT NUMBER-DATE

11812 DEC 23 8

FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Implementation of Florida lifeline program) Docket No. 080234-TP
involving bundled service packages and) Filed: December 23, 2008
placement of additional enrollment requirements)
on customers)
_____)

**NOTICE OF SERVICE OF VERIZON FLORIDA LLC'S OBJECTIONS AND
RESPONSES TO COMMISSION STAFF'S FIRST SET OF INTERROGATORIES**

NOTICE IS HEREBY GIVEN that Verizon Florida LLC, by and through its undersigned counsel, has served its Objections and Responses to Staff's First Set of Interrogatories via electronic mail and U.S. mail to Charles W. Murphy, Staff Counsel, Florida Public Service Commission, 2540 Shumard Oak Blvd., Tallahassee, FL 32399-0850.

A copy of this Notice was also sent via electronic mail and U.S. Mail on December 23, 2008 to the Office of Commission Clerk at the Commission. Further service on other parties of record is as set forth on the Certificate of Service, appended hereto.

Respectfully submitted on December 23, 2008.

By: s/ Dulaney L. O'Roark III
Dulaney L. O'Roark III
P. O. Box 110, 37th Floor
MC FLTC0007
Tampa, Florida 33601-0110
Phone: (678) 259-1449
Fax: (678) 259-2105
Email: de.oroark@one.verizon.com

Attorney for Verizon Florida LLC

DOCUMENT NUMBER-DATE

11812 DEC 23 8

FPSC-COMMISSION CLERK

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that copies of the foregoing were sent via electronic mail and U.S. Mail on December 23, 2008 to:

Charles Murphy, Staff Counsel
Office of the General Counsel
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399
cmurphy@psc.state.fl.us

Timisha Brooks, Staff Counsel
Office of the General Counsel
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399
tbrooks@psc.state.fl.us

Stephen Rowell
Alltel Communcations, LLC
1 Allied Drive
Little Rock, AR 72202
stephen.b.rowell@alltel.com

Douglas C. Nelson
Sprint Nextel
233 Peachtree St., NE, Suite 2200
Atlanta, GA 30303
douglas.c.nelson@sprint.com

Nextel Partners/Sprint PCS
6500 Sprint Parkway
Overland Park, KS 66251

J.R. Kelly/Patricia Christensen
Office of Public Counsel
c/o The Florida Legislature
111 W. Madison Street, Room 812
Tallahassee, FL 32399-1400

Marsha E. Rule
Rutledge Law Firm
P.O. Box 551
Tallahassee, FL 32302-0551
marsha@reuphlaw.com

s/ Dulaney L. O'Roark III
Dulaney L. O'Roark III

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Implementation of Florida lifeline program) Docket No. 080234-TP
involving bundled service packages and) Filed: December 23, 2008
placement of additional enrollment requirements)
on customers)
_____)

**VERIZON FLORIDA LLC'S OBJECTIONS AND RESPONSES TO
COMMISSION STAFF'S FIRST SET OF INTERROGATORIES**

Pursuant to the Order Establishing Procedure in this docket dated September 15, 2008, Verizon Florida LLC ("Verizon") submits the following objections and responses to Commission Staff's First Set of Interrogatories to Verizon dated November 19, 2008 (the "Discovery Requests").

<u>Interrogatory No.</u>	<u>Responses provided by:</u>
1, 3, 5-7, 9, 10, 13	Demetria Clark and David Christian
2, 11, 14	Paul Vasington
4	Susan Miller
8	Counsel for Verizon
12	William Bradley

GENERAL OBJECTIONS

1. Verizon objects to the Discovery Requests and all Definitions associated with the Discovery Requests to the extent they purport to impose obligations that are different from, or go beyond, the obligations imposed under Rules 1.280, 1.340, and 1.351 of the Florida Rules of Civil Procedures and the Rules of the Commission.

2. Verizon objects to the Discovery Requests to the extent they seek documents or information protected by the attorney-client privilege, the attorney

DOCUMENT NUMBER-DATE

11812 DEC 23 8

FPSC-COMMISSION CLERK

work-product doctrine, or any other applicable privileges or doctrines. Any inadvertent disclosure of such privileged documents or information shall not be deemed to be a waiver of the attorney-client privilege, attorney work-product doctrine, or other applicable privileges or doctrines.

3. Verizon objects to the Discovery Requests to the extent that they are vague and ambiguous, particularly to the extent that it uses terms that are undefined or vaguely defined.

4. Verizon objects to the Discovery Requests to the extent they seek confidential business, financial, or other proprietary documents or information. Verizon further objects to the Discovery Requests to the extent they seek documents or information protected by the privacy protections of the Florida or United States Constitutions, or any other law, statute, or doctrine.

5. Verizon objects to the Discovery Requests to the extent they seek documents or information equally available to Staff as to Verizon through public sources or records or which is already in the possession, custody or control of the Commission.

6. To the extent Verizon responds to Staff's Discovery Requests, Verizon reserves the right to amend, replace, supersede, or supplement its responses as may become appropriate in the future, but it undertakes no continuing or ongoing obligation to update its responses.

7. Verizon objects to the Discovery Requests to the extent that they seek to impose an obligation on Verizon to respond on behalf of subsidiaries,

affiliates, or other persons that are not subject to the jurisdiction of the Commission.

8. Verizon objects to the Discovery Requests to the extent they seek information that is not reasonably calculated to lead to the discovery of admissible evidence and not relevant to the subject matter of this proceeding.

9. Verizon objects to the Discovery Requests to the extent they are duplicative and overlapping, cumulative of one another, overly broad, or seek responses in a manner that is unduly burdensome.

INTERROGATORIES

1. At Paragraph 15 of Verizon's Request to Initiate Formal Proceedings, that was filed in this docket, Verizon asserts that the \$3.50 portion of the Lifeline discount "has the potential to cause competitive harm to wireline carriers, especially incumbent local exchange carriers."

Section 364.025(3), Florida Statutes, provides the following:

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

Has Verizon filed a Section 364.025(3) petition with the FPSC indicating the need to be reimbursed the \$3.50 portion of the Lifeline discount?

RESPONSE: Subject to and without waiving the General Objections, Verizon states that it has not filed such a petition.

2. By letter dated November 30, 2000, to the FPSC's Director of Competitive Services, Walter D'Haeseleer, from Verizon's Director-Regulatory

Affairs, Michelle Robinson, regarding the possible establishment of an interim Lifeline fund in Florida to reimburse the \$3.50 credit provided to customers by ETCs, Verizon stated that it, "is opposed to any universal service-like funding mechanism to be imposed on Florida's local exchange carriers at this time." Verizon continued, "Our position on this matter, however, should in no way be construed that Verizon is any less 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 targeted efforts." Do the statements quoted from Verizon's November 30, 2000, letter still reflect Verizon's position?

RESPONSE: Subject to and without waiving the General Objections, Verizon states that Staff did not provide a copy of the letter it references and Verizon therefore cannot assess the quoted statements in context. In an effort to be responsive, Verizon states that it has not requested the establishment of a state universal fund in Florida; that it remains committed to Florida's Lifeline and Link Up programs; and that it supports the Commission's objective of promoting these programs through cost-effective, targeted efforts.

2a. If the answer to 2 is "No," please describe how Verizon's position has changed.

RESPONSE: See response to Interrogatory No. 2.

2b. If the answer to 2 is "No," please describe why Verizon's position has changed.

RESPONSE: See response to Interrogatory No. 2.

3. Has Verizon ever permitted any Florida customer with a bundled service package to receive the Lifeline discount for that service?

RESPONSE: Subject to and without waiving the General Objections, Verizon states that to the best of its knowledge, it has not done so.

3a. If the answer to 3 is "yes," how many of Verizon's Florida customers have received the Lifeline discount for a bundled service package?

RESPONSE: Not applicable.

3b. If the answer to 3 is "yes," is the practice ongoing?

RESPONSE: Not applicable.

3c. If the answer to 3 is "yes" and the answer to 3b is "no," when did Verizon cease permitting its Florida customer(s) to receive the Lifeline discount for a bundled service package?

RESPONSE: Not applicable.

3d. If the answer to 3 is "yes" and the answer to 3b is "no," why did Verizon cease permitting its Florida customer(s) to receive the Lifeline discount for a bundled service package?

RESPONSE: Not applicable.

4. Does any Verizon affiliate provide a Lifeline discount to any customer for a bundled service package in any state in which the affiliate operates? If yes, please list the affiliate(s) and state(s).

RESPONSE: Yes. Verizon California Inc. offers the Lifeline discount on service packages in California; Verizon South Inc. offers the Lifeline discount on service packages in North Carolina; Verizon Northwest Inc. offers the Lifeline discount on service packages in Oregon; and GTE Southwest Incorporated (d/b/a Verizon Southwest) offers the Lifeline discount on service packages in Texas. Each of these affiliates is fully reimbursed for all Lifeline discounts.

5. How many Florida consumers who have applied for service directly with Verizon have requested the Lifeline discount?

RESPONSE: Subject to and without waiving the General Objections, Verizon states that it does not track the number of Lifeline discount applications it receives based on the origin of the request.

5a. Of the customer total identified by Verizon in response to 5, how many received the Lifeline discount?

RESPONSE: See response to No. 5.

5b. Of the customer total identified by Verizon in response to 5, how many did not receive the Lifeline Discount?

RESPONSE: See response to No. 5.

5c. Of the customer total identified by Verizon in response to 5b, please list the reason(s) why the customers did not receive the Lifeline discount and the number of customers who failed to receive the Lifeline discount for each reason identified.

RESPONSE: See response to No. 5.

6. Since the inception of the Lifeline automatic enrollment process, how many Lifeline automatic enrollment applicants have been turned down for the Lifeline discount by Verizon because the applicant requested, or already had, a bundled service package?

RESPONSE: Subject to and without waiving the General Objections, Verizon states that its systems do not track this data. In an effort to be responsive, Verizon has manually compiled data it has received from the automatic enrollment process and determined that, based on data from February 2008 through early December 2008, approximately 6,500 applicants were denied the Lifeline discount because they had a bundled service package.

7. Has Verizon's customer enrollment in Lifeline service declined in the past two years?

RESPONSE: Subject to and without waiving the General Objections, Verizon states that from September 2006 to September 2008, Verizon experienced a decrease of approximately 13% in the number of customers receiving the Lifeline discount. Verizon notes that this percentage is substantially lower than the percentage decrease in Verizon's total residential access lines during the same period. Thus, the percentage of Verizon's residential customers who receive the Lifeline discount increased during that time.

7a. If the answer to 7 is "yes," to what does Verizon attribute the decline?

RESPONSE: Subject to and without waiving the General Objections, Verizon states that it has not conducted a study analyzing the decline in the number of its customers who receive the Lifeline discount. Verizon further states that competition, which has caused the overall decrease in its subscribership, probably has played a significant role in the decrease in Lifeline customers.

7b. If the answer to 7 is "yes," could the decline be related to Verizon not applying the Lifeline discount to bundled service offerings?

RESPONSE: Subject to and without waiving the General Objections, Verizon states that it has not analyzed the reasons for the decline in the number of its customers who receive the Lifeline discount. Verizon further notes that its policy of not applying the Lifeline discount to bundled service offerings remained the same over the two years in question.

8. Section 364.10(3)(a) Florida Statutes, provides the following:

Effective September 1, 2003, any local exchange telecommunications company authorized by the commission to reduce its switched network access rate pursuant to s. 364.164 shall have tariffed and shall provide Lifeline service to any otherwise eligible customer or potential customer who meets an income eligibility test at 135 percent or less of the federal poverty income guidelines for Lifeline customers. (emphasis added).

Does refusing to offer a Lifeline discount on bundled service packages conflict with the intent of Section 364.10(3)(a)?

RESPONSE: Subject to and without waiving the General Objections, Verizon states that not offering the Lifeline discount on bundled service packages does not conflict with the intent of Section 364.10(3)(a) because other sections of Chapter 364 make clear that telecommunications carriers are not required to offer the Lifeline discount to customers with service bundles.

9. How much universal service fund support has Verizon received over the last three years from the high-cost federal universal service program? Please include any embedded high-cost loop support, local switching support, interstate access support, or interstate common-line support.

RESPONSE: Subject to and without waiving the General Objections, Verizon states that it has received federal universal service support and interstate access support for Study Area 210328 in the following amounts:

2006	\$20,833,977
2007	\$16,996,560
YTD 2008 (Nov)	\$13,740,122
Total	\$51,570,659

10. What percentage of Verizon customers subscribe to bundled service packages?

RESPONSE: Subject to and without waiving the General Objections, Verizon states that as of November 2008 **CONFIDENTIAL** ___% **END CONFIDENTIAL** of Verizon's residential access lines were used for bundled services.

11. Is it in the public interest to not allow a Lifeline discount on bundled service packages?

RESPONSE: Subject to and without waiving the General Objections, Verizon states that it is not in the public interest to require telecommunications companies to provide the Lifeline discount on residential access lines used for bundled services, for the reasons explained in the Direct Testimony of Paul Vasington.

12. If a person calls Verizon to request telephone service, does a Verizon sales representative sometimes attempt to sell that person a bundled service package?

RESPONSE: Subject to and without waiving the General Objections, Verizon states that when appropriate its service representatives seek to sell bundled services to prospective customers who call Verizon.

12a. If, the answer to 12 is "yes," what percentage of callers requesting telephone service does Verizon attempt to sell a bundled service package?

RESPONSE: Subject to and without waiving the General Objections, Verizon states that it does not track the percentage of times its representatives attempt to sell bundled service packages to prospective customers.

12b. If the answer to 12 is "yes," does Verizon's practice of attempting to sell callers requesting telephone service a bundled service package also apply to callers who request the Lifeline discount?

RESPONSE: Subject to and without waiving the General Objections, Verizon states that when a customer requests the Lifeline discount, the Verizon representative informs the customer that the discount only is available with basic service. If the customer is interested, the customer representative will discuss service bundles with the customer so he or she can make a fully informed decision.

13. What does Verizon tell a Lifeline applicant who applies for the Lifeline discount through the Lifeline automatic enrollment process when that applicant has an existing bundled service package with Verizon?

RESPONSE: Subject to and without waiving the General Objections, Verizon states that when a Verizon customer subscribing to a bundled service package applies for Lifeline, Verizon mails a letter to the customer explaining that the customer has the option of subscribing to basic service and receiving the Lifeline discount or subscribing to a bundled service package without the Lifeline discount.

14. Please identify a Verizon employee who is an expert in Verizon's Lifeline service that is offered in the State of Florida.

RESPONSE: Subject to and without waiving the General Objections, Verizon states that Paul Vasington has policy expertise concerning the Lifeline discount Verizon offers in Florida.

Respectfully submitted on December 23, 2008.

By: s/ Dulaney L. O'Roark III
Dulaney L. O'Roark III
P. O. Box 110, 37th Floor
MC FLTC0007
Tampa, Florida 33601-0110
Phone: (678) 259-1449
Fax: (678) 259-1589
Email: de.oroark@verizon.com

Attorney for Verizon Florida LLC

EXHIBIT NO. 2 _____

DOCKET NO.: 080234-TP

WITNESS: n/a

PARTY: Staff

DESCRIPTION:

B

PROFFERING PARTY: Staff

I.D. # STIP-2

Dulaney L. O'Roark III
Vice President-General Counsel, Southeast Region
Legal Department



5055 North Point Parkway
Alpharetta, Georgia 30022
Phone 678-259-1449
Fax 678-259-1589
de.oroark@verizon.com

December 30, 2008 – **VIA ELECTRONIC MAIL**

Ann Cole, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 080234-TP
Implementation of Florida lifeline program involving bundled service packages
and placement of additional enrollment requirements on customers

Dear Ms. Cole:

Enclosed for filing in the above matter is Verizon Florida LLC's Notice of Service of First Supplemental Response to Commission Staff's First Set of Interrogatories. Service has been made as indicated on the Certificate of Service. If there are any questions regarding this filing, please contact me at 678-259-1449.

Sincerely,

s/ Dulaney L. O'Roark III

Dulaney L. O'Roark III

tas

Enclosures

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Implementation of Florida lifeline program) Docket No. 080234-TP
involving bundled service packages and) Filed: December 30, 2008
placement of additional enrollment requirements)
on customers)
_____)

**NOTICE OF SERVICE OF VERIZON FLORIDA LLC'S
FIRST SUPPLEMENTAL RESPONSE TO
COMMISSION STAFF'S FIRST SET OF INTERROGATORIES**

NOTICE IS HEREBY GIVEN that Verizon Florida LLC, by and through its undersigned counsel, has served its first supplemental response to Staff's First Set of Interrogatories via electronic mail and U.S. mail on December 30, 2008 to Charles W. Murphy, Staff Counsel, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, FL 32399-0850.

A copy of this Notice was also sent via electronic mail on December 30, 2008 to the Office of the Commission Clerk. Further service on other parties of record is as set forth on the Certificate of Service, appended hereto.

Respectfully submitted on December 30, 2008.

By: s/ Dulaney L. O'Roark III
Dulaney L. O'Roark III
5055 North Point Parkway
Alpharetta, Georgia 30022
Phone: (678) 259-1449
Fax: (678) 259-1589
Email: de.oroark@verizon.com

Attorney for Verizon Florida LLC

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Implementation of Florida lifeline program) Docket No. 080234-TP
involving bundled service packages and)
placement of additional enrollment requirements)
on customers)
_____)

**VERIZON FLORIDA LLC'S FIRST SUPPLEMENTAL RESPONSE
TO COMMISSION STAFF'S FIRST SET OF INTERROGATORIES**

Verizon Florida LLC ("Verizon") supplements its objections and responses to Commission Staff's First Set of Interrogatories to Verizon dated November 19, 2008 as follows:

INTERROGATORY

4. Does any Verizon affiliate provide a Lifeline discount to any customer for a bundled service package in any state in which the affiliate operates? If yes, please list the affiliate(s) and state(s).

SUPPLEMENTAL RESPONSE: Subject to and without waiving the General Objections set forth in its initial objections and responses, Verizon states that certain affiliates do provide a Lifeline discount to customers with service packages in certain states. Verizon California Inc. offers the Lifeline discount on service packages in California; Verizon South Inc. offers the Lifeline discount on service packages in North Carolina; Verizon Northwest Inc. offers the Lifeline discount on service packages in Oregon; and GTE Southwest Incorporated (d/b/a Verizon Southwest) and MCImetro Access Transmission Services LLC d/b/a Verizon Access Transmission Services ("MCI") offer the Lifeline discount on service packages in Texas. Each of these affiliates except MCI is fully reimbursed for all Lifeline discounts.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that copies of the foregoing were sent via electronic mail and/or U.S. mail on December 30, 2008 to:

Charles Murphy/Timisha Brooks
Office of General Counsel
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850
cmurphy@psc.state.fl.us
tbrooks@psc.state.fl.us

Stephen Rowell
1 Allied Drive
Alltel Communications, LLC
Little Rock, AR 72202
stephen.b.rowell@alltel.com

Nextel Partners/Sprint PCS
6500 Sprint Parkway
Overland Park, KS 66251

J. R. Kelly/Patricia Christensen
Office of Public Counsel
c/o The Florida Legislature
111 West Madison St., Room 812
Tallahassee, FL 32399-1400
kelly.jr@leg.state.fl.us
christensen.patty@leg.state.fl.us

Marsha E. Rule
Rutledge Law Firm
P. O. Box 551
Tallahassee, FL 32302-0551
marsha@reuphlaw.com

Douglas C. Nelson
Sprint Nextel
233 Peachtree Street N.E.
Suite 2200
Atlanta, GA 30303
douglas.c.nelson@sprint.com

s/ Dulaney L. O'Roark III

EXHIBIT NO. 3 _____

DOCKET NO.: 080234-TP

WITNESS: n/a

PARTY: Staff

DESCRIPTION: Sprint-Nextel Responses to Staff's Interrogatories (1-13)

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 080234-TP EXHIBIT 3

COMPANY FL PSC Staff - Stip-3

WITNESS Sprint-Nextel Responses to Staff's

DATE 03/02/09 Interrogatories (1-13)

PROFFERING PARTY: Staff

I.D. # STIP-3

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Implementation of Florida lifeline program involving bundled service packages and placement of additional enrollment requirements on customers.

DOCKET NO. 080234-TP

DATED: December 19, 2008

**RESPONSES OF SPRINT NEXTEL
TO COMMISSION STAFF'S FIRST SET OF INTERROGATORIES**

COMES NOW NPCR, Inc. d/b/a Nextel Partners and Sprint Corporation n/k/a Sprint Nextel Corporation d/b/a Sprint PCS (collectively "Sprint Nextel"), by and through undersigned counsel and pursuant to Order No. PSC-08-0594-PCO-TP, and provides its Responses to Commission Staff's First Set of Interrogatories to Sprint Nextel dated November 19, 2008 in the above-styled docket. Sprint Nextel provides these responses subject to the general and specific objections filed on December 1, 2008 and without waiving such objections.

Respectfully submitted this 19th day of December, 2008.

/s/ Marsha E. Rule

Marsha E. Rule
Rutledge, Ecenia & Purnell
P.O. Box 551
Tallahassee, FL 32302-0551
(850) 681-6788
Fax: (850) 681-6515
marsha@reuphlaw.com

Douglas C. Nelson
William R. Atkinson
Sprint Nextel
233 Peachtree Street NE, Suite 2200
Atlanta, GA 30339-3166
(404) 649-0003
Fax: (404) 649-0009
douglas.c.nelson@sprint.com

Attorneys for Sprint Nextel

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of Sprint Nextel's Responses to Staff's First Set of Interrogatories has been furnished by U.S. mail and where indicated, by email, on December 19, 2008, to the following parties:

Charles W. Murphy, Esq.
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850
Email: cmurphy@psc.state.fl.us

Dulaney L. O'Roark III
Verizon Florida LLC
P.O. Box 110, 37th Floor
MC FLTC0007
Tampa, FL 33601-0110
Email: de.oroark@verizon.com

Denise Collins
Stephen Rowell
Alltel Communications, LLC
1410 Market Street
Tallahassee, FL 32312
Email: denise.collins@alltel.com
Email: stephen.b.rowell@alltel.com

J.R. Kelly/Patricia Christensen
Office of Public Counsel
c/o The Florida Legislature
111 W. Madison Street, Room 812
Tallahassee, FL 32399-1400
Phone: 850-488-9330

/s/ Marsha E. Rule
Marsha E. Rule

Staff Interrogatory #1

In Sprint-Florida's ETC designation Order No. DA 04-3617, issued November 18, 2004, footnote 27, and in Nextel's Florida ETC designation Order No. DA 04-2667, issued August 25, 2004, footnote 30, the FCC stated "We note that ETCs must comply with state requirements in states that have Lifeline programs." Does Sprint-Nextel agree that if a Lifeline discount on bundled packages becomes a requirement of the Florida Lifeline program, it must abide by that requirement?

RESPONSE: Subject to Sprint Nextel's objections filed on December 1, 2008 and without waiving such objections, Sprint Nextel provides the following response: No. This interrogatory seeks a legal conclusion on whether Sprint Nextel must abide by a state interpretation of a federal rule that is inconsistent with the plain meaning of that federal rule. Federal law does provide that an ETC must comply with some, but not all state Lifeline rules or regulations in states such as Florida that have established their own Lifeline program. Specifically, federal law provides that an ETC must comply with state rules or regulations regarding five specific issues: 1) Eligibility criteria, as specified in 47 C.F.R. §§ 54.409(a) and 54.415(a); 2) Certification of income, as specified in 47 CFR §54.410(a)(1); 3) Verification of continued eligibility, as specified in 47 C.F.R. § 54.410(c)(1); 4) Procedures for resolving disputes concerning eligibility and the termination of Lifeline assistance due to ineligibility, as specified in 47 C.F.R. § 54.405(c)-(d); and 5) Recordkeeping requirements, as specified in 47 C.F.R. § 54.417(a).

Staff Interrogatory #2

In Section IV of Sprint-Nextel's Protest Petition, it states that Sprint-Nextel "does not offer basic local exchange services, so there is no basic local service rate portion of a bundle to which the Lifeline discount may be applied." Paragraph 11 of FCC Order No. DA 04-3617 states:

We reject the claims of certain commenters that Sprint does not provide the required services and functionalities supported by the universal service mechanism. First, commenters argue that Sprint should be required to offer unlimited local calling to mirror the services offered by wireline carriers. No such requirement is necessary because the Commission has not established a minimum local usage requirement and Sprint has pledged compliance with any and all minimum local usage requirements under applicable law. We note that Sprint includes local usage in all of its calling plans. (emphasis added)

Paragraph 12 of FCC Order No. DA 04-2667 states:

In addition, other commenters assert that Nextel should be required to offer unlimited local calling to mirror the services offered by wireline carriers or to limit the number of minutes a customer may use to coincide with the number of minutes allocated to the plan selected so that customers do not incur higher charges. Such requirements are unnecessary because the Commission has not established a minimum local usage requirement and Nextel has pledged compliance with any and all minimum usage requirements required by applicable law. Nextel also states that local usage is included in all of its calling plans. (emphasis added)

Please explain the difference between the "local usage" described in the FCC Sprint-Nextel Orders and basic local exchange service.

RESPONSE: Sprint Nextel believes the FCC Orders cited and the definition of "basic local exchange service" set forth in Section 364.02, Florida Statutes, speak for themselves. "Local usage" is defined by FCC Rule 54.101(1)2) to include "an amount of minutes of use" included in a service offering that may be used to complete intra-exchange calls. Sprint Nextel's service offerings include minutes of use that may be used to complete either intra-exchange or interexchange calls. There is no separate charge for interexchange calls. Thus, there is no distinction between the "local" and non-local portion of a subscriber's bill. In addition, the cited language in the FCC Orders plainly states that unlimited local calling is not required to meet the local usage requirement in order to provide the required services and functionalities supported by the universal service mechanism. Thus "local usage" as described in the FCC Sprint Nextel Orders does not require unlimited local calling. This differs from the definition of "basic local exchange service" discussed in ORDER NO. PSC-08-0417-PAA-TP, which is defined in Section 364.02, Florida Statutes, as including flat rate "local usage necessary to place unlimited calls within a local exchange area." However, a wireless ETC may only apply federal Lifeline

support to reduce the cost of the carrier's *lowest cost residential service offering* that includes the required services and functionalities.

Staff Interrogatory #3

Paragraph 72 of FCC Order 05-46, released March 17, 2005, states:

If a review of the data submitted by an ETC indicates that the ETC is no longer in compliance with the Commission's criteria for ETC designation, the Commission may suspend support disbursements to that carrier or revoke the carrier's designation as an ETC. Likewise, as the Joint Board noted, state commissions possess the authority to rescind ETC designations for failure of an ETC to comply with the requirements of section 214(e) of the Act or any other conditions imposed by the state.

Does Sprint-Nextel agree that the FPSC has the authority to revoke Sprint-Nextel's ETC designation if Sprint-Nextel fails to comply with requirements of Florida's Lifeline program?

RESPONSE: See Response to Staff Interrogatory #1 above. A state should not be permitted to "rescind" an ETC designation for failure of an ETC to comply with an erroneous interpretation of federal law. The FCC granted Sprint Nextel's designation under 47 USC § 214(e)(6). Therefore the FCC is responsible for evaluating Sprint Nextel's compliance with the federal requirements.

Staff Interrogatory #4

How many Florida consumers have requested the Lifeline discount from Sprint-Nextel and subsequently been turned down because the consumer needed a bundled service package?

RESPONSE: Subject to Sprint Nextel's objections filed on December 1, 2008 and without waiving such objections, Sprint Nextel provides the following response: Sprint Nextel does not know how many, if any, Florida consumers "have been turned down because the consumer needed a bundled service package."¹

¹ Sprint Nextel's interpretation of "bundled service package" throughout these Responses is consistent with General Limitation and Objection #1 in Sprint Nextel's December 1, 2008 filed objections.

Staff Interrogatory #5

Since the inception of the Lifeline automatic enrollment process, how many Lifeline automatic enrollment applicants have been turned down for the Lifeline discount by Sprint- Nextel because the applicant requested, or already had, a bundled service package?

RESPONSE: See Response to Staff Interrogatory #4 above.

Staff Interrogatory #6

How much universal service fund support has Sprint-Nextel received in Florida over the last three years from the high-cost federal universal service program? Please include any embedded high-cost loop support, local switching support, interstate access support, or interstate common-line support.

RESPONSE: Subject to Sprint Nextel's objections filed on December 1, 2008 and without waiving such objections, Sprint Nextel provides the following response: Sprint PCS received \$20,650,606 from November 2005 to October 2008 in federal high-cost universal service support. Nextel Partners received \$4,984,617 over the same period.

Staff Interrogatory #7

Is it in the public interest to not allow the Lifeline discount on bundled service packages?

RESPONSE: It is in the public interest to offer and provide the Lifeline discount according to the existing FCC rule that requires ETCs that do not charge a federal End User Common Line charge to apply the discount to the lowest generally available residential rate plan. The purpose of the Lifeline program is to provide affordable service so that low-income individuals can maintain "Lifeline" to allow them essential communications with family, emergency services, etc. Lifeline is not intended to encourage consumers to subscribe to expensive plans that they may not be able to maintain even with the Lifeline discount.

Staff Interrogatory #8

What does Sprint-Nextel tell a Lifeline applicant who applies for the Lifeline discount through the Lifeline automatic enrollment process when that applicant has an existing bundled service package with Sprint-Nextel?

RESPONSE: Subject to Sprint Nextel's objections filed on December 1, 2008 and without waiving such objections, Sprint Nextel provides the following response: All Lifeline applicants are provided with the details of the Sprint Nextel Lifeline program, including the \$13.50 discount on Sprint Nextel's lowest generally available rate plan, which is priced at \$29.99 per month.

Staff Interrogatory #9

Does Sprint-Nextel require a Lifeline applicant who has been qualified through Florida's Lifeline automatic enrollment, to provide any additional information before receiving the discount? If yes, what information?

RESPONSE: Subject to Sprint Nextel's objections filed on December 1, 2008 and without waiving such objections, Sprint Nextel provides the following response: Sprint Nextel requires additional information from applicants referred through the Florida Lifeline automatic enrollment process to ensure that the applicant is not receiving the Lifeline discount already through another service. FCC rules allow only one discount per household. In addition, Sprint Nextel wishes to ensure applicants who qualify for additional tribal lands benefits are identified and requests such information. Sprint Nextel also requires the applicant to agree to the rates, terms and conditions of the lowest generally available rate plan to which the Lifeline discount is applied, consistent with 47 C.F.R. § 54.403(b).

Staff Interrogatory #10

In response to staff's data request for the 2008 annual Lifeline report, Sprint-Nextel stated that it had 2,148,656 Florida customers in the second quarter of 2008, but had only 78 Lifeline customers. According to an FCC estimate, 15.8% of Florida households are eligible for Lifeline service. Please explain why Sprint-Nextel has so few Lifeline customers, and describe what plans, if any, Sprint-Nextel has to increase the number of Sprint-Nextel customers who receive the Lifeline discount in Florida.

RESPONSE: By way of clarification, Sprint Nextel reported that it had 2,148,656 customer lines within its designated ETC service areas in Florida. This is not the same as the total number of customers throughout Florida. Sprint Nextel's Lifeline enrollment is increasing and continues to increase. As of the end of November, Sprint Nextel has 129 customers who receive the Lifeline discount in Florida. Any explanation for why Sprint Nextel's Lifeline enrollment is not higher would be speculative, but one common reason applications are rejected is that an applicant's residence is outside Sprint Nextel's ETC service area. Sprint Nextel believes that many prospective Lifeline enrollees choose to apply for the Lifeline discount on their landline phones. (There can only be one discounted line per household.) In addition to its current efforts, including but not limited to advertising and toll free information, Sprint Nextel has taken steps in

the past year to increase enrollment by implementing a website through which prospective applicants can learn about the Lifeline program and download a Lifeline application.

Staff Interrogatory #11

Has Sprint-Nextel ever permitted a Florida customer with a bundled service package to receive the Lifeline discount for that service?

11(a) If the answer to 11 is “yes,” how many of Sprint-Nextel’s Florida customers have received the Lifeline discount for a bundled service package?

11b) If the answer to 11 is “yes,” is the practice ongoing?

11c) If the answer to 11 is “yes” and the answer to 11b is “no,” when did Sprint-Nextel cease permitting its Florida customer(s) to receive the Lifeline discount for a bundled service package?

11d) If the answer to 11 is “yes” and the answer to 11b is “no,” why did Sprint-Nextel cease permitting its Florida customer(s) to receive the Lifeline discount for a bundled service package?

RESPONSE: Subject to Sprint Nextel’s objections filed on December 1, 2008 and without waiving such objections, Sprint Nextel provides the following response: No.

Staff Interrogatory #12

Does any Sprint-Nextel affiliate provide a Lifeline discount to any customer for a bundled service package in any other state which the affiliate operates? If yes, please list the affiliate(s) and state(s).

RESPONSE: Subject to Sprint Nextel’s objections filed on December 1, 2008 and without waiving such objections, Sprint Nextel provides the following response: The Kansas Corporation Commission (“KCC”) has implemented an order requiring ETCs to apply the Lifeline discount to calling plans other than the lowest generally available residential rate plan. Sprint Nextel does not agree with this requirement and has filed a Petition for Declaratory Ruling with the FCC (WC Docket No. 03-109, 07-138), asserting that the KCC order violates federal law.

Staff Interrogatory #13

Please identify a Sprint-Nextel employee who is an expert in Sprint-Nextel's Lifeline service that is offered in the State of Florida.

RESPONSE: Mr. John Mitus, who is Sprint Nextel's witness in this docket.

EXHIBIT NO. 4 _____

DOCKET NO.: 080234-TP

WITNESS: n/a

PARTY: Staff

DESCRIPTION: Alltel Responses to Staff's Interrogatories (1-12)

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 080234-TP EXHIBIT 4

COMPANY FL PSC Staff - Stip-4

WITNESS Alltel Responses to Staff's Interrogatories

DATE 03/02/09 (1-12)

PROFFERING PARTY: Staff

I.D. # STIP-4

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Implementation of Florida lifeline program involving bundled service packages and placement of additional enrollment requirements on customers.

DOCKET NO. 080234-TP

DATED: NOVEMBER 19, 2008

ALLTEL COMMUNICATIONS, LLC'S OBJECTIONS AND RESPONSE TO COMMISSION STAFF'S FIRST SET OF INTERROGATORIES

Pursuant to the Order Establishing Procedures in this docket dated September 15, 2008, Alltel Communications, LLC ("Alltel") submits the following objections and responses to Commission Staff's First Set of Interrogatories to Alltel dated November 19, 2008.

Interrogatory 1: In ALLTEL's ETC designation Order No. DA 04-3046, issued September 24, 2004, at footnote 29, the FCC stated, "We note that ETCs must comply with state requirements in states that have Lifeline programs." Does ALLTEL agree that if a Lifeline discount on bundled service packages becomes a requirement of the Florida Lifeline program, it must abide by that requirement?

Objection: Alltel objects to this interrogatory as it seeks information that is irrelevant to the scope of this proceeding. This proceeding concerns various parties, including Alltel's challenge to the Commission's determination in order PSC-08-0417-PAA-TP that Federal Communication Commission rule 47 C.F.R. 54.403(b) requires lifeline discounts to be made applicable to all rate plans provided by an eligible telecommunications carrier. This Commission did not conduct a rule making to reach that conclusion and has not considered whether it may or should impose lifeline discounts on all rate plans. This proceeding is also not such a rule making where the Commission is asked to or is considering imposing such a requirement. Therefore, the only issue relevant in this proceeding is whether the Commission erroneously interpreted the FCC rule as requiring such. Alltel believes that the Commission did err. Alltel also objects as this

interrogatory as it calls for a legal conclusion and opinion rather than a disclosure of relevant factual information.

Interrogatory 2: Paragraph 72 of Order FCC 05-46, released March 17, 2005, states:

If a review of the data submitted by an ETC indicates that the ETC is no longer in compliance with the Commission's criteria for ETC designation, the Commission may suspend support disbursements to that carrier or revoke the carrier's designation as an ETC. Likewise, as the Joint Board noted, state commissions possess the authority to rescind ETC designations for failure of an ETC to comply with the requirements of section 214(e) of the Act or any other conditions imposed by the state.

Does ALLTEL agree that the FPSC has the authority to revoke ALLTEL's ETC designation if ALLTEL fails to comply with the requirements of Florida's Lifeline program?

Objection: Alltel incorporates its objection to Interrogatory 1 herein word for word.

Interrogatory 3: Since the inception of the Lifeline automatic enrollment process, how many Lifeline automatic enrollment applicants have been turned down for the Lifeline discount by ALLTEL because the applicant requested, or already had, a bundled service package?

Objection and Response: Alltel incorporates its objection to Interrogatory 1 herein word for word. Without waiving its objection, Alltel responds that it offers qualifying customers lifeline discounts via a stand alone prepaid Lifeline rate plan; however, Alltel's Lifeline rate plan include features such as those identified in the Staff definition of non-basic service, and therefore, qualifying customers receive such services. Alltel does not know how many, if any requests from qualifying customers "have been turned down for the Lifeline discount to be applied to other bundled service packages.

Interrogatory 4: What does ALLTEL tell a Lifeline applicant who requests the Lifeline discount for a bundled service package?

Objection and Response: Alltel incorporates its objection to Interrogatory 1 herein word for word. Without waiving such objection, Alltel, tells all lifeline applicants who requests

service the details of its prepaid Lifeline rate plan and allows the customer to decide if he/she wants to subscribe to such a plan.

Interrogatory 5: How much universal service fund support has ALLTEL received in Florida over the last three years from the high-cost federal universal service program? Please include any embedded high-cost loop support, local switching support, interstate access support, or interstate common-line support.

Objection and Response: Alltel incorporates its objection to Interrogatory 1 herein word for word. Without waiving such objection, Alltel responds that it received approximately \$14M during the last three years from federal high cost universal service program. Alltel has demonstrated each year as to how the high cost support was utilized to provide the supported services through out it ETC designated area.

Interrogatory 6: Is it in the public interest to not allow the Lifeline discount on bundled service packages?

Objection and Response: Alltel incorporates it objection to Interrogatory 1 herein word for word. Without waiving such objection, Alltel responds that it is in the public interest to provide Lifeline consistent with the FCC rules that require it to apply the Lifeline discounts to the lowest tariffed (or otherwise generally available) residential rate plan. Clearly the FCC, recognized that Lifeline is just that, a lifeline for communication. It is not intended to and nor should it encourage customers to subscribe to more service than they can afford. It is intended to enable and assure that those who might not otherwise be able to afford basic service, measured by their income or participation in various programs for those with low income, and thereby assures access to emergency services and basic calling.

Interrogatory 7: What does ALLTEL tell a Lifeline applicant who applies for the Lifeline discount through the Lifeline automatic enrollment process when that applicant has an existing bundled service package with ALLTEL?

Objection and Response: Alltel incorporates its objection to Interrogatory 1 herein word for word. Without waiving such objection, Alltel responds that it contacts each customer within the ETC designated area, who it is notified qualifies under the automatic enrollment process, and advises the customer of the details of its prepaid Lifeline rate plan. The customer is allowed to then switch to such a Lifeline plan at the customer's option.

Interrogatory 8: Does ALLTEL require a Lifeline applicant, who has been qualified through Florida's Lifeline automatic enrollment, to provide any additional information before receiving the discount? If yes, what information?

Objection and Response: Alltel incorporates its objection to Interrogatory 1 herein word for word. Without waiving such objection, Alltel responds that it requires the customer to adequately identify him or herself as the qualified customer. Further, Alltel requires the customer to complete the Lifeline enrollment form which requires a customer to verify that he/she does not receive Lifeline discounts from another service provider and that no other person residing at the customer's billing address receives the Lifeline discounts.

Interrogatory 9: In response to FPSC staff's data request for the 2008 annual Lifeline report, ALLTEL stated that it had 1,039,357 Florida customers in June of 2008, but had only 32 Lifeline customers. According to an FCC estimate, 15.8% of Florida households are eligible for Lifeline service. Please explain why ALLTEL has so few Lifeline customers, and describe what plans, if any, ALLTEL has to increase the number of ALLTEL customers who receive the Lifeline discount in Florida.

Objection and Response: Alltel incorporates its objection to Interrogatory 1 herein word for word. Without waiving such objection, Alltel responds that many customers choose to utilize the available Lifeline discount on their land line phone rather than their wireless phone because the Lifeline discounts are limited to one per residential address. Alltel will continue to advertise the availability of its Lifeline plan and provide notice of such to prospective customers at various appropriate state agencies.

Interrogatory 10: Has ALLTEL ever permitted any Florida customer with a bundled service package to receive the Lifeline discount for that service?

Objection and Response: Alltel incorporates its objection to Interrogatory 1 herein word for word. Without waiving such objection, Alltel responds that the answer is no unless Staff considers Alltel's prepaid Lifeline rate plan that includes some of the features described by Staff definitions as a bundled service package.

Interrogatory 10(a): If the answer to 10 is "yes," how many of ALLTEL's Florida customers have received the Lifeline discount for a bundled service package?

Objection and Response: Alltel incorporates its objection to Interrogatory 1 herein word for word. Without waiving such objection, Alltel directs Staff to its response to Interrogatory 10.

Interrogatory 10(b): If the answer to 10 is "yes," is the practice ongoing?

Objection and Response: Alltel incorporates its objection to Interrogatory 1 herein word for word. Without waiving such objection, Alltel directs Staff to its response to Interrogatory 10.

Interrogatory 10(c): If the answer to 10 is "yes" and the answer to 10b is "no," when did ALLTEL cease permitting its Florida customer(s) to receive the Lifeline discount for a bundled service package?

Objection and Response: Alltel incorporates its objection to Interrogatory 1 herein word for word. Without waiving such objection, Alltel directs Staff to its response to Interrogatory 10.

Interrogatory 10(d): If the answer to 10 is “yes” and the answer to 10b is “no,” why did ALLTEL cease permitting its Florida customer(s) to receive the Lifeline discount for a bundled service package?

Objection and Response: Alltel incorporates its objection to Interrogatory 1 herein word for word. Without waiving such objection, Alltel directs Staff to its response to Interrogatory 10.

Interrogatory 11: Does any ALLTEL affiliate provide a Lifeline discount to any customer for a bundled service package in any state in which the affiliate operates? If yes, please list the affiliate(s) and state(s).

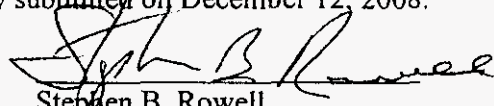
Objection and Response: Alltel incorporates its objection to Interrogatory 1 herein word for word. Without waiving such objection, Alltel responds that in Kansas and Texas, it has been required by state commissions to provide the lifeline discount on some other rate plans. Certain Alltel affiliates also provide the Lifeline discount on several grandfathered bundled service packages in certain former Midwest Wireless and Virginia Cellular states.

Interrogatory 12: Please identify an ALLTEL employee who is an expert in ALLTEL’s Lifeline service that is offered in the State of Florida.

Objection and Response: Alltel incorporates its objection to Interrogatory 1 herein word for word. Without waiving such objection, Alltel responds: Rohan Ranaraja.

Respectfully submitted on December 12, 2008.

By:



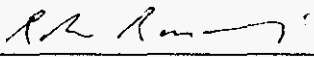
Stephen B. Rowell
Alltel Communications, LLC
1 Allied Drive
Little Rock, AR 72201
Phone: (501) 905-8460
Fax: (501) 905-5489
Email: stephen.b.rowell@alltel.com

Attorney for Alltel Communications, LLC

VERIFICATION

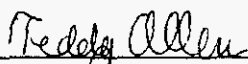
STATE OF ARKANSAS)
) ss
COUNTY OF PULASKI)

I, Rohan Ranaraja, Director-ETC Regulatory Compliance for Alltel Communications, LLC, 1 Allied Drive, Little Rock, AR 72202, being first duly sworn on oath, depose and state that I provided the responses to the foregoing Interrogatory number(s) 1 through 12 from STAFF'S FIRST SET OF INTERROGATORIES TO ALLTEL COMMUNICATIONS, LLC in Docket No. 080234-TP, and that the responses are true and correct to the best of my knowledge, information and belief.

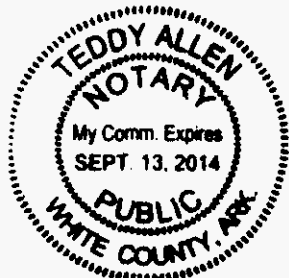


Rohan Ranaraja

SUBSCRIBED AND SWORN to before me this 12th day of December, 2008.



Notary Public



My Commission Expires:
September 13, 2014

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Implementation of Florida lifeline program involving bundled service packages and placement of additional enrollment requirements on customers.

DOCKET NO. 080234-TP

DATED: NOVEMBER 19, 2008

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that copies of the foregoing were sent to the following parties by

U.S. Mail and electronic mail on December 12, 2008:

Verizon Florida LLC
Dulaney L. O'Roark III
P. O. Box 110, 37th Floor
MC FLTC0007
Tampa, Florida 33601-0110
de.oroark@verizon.com

Douglas C. Nelson
Sprint Nextel
233 Peachtree St., NE, Suite 2200
Atlanta, GA 30303
douglas.c.nelson@sprint.com

Office of Public Counsel
J.R. Kelly/Patricia Christensen
c/o The Florida Legislature
111 W. Madison Street, Room 812
Tallahassee, Florida 32399

Nextel Partners/Sprint PCS
6500 Sprint Parkway
Overland Park, KS 66251

Rutledge Law Firm
Marsha E. Rule
P. O. Box 551
Tallahassee, Florida 32302
marsha@reuphlaw.com

Charles Murphy, Staff Counsel
Office of the General Counsel
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399
cmurphy@psc.state.fl.us

Timisha Brooks, Staff Counsel
Office of the General Counsel
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399
tbrooks@psc.state.fl.us

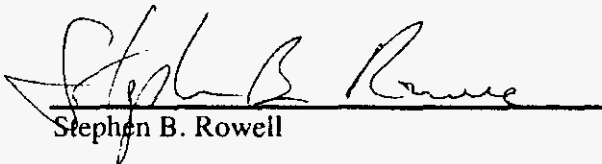

Stephen B. Rowell

EXHIBIT NO. 5 _____

DOCKET NO.: 080234-TP

WITNESS: n/a

PARTY: Staff

DESCRIPTION: Transcript, Late-filed Exhibit (Tax Allocation), and
erratta, if any, from the deposition of Verizon Witness
Paul B. Vasington

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 080234-TP EXHIBIT 5

COMPANY FL PSC Staff

WITNESS Depo-1 - Transcript of Paul B.

DATE 03/02/09 Vasington

PROFFERING PARTY: Staff

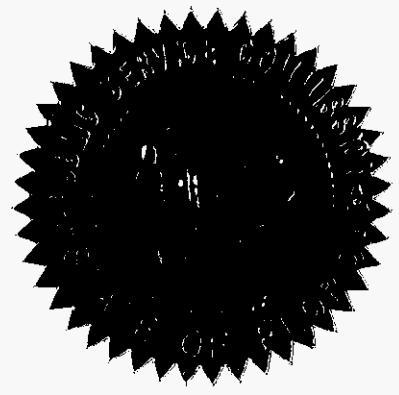
I.D. # DEPO-1

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 080234-TP

In the Matter of:

IMPLEMENTATION OF FLORIDA LIFELINE
PROGRAM INVOLVING BUNDLED SERVICE
PACKAGES AND PLACEMENT OF ADDITIONAL
ENROLLMENT REQUIREMENTS ON CUSTOMERS.



DEPOSITION OF: PAUL VASINGTON

TAKEN AT THE
INSTANCE OF: The Staff of the Florida
 Public Service Commission

PLACE: Room 382D
 Gerald L. Gunter Building
 2540 Shumard Oak Boulevard
 Tallahassee, Florida

TIME: Commenced at 9:35 a.m.
 Concluded at 10:16 a.m.

DATE: Wednesday, February 11, 2009

REPORTED BY: LINDA BOLES, RPR, CRR
 Official FPSC Reporter
 (850) 413-6734

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1 APPEARANCES:

2 DULANEY L. O'ROARK, III, ESQUIRE, Verizon Florida
3 LLC, 5055 North Point Parkway, Floor 1, Alpharetta, Georgia
4 30022, appearing on behalf of Verizon.

5 MARSHA E. RULE, ESQUIRE, Rutledge, Ecenia & Purnell,
6 Post Office Box 551, Tallahassee, Florida 32302-0551, appearing
7 on behalf of Nextel Partners and Sprint PCS.

8 DOUGLAS C. NELSON, ESQUIRE, and BILL ATKINSON,
9 ESQUIRE, Sprint Nextel, 233 Peachtree St., NE, Suite 2200,
10 Atlanta, Georgia 30303, appearing on behalf of Sprint Nextel.

11 CHARLES J. BECK, ESQUIRE, Office of Public Counsel,
12 c/o The Florida Legislature, 111 West Madison St., Room 812,
13 Tallahassee, Florida 32399-1400, appearing on behalf of the
14 Citizens of the State of Florida.

15 CHARLES MURPHY, ESQUIRE, FPSC General Counsel's
16 Office, 2540 Shumard Oak Boulevard, Tallahassee, Florida
17 32399-0850, appearing on behalf of the Commission Staff.

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NUMBER:

ID.

1 (Late-Filed) Tax Treatment of Basic
Functionality in Bundles

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S T I P U L A T I O N

IT IS STIPULATED that this deposition was taken pursuant to notice in accordance with the applicable Florida Rules of Civil Procedure; that objections, except as to the form of the question, are reserved until hearing in this cause; and that reading and signing was not waived.

IT IS ALSO STIPULATED that any off-the-record conversations are with the consent of the deponent.

D E P O S I T I O N

1
2 MR. MURPHY: Why don't we go ahead and -- I'm looking
3 at the court reporter. Ready to take appearances?

4 THE COURT REPORTER: Yes. If everyone would go ahead
5 and on the record we'll start with the people in the room and
6 then on the phone, take appearances, and then I'll swear the
7 witness in.

8 Okay. So this is Linda Boles, court reporter here at
9 the PSC.

10 MR. WILLIAMS: Curtis Williams, Public Service
11 Commission staff.

12 MR. MURPHY: Charlie Murphy for the Public
13 Commission, Public Service Commission staff.

14 MR. POLK: Jim Polk, Public Service Commission staff.

15 MR. O'ROARK: De O'Roark, Verizon.

16 THE WITNESS: Paul Vasington, witness for Verizon.

17 MS. RULE: Marsha Rule, Rutledge, Ecenia & Purnell,
18 here for Sprint Nextel.

19 MR. MAILHOT: Dale Mailhot, Public Service Commission
20 staff.

21 MR. CASEY: Bob Casey, PSC staff.

22 MR. HARLAN: Lisa Harvey, PSC staff.

23 MS. CLARK: Demetria Clark, Verizon.

24 MR. MURPHY: And I've shown the usual stipulation to
25 De and he's found it agreeable. Would you like me to read it

1 or should I just give this to you?

2 THE COURT REPORTER: You can go ahead and read it.

3 MR. MURPHY: Okay. It is stipulated that this
4 deposition was taken pursuant to notice in accordance with the
5 applicable Florida Rules of Civil Procedure; that objections,
6 except as to form of the question, are reserved until hearing
7 in this cause; and that reading and signing is not waived. It
8 is also stipulated that any off-the-record conversations are
9 with the consent of the deponent.

10 THE COURT REPORTER: And the appearances of the
11 people on the phone.

12 MR. MURPHY: Yes. Sorry.

13 Would y'all, would y'all go ahead and identify
14 yourself for the record on the phone.

15 MR. BECK: Yes. This is Charlie Beck with the Office
16 of Public Counsel.

17 MR. NELSON: This is Doug Nelson with Sprint Nextel.

18 MR. ATKINSON: Bill Atkinson on behalf of Sprint
19 Nextel.

20 PAUL VASINGTON

21 was called as a witness and, after being duly sworn by the
22 court reporter, testified as follows:

23 DIRECT EXAMINATION

24 BY MR. MURPHY:

25 Q Hey, Mr. Vasington. I don't have -- I've got a few

1 questions, according to how long you take to answer them.

2 What I'm going to try to do is just ask you a
3 question, you know, is this your testimony, and that will sort
4 of identify where in your testimony that we're talking about,
5 and then, and then we'll have a follow-up question and that
6 will sort of be the way it'll go the whole way through.

7 So on Page 6, Lines 21 through 23 --

8 A In direct?

9 Q Yes, sir.

10 A Yes. I'm there.

11 Q Okay. Is it your testimony that federal rules do not
12 mandate the Lifeline discount for bundles?

13 A Yes, it is.

14 Q Okay. Do the federal rules prohibit a Lifeline
15 discount from being applied to bundled service offerings which
16 contain a local usage functionality?

17 A If you flip the page to Page 7, Lines 1 and 2, I
18 state that, "Whether federal rules preclude a state mandate" --
19 sorry, a typo, it should be the word "for -- "for the Lifeline
20 discount for bundles is still an open question," subject of a
21 pending matter.

22 Q Okay. But whether or not it's mandated, are you
23 saying that it's precluded -- voluntarily could it be done?

24 A I'm saying that's an open question. I don't know
25 whether it's precluded or not. That question is before the FCC

1 right now.

2 Q On voluntary --

3 MR. O'ROARK: When you say voluntary, you mean on
4 behalf of an individual company as opposed to by a state?

5 MR. MURPHY: Yes.

6 THE WITNESS: Oh, I'm sorry. I thought you meant by
7 a state commission.

8 BY MR. MURPHY:

9 Q That was the first question, and then a follow-up.

10 A Okay. No. It is, my understanding is that it's, as
11 you put it, voluntary or discretionary for a company to decide
12 to have that policy in place.

13 Q Okay. On Page 8, Lines 19 through 21 of your direct
14 testimony, is it your testimony that a mandate to apply the
15 Lifeline discount to bundled services would not increase
16 network subscribership?

17 A Yes, it is.

18 Q Is it also your testimony that such a mandate would
19 merely provide a Lifeline discount to customers who already
20 have telephone service?

21 A Already have telephone service or would subscribe to
22 telephone service.

23 Q Okay.

24 A Yes. That's correct.

25 Q Does the goal of the Florida Link-Up and Lifeline

1 programs include helping low-income households in Florida
2 maintain telephone service? In other words, is keeping people
3 on the network one of the goals of universal service in
4 Lifeline/Link-Up?

5 A Yes.

6 Q Is providing a Lifeline discount to eligible
7 customers who already have a telephone, have telephone service
8 consistent with helping low-income individuals maintain
9 telephone service?

10 A Not necessarily.

11 Q Could you elaborate?

12 A A customer may make a choice, say a Verizon customer,
13 for example, may make a choice that they would prefer to have a
14 bundled discount in lieu of a Lifeline discount. So for that
15 customer having a Lifeline discount doesn't maintain that
16 customer's subscription to the network.

17 Q On the other side of the "necessarily," what -- I
18 guess that was not quite a yes or no. Is that a yes or a no?

19 A I guess that would be a no then.

20 Q Okay.

21 A Because I can't agree with the entire premise of the
22 question.

23 Q And what part can you agree with?

24 A I can agree that all else equal having cheaper
25 service than more expensive service helps anybody maintain

1 their ability to buy something. Whether it is the deciding
2 factor on whether they buy something or not is the "not
3 necessarily" part.

4 Q Right. So it's not science. That's rhetorical. We
5 can strike that. You don't have to think that hard about that
6 one.

7 A Okay. Well, thanks.

8 Q Okay. On Page 9, Lines 22 through 23 of your direct
9 testimony, is it your testimony that Florida law requires ETCs
10 to provide the Lifeline discount on basic services only?

11 A Yes.

12 Q Does Verizon's bundled offerings include basic
13 service functionality?

14 A Yes. The functionality of basic service is inherent
15 to any, any telephone plan. But essentially it's dial tone
16 plus, plus some additional capabilities.

17 Q Okay. The things that are set forth in the federal
18 law, the functionality of basic, is that what we're talking
19 about?

20 A Yes.

21 Q Okay. In terms of function is there a difference
22 between standalone basic service functionality and the basic
23 service functionality included in Verizon's bundled service
24 offerings?

25 A Purely as a matter of functionality, no, there's not

1 a difference. Dial tone is dial tone.

2 Q Okay. On Page 10, Lines 14 through 18 of your direct
3 testimony, you were asked the question, "Does Florida law
4 authorize the Commission to require ETCs to exceed the federal
5 requirement of applying the Lifeline discount to basic
6 service?" In response, do you testify that, "No. Florida law
7 does not authorize the Commission to require ETCs to exceed
8 that federal requirement"?

9 A Yes, that's my testimony.

10 Q Would you describe how applying the Lifeline discount
11 to the local usage component of a bundled service offering
12 exceeds a federal requirement?

13 A The federal requirement is tied to the list of
14 supported services in the federal rules, which I supplied in my
15 testimony.

16 A bundle is just that, a bundle. It's a combination
17 of services sold together as a package as part of a discount.
18 So the bundle itself can't be both basic and non-basic. It's
19 one or the other, and we believe it's non-basic. Therefore,
20 since the, the additional capabilities that are provided in a
21 bundle are not part of the list of the supported services under
22 the federal rules, we believe that the mandate to require a
23 Lifeline discount on the bundled package exceeds the federal
24 requirement.

25 Q So you can't disaggregate the functions, you can't

1 take them apart. Is that what you're saying?

2 A Well, be careful about functions. We're talking here
3 about services, and the services in the bundle are sold as a
4 bundle, not as, as piece parts.

5 Q So you can't disaggregate the services.

6 A You can disaggregate the services and sell them on an
7 a la carte basis, which Verizon also does. But as far as the
8 bundle itself, the bundle is a thing. It is a, it is a service
9 by definition, it's a bundle. It's not just one service and
10 then adding another service on as an a la carte basis. It is a
11 whole thing.

12 Q Are they disaggregated for tax purposes when you're
13 paying your taxes on telecommunications?

14 A I don't know.

15 MR. MURPHY: Could we get the answer to that as a
16 late-filed? Is that something you could answer?

17 MR. O'ROARK: We'll take a look at that, Charlie.

18 (Late-Filed Exhibit 1 identified for the record.)

19 BY MR. MURPHY:

20 Q On Pages 10 through 13 of your direct testimony do
21 you discuss basic and non-basic service categories?

22 A 10 to 13?

23 Q Yes.

24 A Sure. Let me just look one second. Sure was not the
25 answer to the question. Sorry.

1 (Pause.)

2 Yes, that's correct.

3 Q Okay. Why were these two service categories
4 established? Do you know?

5 A I know that there's a statutory definition of basic
6 service.

7 Q You're talking about Florida law or federal?

8 A I'm sorry. Florida law. Yes. There is a statutory
9 definition of basic and then a statutory -- well, a
10 statutory -- the definition of non-basic is, under the Florida
11 Statute is what's not, what's not basic, what's not included in
12 the basic.

13 Q Okay.

14 A I know that there was one aspect of that that had to
15 do with the regulatory scheme, and I don't recall off the top
16 of my head if that was driven by the statute. Actually, I'm
17 sorry, let me correct that. I'm looking at Page 12 and there
18 is a different statutory requirement for alternative regulation
19 for basic services or non-basic services. So for that purpose
20 there is a definition in the Florida law. I don't know if
21 there are other purposes for which that definition is, is put
22 other than what I'm mentioning here.

23 Q Okay. And that sort of leads to the next question.
24 Do the Florida Lifeline statutes or rules distinguish between
25 basic and non-basic services?

1 A Yes.

2 Q How so?

3 A They refer to the list of services, the filing of a
4 list of services which is comparable to the filing of the list
5 of services that's required under federal law for qualification
6 of a Lifeline plan. And so the, the definition of the federal
7 services is the list that I, that I mentioned earlier in my
8 testimony, the list of the nine services which corresponds to
9 the definition of basic service under Florida law.

10 Q Right. And I guess this goes back to the question of
11 if a bundle includes those non-services, what is it about the
12 Lifeline statute that would make you believe that, that it is
13 not included?

14 A I'm getting lost in pronouns. What's the "it"?

15 Q If a service includes the functions that are
16 enumerated, is that service included in Lifeline? And if not,
17 why not?

18 A It is not because it is no longer a basic service.
19 The bundles that are sold are not those nine components; they
20 are a combination of a lot of different things. So, therefore,
21 they're not, they're not the same thing. They can't be both.
22 They can't be basic and non-basic at the same time.

23 Q Is that last statement, is that by Commission order
24 or is that by rule or statute?

25 A Both. I believe that the statute differentiates

1 between basic and non-basic, and there's Commission precedent
2 described in my testimony differentiating the two.

3 Q Okay. On Page, Pages 14 and 18, is it your testimony
4 that Verizon will be placed at a competitive disadvantage by
5 having to offer Lifeline service, that you are being placed at
6 such a disadvantage?

7 A Being required to provide Lifeline service at all or
8 the bundle?

9 Q At all.

10 A Yes.

11 Q Okay. Is it, is it also possible that the ability to
12 offer Lifeline service could be an advantage over a competitor
13 such as cable companies?

14 A Yes. That's possible.

15 Q On Page 15, Lines 19 through 21, and Page 16, Lines
16 1 through 3, is it your testimony that cable companies do not
17 have to offer a Lifeline discount on any of their services?

18 A As long as they're not an ETC; that's my belief.

19 Q Are cable companies allowed to become ETCs?

20 A Yes.

21 Q Okay.

22 A They're allowed to apply. They're allowed to
23 petition for the classification. Yes.

24 Q Okay. Page 16 and 17, is it your testimony that
25 Verizon is put at a competitive disadvantage because it is not

1 reimbursed the \$3.50 discount for Lifeline customers?

2 A Yes.

3 Q Did Verizon protest or appeal the PSC order that
4 implemented the \$3.50 discount and required all ETCs to provide
5 it? It may have been GTE back then.

6 A I don't know. I haven't studied that.

7 Q Okay. Did Verizon oppose any universal service-like
8 funding mechanism to be imposed on local exchange carriers in
9 order to fund the \$3.50 discount?

10 A Well, we certainly have said that we're not in favor
11 of establishment of such a fund. Whether we opposed it in
12 principle as being an option, I don't know.

13 Q Okay. Have, has Verizon attempted to use any law or
14 regulatory process to attempt to recoup the \$3.50 discount?

15 A Not to my knowledge.

16 Q Okay. On Page 17, Lines 19 and 20 of your direct
17 testimony, is it your testimony that "No state where Verizon is
18 an ILEC requires the company to offer Lifeline on bundles
19 without full reimbursement"?

20 A Yes, with one qualification is that there is an order
21 in Pennsylvania which came out after my testimony was filed,
22 and I don't know the status of that in terms of both
23 implementation and funding requirements.

24 Q Is Verizon willing to provide a Lifeline discount on
25 a bundled service offering only if it receives full

1 reimbursement?

2 A Well, "willing" is an interesting word. Verizon is
3 reimbursed in fact in all of the states where it has such a
4 mandate with the exception I just, I just mentioned.

5 Q Has Verizon -- just if this will help you. Has
6 Verizon voluntarily applied the Lifeline discount to bundled
7 service offerings in any state in which it provides service?

8 A If by "voluntarily" you mean without having been
9 ordered by a PSC, no, not to my knowledge.

10 Q Okay. Page 18, Lines 1 through 17 in your direct
11 testimony, is it your testimony that offering a Lifeline
12 discount to customers who choose bundles is not a bad idea?

13 A Yes. I'm not saying that it's a bad idea for a
14 company to make that choice.

15 Q And is it your testimony that Verizon nonetheless has
16 chosen not to offer a Lifeline discount on bundled services?

17 A That's right. Verizon has made a decision that
18 that's not an appropriate policy for us.

19 Q Do you know why? Do you know what went into that?

20 A No.

21 Q Okay. In your rebuttal on Page 5, Lines 10 through
22 18, is it your testimony that Verizon is committed to the goal
23 of helping low-income households obtain and maintain basic
24 telephone service?

25 A Yes.

1 Q I think we've been down this road before, but is
2 basic telephone service functionality included in Verizon's
3 bundled service offerings?

4 A The functionalities are, yes.

5 Q Okay. Page 6, Lines 1 through 12 of your rebuttal.
6 Is it your testimony that denying a Lifeline discount to an
7 eligible Lifeline applicant who desires Verizon's bundled
8 service is not a barrier to Lifeline enrollment?

9 A No. It's potentially a mitigating factor on Lifeline
10 enrollment. It is not a barrier to universal service.

11 Q Okay. I'm going to just have you assume, make some
12 assumptions. They're from your reported Lifeline numbers.

13 But assume for purposes of this question that over
14 10,000 Lifeline-eligible Florida customers who were approved by
15 the Department of Children and Families for Lifeline automatic
16 enrollment have been denied a Lifeline discount by Verizon.

17 A Okay.

18 Q Assume that this is -- okay. Assume that this is
19 because the Lifeline-eligible customers desired a bundled
20 service offering.

21 A Okay.

22 Q Okay. With those assumptions, is denying the
23 Lifeline discount to an applicant who wants a bundled service
24 offering a barrier to Lifeline enrollment?

25 A Lifeline enrollment per se, yes. That potentially

1 can decrease the number of people who choose the Lifeline
2 discount because a certain number of those customers may prefer
3 to have the bundled discount in lieu of the Lifeline discount.
4 That's consistent with my testimony. Yes.

5 Q Okay. On Page 6, Lines 20 through 21 of your
6 rebuttal testimony, is it your testimony that, quote, the
7 Commission should not attempt to force ETCs to apply the
8 discount to other telecommunications services?

9 A Yes. Because as I, as I note, Mr. Casey described
10 those services as being discretionary, and we don't think there
11 should be a mandate to require the bundle for the non-basic
12 services.

13 Q Okay. In that context to what other
14 telecommunications services are you referring?

15 A Non-basic.

16 Q Okay. Page 8, Lines 7 through 14, you quote Order
17 FCC 04-87. Is that correct?

18 A Yeah. It's a bit of a secondhand quote I'm quoting
19 from Mr. Casey's testimony, but my belief is that that's an
20 accurate quote of that order.

21 Q Okay. Do Verizon bundled service offerings include
22 vertical services?

23 A Some do, yes.

24 Q Okay. By denying Lifeline-eligible customers a
25 Lifeline discount on bundled service offerings, I want to add

1 that include vertical services, do you place a restriction on
2 the purchase of vertical services?

3 A No.

4 Q Could you elaborate?

5 A Customers have the option of taking vertical services
6 from Verizon. Lifeline customers who get the Lifeline discount
7 on their basic service may purchase vertical services in
8 Florida. There's no restriction on that.

9 Q Okay. Page 9, Lines 4 through 5 of your rebuttal
10 testimony, do you reference states where Verizon is providing a
11 Lifeline discount on bundled services?

12 A Yes.

13 Q And in addition to those that are included, has the
14 Indiana Utility Commission also required ETCs to provide a
15 Lifeline discount on bundled service offerings?

16 A Not to my knowledge. It's possible. But if it is,
17 I'm not aware of it.

18 Q On Page 9, Lines 17 through 19 of your rebuttal
19 testimony, is it your testimony that Ohio prohibits Lifeline
20 customers from purchasing vertical service unless the customer
21 has a medical need?

22 A Yes.

23 Q Has Ohio, has the Ohio Commission approved both AT&T
24 and Embarq requests to apply a Lifeline discount to bundled
25 packages?

1 A I don't know.

2 Q Okay. All right. In your direct testimony, Page 4,
3 Lines 17 through 19, and your rebuttal testimony on Page 11 --

4 A Wait. Wait. Wait. Slow down. Page 4, Lines 17
5 through 19 in direct?

6 Q Yes.

7 A Okay. And then where am I in rebuttal?

8 Q 12 through 14 on Page 11. It's just a quote. I
9 think you'll recognize it.

10 Do you testify that all of the rationales for and the
11 benefits of universal service policy concern the goal of
12 universal customer connections to communications networks?

13 A Yes. Specifically the benefits listed that I
14 describe in my direct testimony above that, the lines that you
15 identified on Page 4.

16 Q Okay. Do the goals of universal service include
17 helping a customer remain on the network?

18 A Yes.

19 Q Does providing a Lifeline discount to low-income
20 customers help them to maintain connection to the network?

21 A Yes.

22 Q Is this also true -- would this also be true of
23 Lifeline customers who subscribe to bundled services?

24 A I think this is the same question you asked earlier
25 that I said not necessarily to. So we can go back through

1 that, those words, if you want, but my position is that all
2 else equal, having a cheaper service than a more expensive
3 service is better for you. However, I don't think that that is
4 the defining factor on whether you stay connected to the
5 network for customers who are on bundles.

6 Q Okay. Page 11, Lines 18 through 21 of your rebuttal
7 testimony. Is it your testimony that if a Lifeline-eligible
8 customer chooses to subscribe to a bundle in lieu of a Lifeline
9 discount, it does not harm universal service?

10 A That's correct.

11 Q Is there a harm to universal service if a customer
12 receives a Lifeline discount on a bundled service offering, the
13 other side of that coin?

14 A Only in the sense that it pulls, it pulls the
15 universal service policy out of the core principles for which
16 it is trying to achieve. It doesn't -- it wouldn't actually
17 reduce subscribership. But I think that spreading a policy
18 beyond the purposes for which it was conceived is harmful.

19 Q So it's harmful to --

20 A It's harmful to that core policy.

21 Q And by -- to the philosophy of it or to the goal of
22 it? What are we talking about when we say "harmful to the
23 policy"?

24 A Well, we're getting a little into philosophy. But I
25 believe that expanding a social policy which customers pay for

1 ultimately beyond its core principles and the purposes for
2 which it is, it is, it has been created and maintained can be
3 harmful to that policy because it can reduce support for that
4 policy.

5 Q Okay. All right. On, on Page 12, Lines 6 through
6 21 of your rebuttal, is it your testimony that Verizon
7 experienced an increase in the number of Lifeline customers
8 from December of '03 to September of '06?

9 A Yes.

10 Q Okay. I think I probably have this, but rather than
11 go through documents, assume for purposes of this question that
12 in testimony presented in Verizon's rebalancing docket 030867
13 Verizon witness Danner projected that Verizon would double the
14 then 21,000 Lifeline customers that it then had in Florida. So
15 you've got, you've got testimony that they're going to double
16 it. Assume also that in June of '08 Verizon had a total of
17 22,720 Lifeline customers as opposed to the 42,000 that were
18 projected in 2003. So basically you've got a projection in
19 2003 that you're going to double -- double would be 42,000. In
20 2008 you haven't doubled at all. You've gone up a thousand.
21 Why has Verizon failed to meet its 2003 projection in terms of
22 Lifeline subscribership?

23 MR. O'ROARK: I'm going to object to the question
24 because it's framed as a hypothetical, but then the question is
25 asking him a factual question. I mean, are you asking him to

1 answer that hypothetically or based on what actually happened?

2 MR. MURPHY: Well, we can get out the documents. We
3 can say here's what you projected. We can make it not a
4 hypothetical I suspect.

5 Yeah. But what we want to know is what, what has
6 happened in the market.

7 BY MR. MURPHY:

8 Q Let's just do it this way. What has happened in the
9 market that would impede, would have impeded a Lifeline rollout
10 by Verizon?

11 A Is this Carl Danner, the witness you're talking
12 about?

13 Q Yes.

14 A He's not a Verizon employee, I should start out by
15 saying. I don't know what he was projecting. I don't know
16 what he was projecting for line growth as well.

17 Q Right.

18 A People in 2003 might not have assumed we were going
19 to lose as many lines as we did. In reality, competition has
20 been fierce and Verizon has experienced significant line losses
21 in Florida and elsewhere. So I don't know what the fundamental
22 assumptions were --

23 Q Assumptions.

24 A -- that Dr. Danner relied on in making this
25 projection.

1 Q Well, from what you know of Lifeline -- I guess
2 you've identified line loss. What else is there in the, in the
3 world of Lifeline that would make, make it not be rolling out?

4 A Well, 2003 to 2007 were happier times for everybody
5 in terms of economic growth and achievement. Lifeline numbers
6 can fluctuate just based on how people are doing. You may have
7 people who once were qualified, you know, qualifying for help
8 who fortunately managed to, to improve their circumstances to a
9 place where they didn't, they no longer needed help. And all
10 else equal, if the economy is doing well, hopefully the number
11 of people who require aid shrinks. So that's one possible
12 factor.

13 Another possible factor, as I mentioned in my
14 testimony, is that there may be customers who really like the
15 bundle discount and would prefer to have that to the Lifeline
16 discount. So that is, that is a possible factor as well. So
17 you've got competition, you've got the economy, you've got
18 customer choice are all potential factors. How those all play
19 into Dr. Danner's projection in 2003 I don't know without
20 seeing what his analysis was.

21 Q Sure. Sure. Okay.

22 Page 13, Lines 5 through 6 of your rebuttal
23 testimony, is it your testimony that both AT&T and Embarq have
24 chosen to allow Lifeline discounts on bundled service
25 offerings?

1 A Yes.

2 Q Is, in your view is either AT&T or Embarq violating
3 federal or state law by providing a Lifeline discount on
4 bundled services?

5 A No. Because as I said, they're doing it voluntarily
6 and there's nothing in federal law that would stop them from
7 doing that.

8 Q Okay. On Page 13, Lines 13 through 22 of your
9 rebuttal you discuss a possible state universal service fund in
10 Florida; is that correct?

11 A Yes.

12 Q And we've been over this, but do agree that Verizon
13 was provided an opportunity by statute to seek the
14 establishment of a mechanism for reimbursement of the Lifeline
15 credit?

16 A Yes. Verizon had that opportunity up until
17 January 1, 2009, but noted that it believed that the costs of
18 the establishment of such a program would outweigh the
19 benefits.

20 Q Do you agree that the Florida Public Service
21 Commission is charged with promoting Lifeline, the Lifeline
22 program?

23 A I believe that the Florida Commission is charged with
24 promoting universal service. I draw a distinction between
25 Lifeline and universal service that Lifeline, as I state in my

1 testimony, is not an end in itself. It's a means to an end.
2 So just increasing the participation of Lifeline I don't
3 believe is consistent with universal service, necessarily
4 consistent with universal service.

5 Q Well, I guess if you could assume that the Florida
6 Statutes say that the Commission is to promote Lifeline for the
7 purposes of the following questions, it would be helpful.

8 A Okay. Sure.

9 Q Okay. How should -- you know, if the way the
10 Commission is attempting to promote it by applying it to
11 bundled service, if that is objectionable, how should the
12 Commission be promoting it?

13 A I believe they've taken some very good and innovative
14 policies in terms of automatic enrollment that I've actually
15 found to be quite interesting and helpful. I believe they've
16 done a lot of good work in, in that aspect of things.

17 My understanding is that they've been fairly active
18 in informational outreach to, to make sure that customers
19 understand, eligible customers understand that this service and
20 discount is available to them, that that kind of outreach has
21 been from my understanding very good so far. They can
22 certainly continue those efforts in the future.

23 Q Anything else? What's the answer? We're not seeing
24 big numbers. What -- how do we boost those numbers?

25 A Well, unfortunately those numbers may boost anyway

1 for circumstances outside of all of our control just because of
2 the recession that we're in. So boosting those numbers in that
3 respect I don't think should be considered, you know, yea, here
4 we go, we've gotten more Lifeline customers now. This is not a
5 good thing when this occurs for that reason.

6 In terms of availability, I think your automatic
7 enrollment process is fairly new. It would be surprising if
8 you got it perfectly right right away. There's probably
9 improvements that can be made going forward as you learn and as
10 you go through the process. I think that there's a lot of
11 fruitful things that you can do in that respect. And then
12 continuing the outreach programs are very laudable steps that
13 you can take to make sure that customers who need this discount
14 in order to maintain their subscription to the network have it.

15 Q What does Verizon do to promote Lifeline
16 subscribership?

17 A Verizon does a number of things. We have information
18 on our -- I believe there's information on our, on our website
19 about it. We have training for customer service reps who are
20 trained to ensure that a customer who is eligible understands
21 what their choices are and can make the appropriate decision
22 for themselves. And then my understanding is that Verizon also
23 has been active in these outreach programs, has funded and
24 participated in a number of community, community outreach
25 programs in Florida.

1 Q Is that, is that different in other states? What
2 about other states, what are you doing?

3 A Boy, I'm not familiar with every other, every other
4 state. It's generally consistent with what we do in other
5 states. I'm not sure to what extent the community outreach
6 programs in other states match what you do in Florida. So to
7 that extent I don't know exactly what the parameters are of
8 that for all of our states.

9 Q From your perspective is anything inhibiting Lifeline
10 subscribership in Florida? What, what is, what, if anything,
11 is holding back Lifeline subscribership?

12 A I haven't studied all of the factors that could be
13 influencing Lifeline subscribership. I think you've got a very
14 good program in terms of automatic enrollment. So that
15 certainly makes it a more efficient process for people who
16 qualify to obtain the service. So in that respect for Lifeline
17 as a universal service and achieving universal service policy I
18 don't believe there is an inhibition to it other than perhaps
19 customer knowledge, in which case I think outreach is very
20 important.

21 Q You're involved with the, with Lifeline policy with
22 Verizon?

23 A On an ad hoc basis, yeah. I'm not -- it's not a, you
24 know, everyday part of my, my job description. I work for a
25 central organization in Verizon that develops and supports

1 Verizon public policy in all the states. And as I'm called in
2 to work on policies that affect Lifeline, then I'm involved in
3 it.

4 Q Is this something in terms of a policy -- would
5 voluntarily applying the Lifeline discount to bundles, is that
6 something that Verizon would consider?

7 A I can't speak for the corporation in that sense. I
8 believe that we're always evaluating our market plans. And as
9 I testified, this is not necessarily a bad idea, a bad decision
10 for a company to make. Mr. Casey suggested that maybe this is
11 a way we can compete better against our cable competitors and I
12 testified he may be right. I don't know. You know, it
13 wouldn't shock me if next week Verizon decided, yes, we're
14 going to offer, voluntarily we will offer a Lifeline discount
15 on bundles as a purely business decision, which is the realm in
16 which this decision should be made.

17 MR. MURPHY: Okay. I don't have anything else.

18 MR. O'ROARK: Okay.

19 MR. MURPHY: I don't believe that, I don't believe --
20 Charlie, were you going to ask anything?

21 MR. BECK: No. I have no questions, Charlie. Thank
22 you.

23 MR. MURPHY: Okay.

24 MR. O'ROARK: I have no redirect or requestioning.

25 MR. MURPHY: I think we're good. Thank you.

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THE WITNESS: Thank you.

(Deposition concluded at 10:16 a.m.)

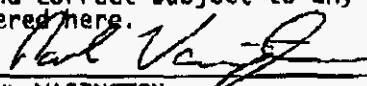
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Under penalties of perjury, I declare that I have read my deposition and that it is true and correct subject to any changes in form or substance entered here.

2/23/09

DATE



PAUL VASINGTON

FLORIDA PUBLIC SERVICE COMMISSION

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34

1 STATE OF FLORIDA)
2 COUNTY OF LEON)

CERTIFICATE OF OATH

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I, the undersigned authority, certify that PAUL VASINGTON personally appeared before me and was duly sworn. WITNESS my hand and official seal this ____ day of February, 2009.

LINDA BOLES
Notary Public - State of Florida

1 STATE OF FLORIDA)
2 COUNTY OF LEON)

CERTIFICATE OF OATH

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I, the undersigned authority, certify that PAUL VASINGTON personally appeared before me and was duly sworn.

WITNESS my hand and official seal this 13th day of February, 2009.

Linda Boles

LINDA BOLES
Notary Public - State of Florida



1 STATE OF FLORIDA)
 :
 2 COUNTY OF LEON) CERTIFICATE OF REPORTER

3 I, LINDA BOLES, CRR, RPR, Official FPSC Commission
 4 Reporter, do hereby certify that I was authorized to and did
 5 stenographically report the foregoing deposition at the time
 6 and place herein stated.

7 I FURTHER CERTIFY that this transcript, consisting of
 8 31 pages, constitutes a true record of the testimony given by
 9 the witness.

10 I FURTHER CERTIFY that I am not a relative, employee,
 11 attorney or counsel of any of the parties, nor am I a relative
 12 or employee of any of the parties' attorney or counsel
 13 connected with the action, nor am I financially interested in
 14 the action.

15 DATED THIS 13th day of February, 2009.

16 Linda Boles
 17 LINDA BOLES, RPR, CRR
 18 Official FPSC Hearings Reporter
 19 850/413-6734

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Dulaney L. O'Roark III
Vice President & General Counsel, Southeast Region
Legal Department



5055 North Point Parkway
Alpharetta, Georgia 30022

Phone 678-259-1449
Fax 678-259-1589
de.oroark@verizon.com

February 26, 2009 – **VIA ELECTRONIC MAIL**

Ann Cole, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 080234-TP
Implementation of Florida lifeline program involving bundled service packages
and placement of additional enrollment requirements on customers

Dear Ms. Cole:

Enclosed for filing in the above-referenced matter is the Late-Filed Deposition Exhibit 1 of Paul Vasington. Service has been made as indicated on the Certificate of Service. If there are any questions regarding this filing, please contact me at (678) 259-1449.

Sincerely,

s/ Dulaney L. O'Roark III

Dulaney L. O'Roark III

tas

Enclosure

At the deposition of Paul Vasington taken on February 11, 2009, Staff requested that Verizon Florida LLC ("Verizon") provide a late-filed exhibit addressing whether bundled services are disaggregated for state tax purposes. As a preliminary matter, Verizon notes that this inquiry has no bearing on the issue of whether bundled services are "nonbasic" under Chapter 364. Subject to that caveat, Verizon provides the following information:

1. Under Section 202.12, Florida Statutes, Verizon pays a state communications sales tax on FiOS video services, but not on residential telecommunications services or information services. When a residential customer receives a package of FiOS video services with telecommunications or information services (or both), Verizon attributes a portion of the package revenue to FiOS video services, which is the amount shown for those services on the customer's bill. No allocation is required between basic and nonbasic telecommunications services for tax purposes.

2. Under Section 203.01, Florida Statutes, Verizon pays a state gross receipts tax on telecommunications services and FiOS video services, but not on information services. When a residential customer receives a package of telecommunications or FiOS video services with other services, Verizon attributes a portion of the package revenue to the telecommunications or FiOS video services (or both, if both are provided), which is the amount shown for those services on the customer's bill. No allocation is required between basic and nonbasic telecommunications services for tax purposes.

3. Under Section 202.19, Florida Statutes, Verizon pays a local communications services tax on telecommunications services and FiOS video services, but not on information services. When a residential customer receives a package of telecommunications or FiOS video services, Verizon attributes a portion of the package revenue to the telecommunications or FiOS video services (or both, if both are provided), which is the amount shown for those services on the customer's bill. No allocation is required between basic and nonbasic telecommunications services for tax purposes.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that copies of the foregoing were sent via electronic mail and/or U.S. mail on February 26, 2009 to:

Charles Murphy/Timisha Brooks
Office of General Counsel
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Stephen Rowell
1 Allied Drive
Alltel Communications, LLC
Little Rock, AR 72202

J. R. Kelly/Patricia Christensen
Office of Public Counsel
c/o The Florida Legislature
111 West Madison St., Room 812
Tallahassee, FL 32399-1400

Marsha E. Rule
Rutledge Law Firm
P. O. Box 551
Tallahassee, FL 32302-0551

Douglas C. Nelson
Sprint Nextel
233 Peachtree Street N.E.
Suite 2200
Atlanta, GA 30303

Nextel Partners/Sprint PCS
6500 Sprint Parkway
Overland Park, KS 66251

s/ Dulaney L. O'Roark III

EXHIBIT NO. 6 _____

DOCKET NO.: 080234-TP

WITNESS: n/a

PARTY: Staff

DESCRIPTION: Transcript, Late-filed Exhibit (Tax Allocation), and errata, if any, from the deposition of Sprint-Nextel Witness John E. Mitus

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 080234-TP EXHIBIT 6
COMPANY FL PSC Staff
WITNESS Depo-2 - John E. Mitus
DATE 03/02/09

PROFFERING PARTY: Staff

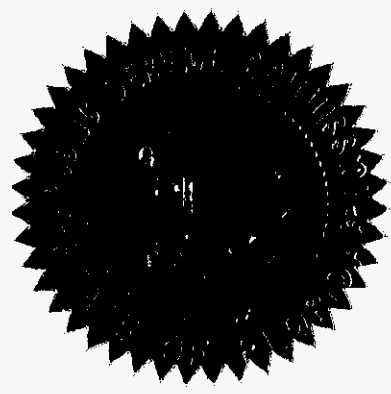
I.D. # DEPO-2

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 080234-TP

In the Matter of:

IMPLEMENTATION OF FLORIDA LIFELINE
PROGRAM INVOLVING BUNDLED SERVICE
PACKAGES AND PLACEMENT OF ADDITIONAL
ENROLLMENT REQUIREMENTS ON CUSTOMERS.



TELEPHONIC
DEPOSITION OF: JOHN E. MITUS

TAKEN AT THE
INSTANCE OF: The Staff of the Florida
Public Service Commission

PLACE: Room 382D
Gerald L. Gunter Building
2540 Shumard Oak Boulevard
Tallahassee, Florida

TIME: Commenced at 2:00 p.m.
Concluded at 2:47 p.m.

DATE: Wednesday, February 11, 2009

REPORTED BY: JANE FAUROT, RPR
Official FPSC Reporter
(850) 413-6732

1 APPEARANCES:

2 CHARLES J. BECK, ESQUIRE, Office of Public Counsel,
3 c/o The Florida Legislature, 111 W. Madison Street, Room 812,
4 Tallahassee, Florida 32399-1400, appearing on behalf of the
5 Citizens of the State of Florida.

6 MARSHA E. RULE, ESQUIRE, Rutledge Law Firm, Post
7 Office Box 551, Tallahassee, Florida 32302-0551, appearing on
8 behalf of Nextel Partners and Sprint PCS.

9 DOUGLAS C. NELSON, ESQUIRE, Sprint Nextel, 233
10 Peachtree St., NE, Suite 2200, Atlanta, Georgia 30303,
11 appearing on behalf of Sprint Nextel.

12 CHARLES MURPHY, ESQUIRE, FPSC General Counsel's
13 Office, 2540 Shumard Oak Boulevard, Tallahassee, Florida
14 32399-0850, appearing on behalf of the Commission Staff.

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EXHIBITS

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NUMBER:

ID.

1 (Late-filed) Sprint Nextel's
Communications Services Tax
Allocation

14

P R O C E E D I N G S

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MR. MURPHY: Why don't we do the phone appearances first, and who you're with, and whether or not you're going to be asking questions.

MR. BECK: This is Charlie Beck, Office of Public Counsel. We don't anticipate asking questions. We would like to reserve the right to do so.

MR. MURPHY: Okay.

MR. NELSON: This is Doug Nelson and Bill Atkinson with Sprint Nextel, and we don't anticipate questions. Marsha will handle direct -- redirect, if there is any.

MR. SHIPMAN: Hi, this is Ken Shipman with Sprint, also, here in the room with the deponent, John Mitus.

MR. MURPHY: Anybody else on the phone?

MS. CLARK: Hi. This is Demetria Clark with Verizon. I'm just listening in.

MR. POLK: Jim Polk, Public Service Commission staff.

MR. MURPHY: Charlie Murphy, PSC staff.

MR. WILLIAMS: Curtis Williams, PSC staff.

MR. CASEY: Bob Casey, PSC staff.

MS. HARVEY: Lisa Harvey, PSC staff.

MR. MAILHOT: Dale Mailhot, PSC staff.

MS. RULE: Marsha Rule, Rutledge, Ecenia, Purnell, P.A., here on behalf of Sprint Nextel.

MR. MURPHY: We had shown a stipulation to Marsha

1 that she found agreeable, and I'd like to go ahead and read it
2 into the record, if I could.

3 It is stipulated that this deposition was taken
4 pursuant to notice, in accordance with the applicable Florida
5 Rules of Civil Procedure. That counsel present stipulate that
6 the witness is the person he identified himself as, that
7 objections except as to the form of question are reserved until
8 the hearing in this cause, and that reading and signing was not
9 waived. It is also stipulated that any off-the-record
10 conversations are with the consent of the deponent.

11 **MS. RULE:** So stipulated.

12 **MR. MURPHY:** Would the notary swear the deponent in.
13 (Witness sworn.)

14 **MR. MURPHY:** And there is a form that we have given
15 you. Could you fax that to our court reporter, and she can
16 give you the number.

17 She gave it to Marsha, so Marsha can handle that with
18 you.

19 **MS. RULE:** Yes, Doug has the number to fax it.

20 **MR. MURPHY:** Are we ready to go?

21 **MS. RULE:** John, are you ready? Are you there?

22 **THE WITNESS:** Yes, I'm here. I'm ready.

23 JOHN MITUS

24 was called as a witness and, after being duly sworn by the
25 Notary Public, testified as follows:

DIRECT EXAMINATION

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BY MR. MURPHY:

Q Have you got your testimony with you?

A I do.

Q And what I'll do is I'll just sort of go through it and identify a section and sort of ask you if you testified to that, and then in almost every case there will be a follow-up, you know, given that, then what do we think about this, so --

A Sure.

Q On Page 7, Lines 20 through 22 of your direct testimony, is it your testimony that clearly if the FCC had wanted the Lifeline discount to be applied to all rate plans it would have left out the term lowest?

A Yes, I testified to that.

Q If the FCC had wanted the Lifeline discount to be limited to just the lowest rate plan, would it not also have inserted the word only into the clause to say that the discount applies to only the lowest plan?

A I can't read the minds of the drafters of the legislation. The way I read it is when they say lowest generally available, it's the lowest generally available rate plan that Sprint offers.

Q On Page 8, Lines 12 through 14 of your direct testimony, is it your testimony that one may question whether the purpose of the Lifeline program is being served when

1 low-income customers are encouraged to subscribe to expensive
2 plans that they may not be able to maintain even with the
3 Lifeline discount?

4 **A** Yes, I see where you are at.

5 **Q** Are you advocating that a Lifeline customer's
6 discretionary spending should be examined?

7 **A** One would question whether customers that are
8 eligible for Lifeline according to the FCC rules that we
9 interpret should be placed on plans other than the lowest rate
10 plan available.

11 **Q** So you think it's appropriate to look at their
12 discretionary spending?

13 **A** No. Every person's buying habits is each and of
14 themselves, so I don't think that a company or a state
15 commission should be looking at individual purchasing patterns
16 of an individual.

17 **Q** Are you suggesting that customers choice of
18 telecommunications services should be limited for low-income
19 customers?

20 **A** Low-income customers have a choice between companies
21 and that is what competition is all about. TracFone offers 68
22 minutes for free, the ILEC has unlimited local calling, and
23 then Sprint's plan falls in the middle where we have 200
24 anytime minutes, but we allow calling throughout the country.
25 So the end user doesn't have to pay long distance charges. So

1 the consumer has choices between companies. It's not just
2 necessarily inside of one company that a customer should be
3 limited to.

4 **Q** But with respect to vertical features and bundles,
5 should telecommunications services for low-income customers be
6 limited, should their choices be limited?

7 **A** Sprint offers vertical features on their basic plan.
8 We have call waiting, we have caller ID, we have voicemail on
9 part of our plan. We already include long distance service as
10 part of the basic rate plan. So obviously Sprint does not view
11 vertical services as -- that low income customers should be
12 allowed vertical services, because we already include it as
13 part of our plan.

14 **Q** So that's a no?

15 **A** Well, you would have to repeat the question.

16 **Q** Just whether you think they should be limited in
17 their choices.

18 **A** End users should not be limited in their choices.

19 **Q** Okay. Thanks. On Page 9, Lines 8 through 15 of your
20 direct testimony, when discussing data services, you testify
21 that the company -- or do you testify that the company would be
22 providing Lifeline discounts on services that are not eligible
23 for a discount if it is required to provide a discount on all
24 price plans. Is that correct?

25 **A** On our higher-priced price plans that include data

1 and text messaging, you know, that is a package of services and
2 there is no way for Sprint as a company to break out voice
3 services as part of the package. There's a little bit of a
4 disconnect between the way a cellular or wireless company such
5 as Sprint operates and prices their plan versus an incumbent
6 LEC. So it's tough to distinguish between what a local service
7 is or a basic service is and what a bundle is.

8 **Q** Okay. So the answer to that -- that was your
9 testimony, that was a yes?

10 **A** Yes, that's my testimony.

11 **Q** Okay. And in that testimony is there an assumption
12 that the Lifeline discount would be applied to all services
13 included in the bundled offering?

14 **A** Yes. Like I was just saying, I guess I jumped the
15 gun as far as the answer goes. When a wireless company prices
16 their plans, it's a combination of minutes, text messaging, and
17 data services. It's not add-on features. It's not basic
18 voice, then you add X number of dollars for texting, and then X
19 number of dollars for data services; when we price our plans
20 out, it is done as a package deal.

21 **Q** Okay. And you have touched on this, but in the same
22 context where we're going, would your testimony be different if
23 the discount was applied to only the local usage functionality
24 portion of a bundle? And you can take that as a hypothetical
25 if you don't believe it's possible to do.

1 **A** Well, I guess -- and here are some of the
2 difficulties between the FCC rules and the state rules. The
3 state rule defines basic local service as unlimited local
4 calling. Well, the FCC in designating Sprint as an ETC in the
5 state of Florida said that we don't have to match the ILEC's
6 calling pattern. So we have our own basic plan, which is the
7 29.99 plan, which offers 200 anytime minutes, but it also
8 includes long distance calling, voicemail, caller ID, call
9 waiting, et cetera.

10 **Q** We're talking about the functionality that is listed
11 in the federal law, not the state law basic service definition.

12 **A** Well, if that is the case, all of our plans that
13 include a voice component would satisfy those nine components
14 of the FCC rule.

15 **Q** Okay. So if you don't believe it can be done, we
16 will take it as a hypothetical. But looking at your statement
17 that if you apply the discount to all price plans that include
18 data or whatever, you would be applying it to things that are
19 not eligible. In this context, would your testimony be
20 different if the discount was applied to only the local usage
21 functionality portion of the bundle? And we'll start with yes
22 or no.

23 **A** Could you repeat the question one more time?

24 **Q** Do you have the language that I'm talking about on
25 Page 9 of your testimony?

1 **A** Yes, I'm looking at it.

2 **Q** Okay. I don't have to repeat that.

3 **A** No, you don't.

4 **Q** So in the context of that, would your testimony be
5 different if the discount was applied to only the local usage
6 functionality portion of a bundle?

7 **A** No, my testimony would not be different. Because
8 when Sprint prices its plans out, it provides -- as you go up
9 in price, everything gets a discount, whether it be the number
10 of minutes you are receiving, the text messaging, or the data
11 services. So, you know, everything -- as you buy more, prices
12 go down.

13 **Q** Okay. I'm looking at the line that says the company
14 would be providing Lifeline discounts on services that are not
15 eligible for a discount. Now, if you apply it, even if it has
16 to be a hypothetical, to only the local usage functionality,
17 you're saying that the answer is no?

18 **A** What I'm saying is we would be discounting a -- on
19 the voice services, we would be discounting something that has
20 already been discount because of volume purchases.

21 **Q** Okay. We can move on. To your knowledge, has the
22 Florida Commission ever suggested that the Lifeline discount
23 should be applied to data services?

24 **A** I am not aware of the Florida Commission recommending
25 that data services be included in the discount.

1 **Q** On Page 9, Lines 23 and 24 of your direct testimony,
2 do you testify that the service offered by Sprint Nextel does
3 not fit the definition of basic local exchange service as
4 defined in 364.021, Florida Statutes?

5 **A** Yes, I testified to that.

6 **Q** Does Sprint Nextel provide a local usage
7 functionality in each of its bundled service offerings?

8 **A** We offer the nine services as the FCC states. What
9 we don't offer is the unlimited local component of the Florida
10 rules.

11 **Q** Okay. Is local usage one of the services that an ETC
12 must provide?

13 **A** Local service is -- we define that as access to the
14 public switched telephone network, which we do provide. And,
15 once again, since we include long distance as part of our
16 package, our local service is anywhere in the United States
17 versus a town in Florida.

18 **Q** So that was a yes?

19 **A** Yes.

20 **Q** Okay. On Page 10, Lines 10 through 12 of your
21 direct, do you testify that pricing for Sprint Nextel plans and
22 wireless plans generally are not divided into portions; for
23 example, basic local calling portions, long distance, and other
24 components of the service?

25 **A** Yes, that's my testimony.

1 **Q** Does Sprint Nextel divide the components of a bundled
2 package when calculating the Florida communications services
3 tax? I guess the question is how do you calculate it for tax
4 purposes?

5 **A** Again, I'm not exactly sure how we allocate it,
6 but -- I would have to get back to you on that. I'm not
7 exactly sure how we allocate it.

8 **MR. MURPHY:** Could we get a late-filed exhibit with
9 that answer?

10 **MS. RULE:** Can we talk about that off-line? I need
11 to talk to the witness and see what information is available.

12 **MR. MURPHY:** Okay.

13 **THE WITNESS:** And which tax specifically is it?

14 **MR. CASEY:** The Florida Communications Service Tax.

15 **MR. MURPHY:** I believe it applies to local telephone
16 service.

17 **MR. CASEY:** Local and state taxes.

18 (Late-filed Exhibit 1 marked for identification.)

19 BY MR. MURPHY:

20 **Q** Okay. On Page 10, Lines 10 through 14 of your direct
21 testimony, do you testify that pricing for Sprint Nextel plans
22 and wireless plans generally are not -- that is the same thing.
23 Hold on.

24 Okay. Following up, does Sprint Nextel provide toll
25 blocking as part of its service as an ETC?

1 **A** Not specifically toll blocking. What we have done is
2 we have an account spending limit, so when a customer reaches
3 that account spending limit they are notified, which acts as a
4 de facto toll block.

5 **Q** Could you elaborate on that?

6 **A** When a Lifeline customer, or a customer that has
7 financial bad credit, for lack of a better term, we will put
8 them on an account spending limit of whatever the Sprint policy
9 is; and if they start going over on their minutes and start
10 getting up to their total, we will notify the customer that
11 they are reaching their account spending limit, and we will
12 request an additional payment. However, even if they do reach
13 their limit, they still have access to 911 services.

14 **Q** I'm looking at the FCC -- have you worked this out
15 with the FCC? Do they agree that that meets the requirement
16 for toll blocking?

17 **A** Yes, we worked that out with all 25 of the states
18 that we're designated in, because our plan offers long distance
19 service as part of the plan, so there really is no such thing
20 as toll blocking because our calling scope is national in
21 nature.

22 **Q** Okay. We may come back to that if you don't mind,
23 but we can move on to your rebuttal. On Page 2, Lines 15
24 through 20 of your rebuttal.

25 **A** What page?

1 Q I'm on Page 2, Lines 15 through 20.

2 A Okay.

3 Q You testify that Mr. Casey also implies that the USF
4 high-cost program is tied in some manner to the Lifeline
5 program, which it is not. Is that your testimony?

6 A That's correct.

7 Q Could Sprint Nextel receive high-cost funding from
8 the Universal Service Fund if it did not offer Lifeline and
9 Link-Up?

10 A In addition to the nine services, Lifeline is also a
11 requirement to be a designated ETC, that is correct.

12 Q So you could not receive it unless you offered those?

13 A That's correct.

14 Q Would you then describe how the USF high-cost program
15 is linked to the Lifeline program?

16 A Mr. Casey makes an argument that we received -- I
17 think it was \$26 million over the last three years or so. And
18 my point of that was that \$26 million is not for Lifeline
19 purposes. We have to use that \$26 million to build-out our
20 network and improve our network in the state of Florida.

21 Q Okay. But you couldn't receive that unless you are
22 offering Lifeline, right?

23 A That's correct. But we can't use any of that money
24 for Lifeline services. It's two separate revenue streams and
25 it must be kept separate.

1 **Q** But, I guess, is offering Lifeline service a
2 threshold to your ability to receive those high-cost funds?

3 **A** Yes, you must offer Lifeline services to be
4 designated as an ETC, and you have to be an ETC to be able to
5 receive the funds.

6 **Q** Okay. On Page 5, Lines 10 through 23, do you discuss
7 the FCC Order 0487, which Mr. Casey references in his
8 testimony?

9 **A** That's correct.

10 **Q** Do you quote the FCC order as stating that we believe
11 any restriction on the purchase of vertical services may
12 discourage qualified consumers from enrolling and may serve as
13 a barrier to participation in the program?

14 **A** Yes, and I copied that out of Mr. Casey's testimony.

15 **Q** Okay. Do Sprint Nextel bundled service offerings
16 include vertical services?

17 **A** Yes. Starting with our base plan, which the Lifeline
18 plan is built off of, we include caller ID, call waiting,
19 voicemail, and long distance coverage.

20 **Q** And we have sort of been through this, but by denying
21 Lifeline eligible customers a Lifeline discount on bundled
22 service offerings, does Sprint Nextel place a restriction on
23 the purchase of vertical services?

24 **A** They can get the vertical services with the basic
25 plan; so, no, Sprint does not think that we are discouraging

1 customers.

2 **Q** Is it your testimony that Sprint Nextel places no
3 restriction on the purchase of vertical services by Lifeline
4 customers?

5 **A** Sprint offers a plan in which vertical services are
6 part of the basic plan, so I don't know how Sprint is
7 discouraging Lifeline customers from purchasing vertical
8 services.

9 **Q** So the answer is yes?

10 **A** Yes.

11 **Q** Okay. On Pages 6 through 8 of your rebuttal
12 testimony, you testify that Mr. Casey's testimony is inaccurate
13 regarding Sprint Nextel validation procedures for applicants
14 who enroll in Lifeline using the automatic enrollment
15 procedure.

16 **A** I hate to do this to you, but someone was moving and
17 I didn't hear the whole question.

18 **Q** Okay. On Pages 6 to 8 of your rebuttal, do you
19 testify that Casey's testimony is inaccurate regarding
20 validation procedures for applicants who enroll in Lifeline
21 using the automatic enrollment procedure?

22 **A** That's correct.

23 **Q** Okay. Upon notification that a Lifeline applicant
24 has an approved for DCF benefits through the Lifeline automatic
25 enrollment process, does Sprint Nextel automatically enroll the

1 customer in Lifeline?

2 **A** No. What Sprint does is once we get a notice from,
3 an e-mail from the system, Sprint will check to see first if
4 that customer lives in an ETC-designated area. Sprint is not
5 designated throughout the whole State of Florida, and we are
6 only allowed to offer Lifeline services in those areas where we
7 are designated. So the first thing we do is we make sure that
8 the applicant lives in our designated area.

9 Then Sprint will send that customer an application
10 for a couple of reasons, first being we have to notice the
11 customer that the rate plan that they will be put on is
12 different, could be different than the plan that they are
13 currently on, because Sprint only offers the Lifeline discount
14 on the lowest generally available rate. So we have to notice
15 the customer that their plan would be changing, so the
16 application takes care of that, as well.

17 The second reason we provide an application is to
18 ensure that the costumer only has one discount per household,
19 which is required by the FCC. That is becoming a little bit
20 less of an issue because the application in the state of
21 Florida, the Commission application, for lack of a better term,
22 has recently been changed to add a check box to ask the
23 recipient of Lifeline if they are currently receiving Lifeline
24 discount in your household.

25 **Q** How many pages is this application that you are going

1 to send to these people who are qualified by DCF?

2 **A** I believe it's two. One page front and back.

3 **Q** I'm going to read to you 346.10(3)(h)2. "If any
4 state agency determines that a person is eligible for Lifeline
5 services, the agency shall immediately forward the information
6 to the Commission to ensure that the person is automatically
7 enrolled in the program with the appropriate eligible
8 telecommunications carrier."

9 In light of this statutory requirement, how do you
10 suggest that the Commission address additional burdens imposed
11 on the enrollment process by companies?

12 **A** That sounds like a legal argument that with me not
13 being a lawyer, I'm not sure how I would answer that.

14 **Q** Actually, I was looking for a policy. What is the
15 right thing -- given this charge by the Legislature, what is
16 the right thing for this Commission to do with respect to
17 automatic enrollment? I mean, it doesn't even have to be about
18 Sprint. How should this be done?

19 **A** From my perspective and from the company's
20 perspective, it all comes down to competition. So, basically,
21 what the Commission would do is give the end user a certificate
22 that says yes, I'm eligible for Lifeline, and then that
23 customer can go to the various competitive carriers to say,
24 hey, TracFone, here's my certificate, I'd like your service;
25 Sprint, here is my service, I want your service; or here, ILEC,

1 I'd like your service. They have three options, at least three
2 options in most areas of various Lifeline services.

3 Q So this is the old phone stamps theory?

4 A I'm sorry, I didn't understand the terminology.

5 Q It's like food stamps, but for phones, is that where
6 we are?

7 A Yes, I guess that would be the best analogy.

8 Q Well, could they redeem them for bundled services in
9 your hypothetical?

10 A They would -- I suppose if they went to Embargo they
11 would be able to use bundled services. But, otherwise, they
12 would be limited to the plans that those three competitive
13 carriers are offering.

14 Q Okay. So it really is market driven. If you are not
15 available to that, then those people just won't come knock on
16 your door, is that what you are --

17 A Yes. Lifeline is a competitive service just like any
18 other phone service.

19 Q Okay. On Page 8, Lines 4 through 20 of your
20 rebuttal, you discuss the number of Lifeline customers that
21 Sprint currently serves.

22 A Well, that changes on a monthly basis, and I believe
23 in our response to an interrogatory, I believe it was 129.

24 Q Okay. And I know that up top you define Sprint
25 Nextel as Sprint, but you are here talking about Sprint Nextel?

1 **A** Well, there are two designations that we have in
2 Florida; one is, I believe it's Nextel NPCR, which is formerly
3 known as Nextel Partners, and then the second designation is
4 Sprint Spectrum LP.

5 **Q** But here when you refer to Sprint you're talking
6 about both?

7 **A** I'm talking about both when I refer to Sprint here,
8 yes.

9 **Q** Okay. We'll do this as a hypothetical, but it may
10 make problems for the answer, but we will see. Assume for
11 purposes of this question that in response to data requests for
12 the 2008 Lifeline report, Sprint Nextel reported that it has
13 over 2.1 million customers in Florida. Assume, also, that
14 Sprint Nextel reported only 78 Lifeline customers as of
15 June 2008. Or could you just -- the hypothetical comes apart.
16 This is the same problem we had with the --

17 **MS. RULE:** We'll work with you, Charlie.

18 BY MR. MURPHY:

19 **Q** Subject to check, could you assume that these are
20 good numbers?

21 **A** Yes, I believe those are pretty accurate.

22 **Q** Okay.

23 **A** And that 2.1 million number, that was customers in
24 our ETC designated areas.

25 **Q** Okay. Why does Sprint Nextel have so few Lifeline

1 customers?

2 **A** Well, it's competitive choice. Customers may choose
3 to use TracFone because it's a free phone and there is nothing
4 out of pocket there, or they may want unlimited local calling
5 that they get through their landline phones.

6 We market, we publish ads in newspapers in Florida,
7 we have Lifeline on our own website, we have Lifeline listed as
8 part of the USAC website, and I believe we did a roadshow in
9 Florida where we toured several centers to promote Lifeline as
10 part of an outreach program. So we're trying to get the
11 message out that we do offer a Lifeline program, you know, but
12 customers have choice.

13 **Q** How might you increase Lifeline participation?

14 **A** Well, I guess unless we wanted to offer a zero rate
15 plan like TracFone does, more customers might be beat a path to
16 our door.

17 **Q** In talking about your background and experience, do
18 you testify that you are responsible for ETC compliance in 24
19 states and in Puerto Rico?

20 **A** That's correct.

21 **Q** How many Lifeline customers does Sprint Nextel have
22 in these states?

23 **A** Subject to check, it's around 1,500.

24 **Q** That's total for all of those states and Puerto Rico?

25 **A** That's correct.

1 **Q** On Page 9, Lines 8 through 10 of your rebuttal
2 testimony, you testify that Sprint spent 26.3 million in
3 high-cost support in 2006 through November 2008 to provision,
4 maintain, and upgrade the network for 2.1 million Sprint
5 customers?

6 **A** Yes. We have to certify with the FCC on an annual
7 basis of how much money we spent during those years.

8 **Q** Would Sprint Nextel have provisioned, maintained, and
9 upgraded the network for 2.1 million Sprint customers in
10 Florida if it did not receive any high-cost support?

11 **A** We still have network operation costs, but these
12 funds allow us to build up the network faster than we normally
13 would have.

14 **Q** If reform of the high-cost Universal Service Fund
15 results in Sprint Nextel no longer receiving any high-cost
16 funding, would Sprint Nextel still remain an ETC in Florida?

17 **A** Well, if our high-cost funding goes away, then we
18 wouldn't be an ETC anymore. So, no. The answer is no, we
19 would not. Without the high-cost funding, we wouldn't be an
20 ETC.

21 **Q** Okay. So, therefore, if reform of the high-cost
22 Universal Service Fund results in Sprint Nextel no longer
23 receiving any high-cost funding, would Sprint Nextel still
24 provide Lifeline service to its customers in Florida?

25 **A** No.

1 **Q** On Page 10, Lines 16 and 17, do you testify that Mr.
2 Casey is correct in the fact that qualifying Lifeline customers
3 should not be pigeonholed into one rate plan; however, he is
4 only looking at this one company at a time versus the
5 competitive marketplace?

6 **A** Yes, that's my testimony.

7 **Q** Okay. Is Sprint Nextel pigeonholing Lifeline
8 customers into one rate plan right now?

9 **A** Sprint Nextel offers one rate plan in the competitive
10 marketplace as far as -- you know, TracFone has a rate plan,
11 and Verizon Wireline has a rate plan, and Alltel has a rate
12 plan. So, you know, it's one rate plan compared to the other
13 competitors that are out there.

14 **Q** So is that a no?

15 **A** That is a no.

16 **Q** Okay. On Page 10, Lines 19 through 22, do you
17 discuss Tracfone's success in providing Lifeline service to low
18 income Florida consumers by enrolling --

19 **A** Yes.

20 **Q** Okay. Do you testify that this is the only plan for
21 which TracFone offers Lifeline?

22 **A** In the research I did on their website, yes, this is
23 the only price plan that they offer.

24 **Q** Do you know whether TracFone protested the PSC's
25 order requiring a Lifeline discount on all bundled packages?

1 **A** No, I do not know one way or the other.

2 **Q** Well, have you seen them in this docket?

3 **A** No, I have not seen them in this docket.

4 **Q** Do you agree that the Commission is charged with
5 promoting the Lifeline program by statute?

6 **A** Yes, I agree with that.

7 **Q** Okay. How should the Commission promote Lifeline
8 subscribership?

9 **A** The automatic enrollment process is a good start. It
10 is a matter of getting the word out there. Each individual
11 company already advertises. In order to maintain their ETC
12 designation, we have to advertise Lifeline, so it's a
13 requirement and we do advertise it. All the states are dealing
14 with this, it's a matter of getting customers and end users
15 aware of the Lifeline options that are out there. How to do
16 that in the most economical way, that I'm not sure, but it's
17 all a matter of getting customers to know that Lifeline is
18 available.

19 **Q** Is there anything else that the Commission or the
20 company might do to promote Lifeline subscribership?

21 **A** Each individual state and company is different in the
22 best way of promoting it. You know, you have to know your
23 customer base.

24 **Q** Is there anything inhibiting Lifeline subscribership
25 in Florida, anything holding it back?

1 **A** I don't have the answer for such a global question
2 such as that.

3 **Q** Well, I just thought you might -- you work in it, is
4 there something specific that you are aware of? It's not
5 really that global. Is there something that you have seen in
6 your work that is slowing this down?

7 **A** Like I said earlier, it's mostly customer education.
8 In Puerto Rico, you know, a lot of the customers aren't aware
9 that the Lifeline product is out there. It's really customer
10 education is probably the greatest factor of why the industry
11 at large is not getting as many Lifeline customers.

12 **Q** Is Lifeline related to the concept of universal
13 service?

14 **A** Universal service is the object of getting phone
15 service into as many hands as possible, so barring a customer
16 not being able to afford a phone, be it landline or wireless,
17 then, yes, that's the goal of universal service is to get as
18 many phones into as many hands as possible.

19 **Q** And I don't have it in front of me, but under federal
20 and state law is the goal of universal service tied to an
21 expanding level of service or is that a static level of
22 service?

23 **A** Not being a legal expert, my opinion -- my reading of
24 that statute is in order to get the voice product out into as
25 many hands as possible.

1 **Q** Voice products?

2 **A** Yes.

3 **Q** Okay. So you don't have an opinion about the
4 expanding level of service?

5 **A** When you say -- well, I guess it depends on what your
6 definition of expanding level of services. Are you talking
7 about data services?

8 **Q** Well, I'm just asking you your thoughts on it, and if
9 you work in this area what that might mean. And if that is a
10 legal question, then so be it. I'm thinking more policy,
11 though.

12 **A** Sprint has yet to determine a policy on whether
13 broadband or data services should be a universal product as of
14 yet. We're still working on our policy as far as that goes.

15 **Q** Okay. Back when we were talking about toll blocking,
16 you made reference to a Sprint policy. I guess it was a
17 disconnect policy.

18 **A** It's not a disconnect policy, it's a spending -- I
19 can't remember the terminology now. It's a spending limit. We
20 have a set spending limit for our customers. Account spending
21 limit is the term I'm looking for. Sorry. We have an account
22 spending limit that we put on our customers in lieu of a
23 deposit.

24 **Q** Okay. And when they reach that limit, what happens
25 to their dial tone?

1 **A** They will be hot-lined to a customer service rep that
2 will inform them -- well, first of all, before they reach their
3 limit, they are noticed that they are approaching their limit,
4 and if they go over their limit, they would be hotlined to a
5 customer service rep to ask for additional payment or, you
6 know, give them some other options.

7 **Q** And that would be for texting, too, or is this just
8 for voice?

9 **A** It would be for any services.

10 **Q** When Sprint Nextel applied to the FCC, as part of
11 that did Sprint Nextel say that they could provide toll
12 blocking as part of the ETC designation?

13 **A** I think we said that it was toll blocking or an
14 equivalent, and the FCC has recognized that account spending
15 limit is an equivalent.

16 **Q** Okay. What is the Lifeline amount for a person who
17 is going to get this intercept message on your limitation?

18 **A** The account spending limit we have for Lifeline
19 customers is \$75, which is about two-and-a-half months worth of
20 service.

21 **MR. MURPHY:** Okay. That's all I've got.

22 Charlie, do you have any questions?

23 **MR. BECK:** No, I don't. Thank you, Charlie.

24 **MS. RULE:** Mr. Mitus, this is Marsha. I've got a
25 couple of questions for you just to clarify some things that

1 staff asked.

2 CROSS EXAMINATION

3 BY MS. RULE:

4 Q You referred to 200 anytime minutes several times as
5 part of Sprint Nextel's plan. Do you recall that?

6 A I do recall that.

7 Q Does the plan offer any other minutes?

8 A Yes. The basic plan is 200 anytime minutes and then
9 unlimited night and weekends, which start at 9:00 p.m. to 7:00
10 a.m. the next morning. So, you know, if you count all of those
11 minutes together, I think it is over 29,000 minutes that a
12 customer could use their phone. And that would also include
13 long distance services for any of those minutes, as well.

14 Q Okay. And following up on your reference to long
15 distance, staff also asked you about toll blocking. Does
16 Sprint Nextel offer toll service?

17 A As part of the basic plan and the Lifeline plan, we
18 offer anywhere calling inside the United States. So I guess
19 going back to the old wireline definition, yes, that would be a
20 toll service, but it's included as part of the rate plan.

21 Q Does Sprint Nextel offer any service that restricts
22 calling within a limited geographic distance within a state?
23 And I realize that's confusing, so if you want me to rephrase I
24 can.

25 A No, I understand your question. If you are on a

1 Sprint phone anywhere on the Sprint network, so you could be in
2 Georgia, you could be in Alabama, or any other neighboring
3 state, or you could be up in New York, you would be able to use
4 your Sprint phone to call anywhere in the country. So if you
5 are up in New York, you could call back to Florida and that
6 would still be part of the plan.

7 Q Okay. And there is no separate toll charge
8 associated with any of those calls, is there?

9 A That's correct.

10 Q Staff also asked you a lot of other questions. Are
11 there any of your responses that you believe you would like to
12 clarify at this time?

13 A No, I'm okay. Thank you.

14 MS. RULE: Thank you. No further questions.

15 MR. MURPHY: Thank you.

16 (The deposition concluded at 2:47 p.m.)
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CERTIFICATE OF OATH

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STATE OF FLORIDA
COUNTY OF LEON

I, the undersigned authority, certify that John Mitus
personally appeared before me at 6450 Sprint Parkway, OPKS 66251 and
was duly sworn by me to tell the truth.

WITNESS my hand and official seal in the City of Overland Park
County of Johnson, State of Kansas, this 11th day
of February, 2009.



Rhame Glade

Notary Public

State of Kansas

Personally Known OR Produced Identification _____

Type of identification produced _____

1 STATE OF FLORIDA)
2 COUNTY OF LEON) : CERTIFICATE OF REPORTER

3 I, JANE FAUROT, Official FPSC Commission Reporter, do
4 hereby certify that I was authorized to and did
5 stenographically report the foregoing deposition at the time
6 and place herein stated.

7 I FURTHER CERTIFY that this transcript, consisting of
8 34 pages, constitutes a true record of the testimony given by
9 the witness.

10 I FURTHER CERTIFY that I am not a relative, employee,
11 attorney or counsel of any of the parties, nor am I a relative
12 or employee of any of the parties' attorney or counsel
13 connected with the action, nor am I financially interested in
14 the action.

15 DATED THIS 18th day of February, 2009.

16 

17 JANE FAUROT, RPR
18 Chief, Hearing Reporter Services
19 Office of Commission Clerk
20 (850) 413-6732
21
22
23
24
25

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Implementation of Florida lifeline program involving bundled service packages and placement of additional enrollment requirements on customers.

DOCKET NO. 080234-TP

FILED: February 17, 2009

**SPRINT NEXTEL'S NOTICE OF SERVING
LATE FILED EXHIBIT TO DEPOSITION OF JOHN MITUS**

PLEASE TAKE NOTICE that NPCR, Inc. d/b/a Nextel Partners and Sprint Corporation n/k/a Sprint Nextel Corporation d/b/a Sprint PCS (collectively "Sprint Nextel"), has today served its Late Filed Exhibit to Deposition of John Mitus in the above-styled docket to the parties shown on the attached Certificate of Service in the manner stated therein.

Respectfully submitted this 17th day of February, 2009.

/s/ Marsha E. Rule
Marsha E. Rule
Rutledge, Ecenia & Purnell
P.O. Box 551
Tallahassee, FL 32302-0551
(850) 681-6788
Fax: (850) 681-6515
marsha@reuphlaw.com

Douglas C. Nelson
William R. Atkinson
Sprint Nextel
233 Peachtree Street NE, Suite 2200
Atlanta, GA 30339-3166
(404) 649-0003
Fax: (404) 649-0009
douglas.c.nelson@sprint.com

Attorneys for Sprint Nextel

DOCUMENT NUMBER-DATE

01337 FEB 17 8

FPSC-COMMISSION CLERK

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by U.S. mail and email, on February 17, 2009, to the following parties:

Charles W. Murphy, Esq.
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850
Email: cmurphy@psc.state.fl.us

Dulaney L. O'Roark III
Verizon Florida LLC
P.O. Box 110, 37th Floor
MC FLTC0007
Tampa, FL 33601-0110
Email: de.oroark@verizon.com

Denise Collins
Stephen Rowell
Alltel Communications, LLC
1410 Market Street
Tallahassee, FL 32312
Email: denise.collins@alltel.com
Email: stephen.b.rowell@alltel.com

J.R. Kelly/Patricia Christensen
Office of Public Counsel
c/o The Florida Legislature
111 W. Madison Street, Room 812
Tallahassee, FL 32399-1400
Phone: 850-488-9330
christensen.patty@leg.state.fl.us
beck.charles@leg.state.fl.us

/s/ Marsha E. Rule
Marsha E. Rule

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Implementation of Florida lifeline program involving bundled service packages and placement of additional enrollment requirements on customers.

DOCKET NO. 080234-TP

FILED: February 17, 2009

**LATE FILED EXHIBIT TO DEPOSITION OF JOHN MITUS:
SPRINT NEXTEL'S FLORIDA COMMUNICATIONS SERVICES
TAX ALLOCATION**

Although Sprint Nextel asserts that the information requested is not relevant to any issue in this proceeding, Sprint Nextel states as follows:

Pursuant to Section 202.11, Florida Statutes, the Florida Communications Services Tax applies to numerous communications services, including but not necessarily limited to local, long distance, and toll telephone, cable television, direct-to-home satellite, commercial mobile radio service (CMRS) or "mobile communications services", private line services, pager and beeper services, and telephone charges made by a hotel or motel. The tax does not cover information services, Internet access service, electronic mail service, electronic bulletin board service, or similar online computer services. The tax covers all voice communications services associated with commercial mobile radio service as well as other services such as text messaging and does not require allocation of revenues between "basic" and "non-basic" services or between particular functionalities of the service.

Section 202.155(4)(a), Florida Statutes, pertains to allocation by wireless providers such as Sprint Nextel, and specifies that "[i]f a mobile communications service is not subject to the taxes administered pursuant to this chapter, and if the sales price of such service is aggregated with and not separately stated from the sales price of services subject to tax, then the nontaxable mobile communications service shall be treated as being subject to tax unless the home service provider can reasonably identify the sales price of the service not subject to tax from its books and records kept in the regular course of business."

Section 202.155(4), Florida Statutes, does not require allocation of revenues between "basic" and "non-basic" service, nor does it create a prospective sales price for

DOCUMENT NUMBER-DATE

01337 FEB 17 8

FPSC-COMMISSION CLERK

CMRS service or a particular rate level or rate structure for CMRS service. It is merely an allocation between what are considered communications services subject to the tax and non-communication services for tax purposes. In order to determine the amount due for the Florida Communications Service Tax for Sprint Nextel service plans that include Internet access and other services not subject to the tax, Sprint Nextel bills, collects, and remits tax on the portion of the charge allocated to taxable services and does not bill, collect, and remit tax on each non-taxable service such as Internet access service. The allocation is based on usage samples, the FCC interstate/intrastate safe harbor, and actual revenue derived from each element of the service plan. In all cases the allocation is based on records kept in the ordinary course of business in accordance with both Florida law cited above and the federal Mobile Telecommunications Sourcing Act 4 USC Section 116-126. Using the same allocation process for determining the sales price subject to the Communications Services Tax to allocate the portion of the service to which the Lifeline discount is to be applied would be inconsistent with federal Lifeline rules because it would require application of Lifeline discount to ALL communications services offered by wireless ETCs, rather than the lowest generally available residential rate as set forth in federal law. Further, requiring CMRS providers to set a particular prospective sales price, rate level or rate structure to define a portion of a service plan that the Public Service Commission considers to be the "basic" portion of the service for purposes of applying the Lifeline discount is prohibited by federal law.

EXHIBIT NO. 7 _____

DOCKET NO.: 080234-TP

WITNESS: Robert J. Casey, *Staff*

PARTY: Staff

DESCRIPTION: Verizon Florida tariff, Section A13.14.3, 14th Revised
Page 11.0.2.

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 080234-TP EXHIBIT 7

COMPANY FL PSC Staff

WITNESS Robert J. Casey, Staff (RJC-1)

DATE 03/02/09

PROFFERING PARTY: Staff

I.D. # RJC-1

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

EXHIBIT NO. 8 _____

DOCKET NO.: 080234-TP

WITNESS: Robert J. Casey, *Staff*

PARTY: Staff

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

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 080234-TP EXHIBIT 8

COMPANY FLPSC Staff

WITNESS Robert J. Casey, Staff (RJC-2)

DATE 03/02/09

PROFFERING PARTY: Staff

I.D. # RJC-2



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" followed by a flourish.

Michelle Robinson
Director-Regulatory Affairs (Florida)

MR/DC/dm

2000 DEC -1 PM 4:07
DIVISION OF
COMPETITIVE SERVICES

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Implementation of Florida lifeline)
Program involving bundled service)
Packages and placement of additional)
Enrollment requirements on customers.)

Docket No. 080234-TP

CROSS-EXAMINATION EXHIBIT NO. _____

**TABLE 3 FROM THE FLORIDA PUBLIC SERVICE COMMISSION'S
REPORT TO THE GOVERNOR, PRESIDENT OF THE SENATE,
AND SPEAKER OF THE HOUSE OF REPRESENTATIVES CONCERNING
LIFELINE AND LINK-UP, DECEMBER, 2008**

FLORIDA PUBLIC SERVICE COMMISSION

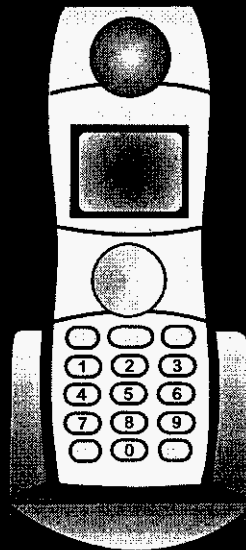
DOCKET NO. 080234-TP EXHIBIT 9

COMPANY Verizon

WITNESS Table 3, PSC Report to Governor 12/08

DATE 03/02/09

A REPORT TO THE
Governor
President of the Senate
Speaker of the House of Representatives



LINK-UP
FLORIDA
&
LIFELINE
ASSISTANCE

NUMBER OF CUSTOMERS SUBSCRIBING TO LIFELINE SERVICE
AND THE EFFECTIVENESS OF
PROCEDURES TO PROMOTE PARTICIPATION

Prepared by the
Florida Public Service Commission

DECEMBER 2008

Table 3 represents the distribution of Lifeline enrollment from December 2003 to June 2008. The data show a net increase of 11.8 percent Lifeline subscribers.²²

Table 3. Lifeline Net Participation

ETCs	Dec 2003	Sept 2004	Net Growth Rate	Sept 2005	Net Growth Rate	Sept 2006	Net Growth Rate	Sept 2007	Net Growth Rate	June 2008	Net Growth Rate
AT&T	103,681	104,467	1%	86,408	-17%	87,291	1%	93,337	7%	104,506	12.0%
Verizon	22,295	23,642	6%	24,433	3%	26,428	8%	23,918	-9%	22,720	-5.0%
Embarq	16,736	19,274	15%	21,537	12%	23,104	7%	30,016	30%	34,803	15.9%
FairPoint	2,385	2,304	-3%	2,096	-9%	2,002	-4%	2,030	1%	2,179	7.3%
Windstream	2,670	3,067	15%	3,322	8%	3,533	6%	3,806	8%	4,266	12.1%
TDS Telecom	496	571	15%	657	15%	697	6%	736	6%	735	-0.1%
NEFCOM	510	561	10%	630	12%	588	-7%	635	8%	638	0.5%
Frontier	104	104	0%	120	15%	118	-2%	150	27%	172	14.7%
ITS Telecom	27	27	0%	26	-4%	27	4%	79	193%	101	27.8%
Smart City	1	2	100%	5	150%	3	-40%	8	167%	9	12.5%
ALLTEL Wireless	N/A	N/A	N/A	13	N/A	31	138%	38	23%	32	-15.8%
Sprint Nextel	N/A	N/A	N/A	14	N/A	28	100%	39	39%	78	100.0%
Knology	N/A	N/A	N/A	0	N/A	64	N/A	126	97%	221	75.4%
Budget Phone	N/A	N/A	N/A	N/A	N/A	134	N/A	59	-56%	565	857.6%
American Dial Tone	N/A	N/A	N/A	N/A	N/A	1,166	N/A	1,840	58%	1,847	0.4%
Nexus	N/A	N/A	N/A	N/A	N/A	0	N/A	2037	N/A	2,084	2.3%
Vilaire	N/A	N/A	N/A	N/A	N/A	520	N/A	5,598	997%	N/A ²³	N/A
Midwestern	N/A	N/A	N/A	N/A	N/A	0	N/A	174	N/A	465	167.2%
Non-ETC Reseller*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	8,551	N/A
Total	148,905	154,019	3.4%	139,261	-9.6%	145,734	5%	164,626	13%	183,972	11.8%

* Non-ETC Resellers were previously included within the above ETCs.

Sources: Industry responses to FPSC data requests (2003-2008); Universal Service Administrative Company responses to FPSC data request (2004 and 2005).

²² The participation decrease in 2005 was primarily the result of AT&T's implementation of verification procedures, which eliminated Lifeline subscribers who could not present proof of eligibility.

²³ Vilaire's certificate to provide service in Florida was canceled by the FPSC in 2008.

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 08024-P EXHIBIT 10

COMPANY Verizon

WITNESS Selected Lifeline Regulations

DATE 03/02/09 Handout

SELECTED LIFELINE REGULATIONS

§ 54.101 Supported services for rural, insular and high cost areas.

(a) *Services designated for support.* The following services or functionalities shall be supported by federal universal service support mechanisms:

(1) *Voice grade access to the public switched network.* "Voice grade access" is defined as a functionality that enables a user of telecommunications services to transmit voice communications, including signalling the network that the caller wishes to place a call, and to receive voice communications, including receiving a signal indicating there is an incoming call. For the purposes of this part, bandwidth for voice grade access should be, at a minimum, 300 to 3,000 Hertz;

(2) *Local usage.* "Local usage" means an amount of minutes of use of exchange service, prescribed by the Commission, provided free of charge to end users;

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

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

(5) *Access to emergency services.* "Access to emergency services" includes access to services, such as 911 and enhanced 911, provided by local governments or other public safety organizations. 911 is defined as a service that permits a telecommunications user, by dialing the three-digit code "911," to call emergency services through a Public Service Access Point (PSAP) operated by the local government. "Enhanced 911" is defined as 911 service that includes the ability to provide automatic numbering information (ANI), which enables the PSAP to call back if the call is disconnected, and automatic location information (ALI), which permits emergency service providers to identify the geographic location of the calling party. "Access to emergency services" includes access to 911 and enhanced 911 services to the extent the local government in an eligible carrier's service area has implemented 911 or enhanced 911 systems;

(6) *Access to operator services.* "Access to operator services" is defined as access to any automatic or live assistance to a consumer to arrange for billing or completion, or both, of a telephone call;

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

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

(9) *Toll limitation for qualifying low-income consumers.* Toll limitation for qualifying low-income consumers is described in subpart E of this part.

(b) *Requirement to offer all designated services.* An eligible telecommunications carrier must offer each of the services set forth in paragraph (a) of this section in order to receive federal universal service support.

(c) *Additional time to complete network upgrades.* A state commission may grant the petition of a telecommunications carrier that is otherwise eligible to receive universal service support under §54.201 requesting additional time to complete the network upgrades needed to provide single-party service, access to enhanced 911 service, or toll limitation. If such petition is granted, the otherwise eligible telecommunications carrier will be permitted to receive universal service support for the duration of the

period designated by the state commission. State commissions should grant such a request only upon a finding that exceptional circumstances prevent an otherwise eligible telecommunications carrier from providing single-party service, access to enhanced 911 service, or toll limitation. The period should extend only as long as the relevant state commission finds that exceptional circumstances exist and should not extend beyond the time that the state commission deems necessary for that eligible telecommunications carrier to complete network upgrades. An otherwise eligible telecommunications carrier that is incapable of offering one or more of these three specific universal services must demonstrate to the state commission that exceptional circumstances exist with respect to each service for which the carrier desires a grant of additional time to complete network upgrades.

[62 FR 32948, June 17, 1997, as amended at 63 FR 2125, Jan. 13, 1998; 63 FR 33585, June 19, 1998]

§ 54.401 Lifeline defined.

(a) As used in this subpart, *Lifeline* means a retail local service offering:

(1) That is available only to qualifying low-income consumers;

(2) For which qualifying low-income consumers pay reduced charges as a result of application of the Lifeline support amount described in §54.403; and

(3) That includes the services or functionalities enumerated in §54.101 (a)(1) through (a)(9). The carriers shall offer toll limitation to all qualifying low-income consumers at the time such consumers subscribe to Lifeline service. If the consumer elects to receive toll limitation, that service shall become part of that consumer's Lifeline service.

(b) [Reserved]

(c) Eligible telecommunications carriers may not collect a service deposit in order to initiate Lifeline service, if the qualifying low-income consumer voluntarily elects toll limitation service from the carrier, where available. If toll limitation services are unavailable, the carrier may charge a service deposit.

(d) The state commission shall file or require the eligible telecommunications carrier to file information with the Administrator demonstrating that the carrier's Lifeline plan meets the criteria set forth in this subpart and stating the number of qualifying low-income consumers and the amount of state assistance. Eligible telecommunications carriers not subject to state commission jurisdiction also shall make such a filing with the Administrator. Lifeline assistance shall be made available to qualifying low-income consumers as soon as the Administrator certifies that the carrier's Lifeline plan satisfies the criteria set out in this subpart.

(e) Consistent with §52.33(a)(1)(i)(C), eligible telecommunications carriers may not charge Lifeline customers a monthly number-portability charge.

[62 FR 32948, June 17, 1997, as amended at 63 FR 2128, Jan. 13, 1998; 64 FR 60358, Nov. 5, 1999; 65 FR 47905, Aug. 4, 2000; 69 FR 34600, June 22, 2004]

§ 54.403 Lifeline support amount.

(a) The Federal Lifeline support amount for all eligible telecommunications carriers shall equal:

(1) *Tier One*. The tariffed rate in effect for the primary residential End User Common Line charge of the incumbent local exchange carrier serving the area in which the qualifying low-income consumer receives service, as determined in accordance with §69.104 or §§69.152(d)(1) and 69.152(q) of this chapter, whichever is applicable;

(2) *Tier Two.* Additional federal Lifeline support in the amount of \$1.75 per month will be made available to the eligible telecommunications carrier providing Lifeline service to the qualifying low-income consumer, if that carrier certifies to the Administrator that it will pass through the full amount of Tier-Two support to its qualifying, low-income consumers and that it has received any non-federal regulatory approvals necessary to implement the required rate reduction.

(3) *Tier Three.* Additional federal Lifeline support in an amount equal to one-half the amount of any state-mandated Lifeline support or Lifeline support otherwise provided by the carrier, up to a maximum of \$1.75 per month in federal support, will be made available to the carrier providing Lifeline service to a qualifying low-income consumer if the carrier certifies to the Administrator that it will pass through the full amount of Tier-Three support to its qualifying low-income consumers and that it has received any non-federal regulatory approvals necessary to implement the required rate reduction.

(4) *Tier Four.* Additional federal Lifeline support of up to \$25 per month will be made available to an eligible telecommunications carrier providing Lifeline service to an eligible resident of Tribal lands, as defined in §54.400(e), to the extent that:

(i) This amount does not bring the basic local residential rate (including any mileage, zonal, or other non-discretionary charges associated with basic residential service) below \$1 per month per qualifying low-income subscribers; and

(ii) The eligible telecommunications carrier certifies to the Administrator that it will pass through the full Tier-Four amount to qualifying eligible residents of Tribal lands and that it has received any non-federal regulatory approvals necessary to implement the required rate reduction.

(b) For a qualifying low-income consumer who is not an eligible resident of Tribal lands, as defined in §54.400(e), the federal Lifeline support amount shall not exceed \$3.50 plus the tariffed rate in effect for the primary residential End User Common Line charge of the incumbent local exchange carrier serving the area in which the qualifying low-income consumer receives service, as determined in accordance with §69.104 or §69.152(d) and (q) of this chapter, whichever is applicable. For an eligible resident of Tribal lands, the federal Lifeline support amount shall not exceed \$28.50 plus that same End User Common Line charge. Eligible telecommunications carriers that charge federal End User Common Line charges or equivalent federal charges shall apply Tier-One federal Lifeline support to waive the federal End-User Common Line charges for Lifeline consumers. Such carriers shall apply any additional federal support amount to a qualifying low-income consumer's intrastate rate, if the carrier has received the non-federal regulatory approvals necessary to implement the required rate reduction. Other eligible telecommunications carriers shall apply the Tier-One federal Lifeline support amount, plus any additional support amount, to reduce their lowest tariffed (or otherwise generally available) residential rate for the services enumerated in §54.101(a)(1) through (a)(9), and charge Lifeline consumers the resulting amount.

(c) Lifeline support for providing toll limitation shall equal the eligible telecommunications carrier's incremental cost of providing either toll blocking or toll control, whichever is selected by the particular consumer.

[62 FR 32948, June 17, 1997, as amended at 63 FR 2128, Jan. 13, 1998; 65 FR 38689, June 21, 2000; 65 FR 47905, Aug. 4, 2000]

§ 54.405 Carrier obligation to offer Lifeline.

All eligible telecommunications carriers shall:

(a) Make available Lifeline service, as defined in §54.401, to qualifying low-income consumers, and

(b) Publicize the availability of Lifeline service in a manner reasonably designed to reach those likely to qualify for the service.

(c) Notify Lifeline subscribers of impending termination of Lifeline service if the carrier has a reasonable basis to believe that the subscriber no longer meets the Lifeline-qualifying criteria, as described in §54.409.

Notification of impending termination shall be in the form of a letter separate from the subscriber's monthly bill. A carrier providing Lifeline service in a state that has dispute resolution procedures applicable to Lifeline termination, that requires, at a minimum, written notification of impending termination, must comply with the applicable state requirements.

(d) Allow subscribers 60 days following the date of the impending termination letter required in paragraph (c) of this section in which to demonstrate continued eligibility. Subscribers making such a demonstration must present proof of continued eligibility to the carrier consistent with applicable state or federal verification requirements, as described in §54.410(c). Carriers must terminate subscribers who fail to demonstrate continued eligibility within the 60-day time period. A carrier providing Lifeline service in a state that has dispute resolution procedures applicable to Lifeline termination must comply with the applicable state requirements.

[65 FR 47905, Aug. 4, 2000, as amended at 69 FR 34600, June 22, 2004]

§ 54.407 Reimbursement for offering Lifeline.

(a) Universal service support for providing Lifeline shall be provided directly to the eligible telecommunications carrier, based on the number of qualifying low-income consumers it serves, under administrative procedures determined by the Administrator.

(b) The eligible telecommunications carrier may receive universal service support reimbursement for each qualifying low-income consumer served. For each consumer receiving Lifeline service, the reimbursement amount shall equal the federal support amount, including the support amount described in §54.403(c). The eligible telecommunications carrier's universal service support reimbursement shall not exceed the carrier's standard, non-Lifeline rate.

(c) In order to receive universal service support reimbursement, the eligible telecommunications carrier must keep accurate records of the revenues it forgoes in providing Lifeline in conformity with §54.401. Such records shall be kept in the form directed by the Administrator and provided to the Administrator at intervals as directed by the Administrator or as provided in this Subpart.

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 080934 TP **EXHIBIT** 11

COMPANY Verizon

WITNESS General Services Tariff Handout

DATE 03/03/09

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A3. BASIC LOCAL EXCHANGE SERVICE

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A3. BASIC LOCAL EXCHANGE SERVICE

A3.1 General

- .1 This Tariff specifies rate schedules applicable for grades and classes of local exchange service ordered.
- .2 Exchange rate schedules are applied according to the total number of main station lines and PBX trunks in the local service area.
- .3 Exchange Service Areas for each exchange are identified on maps filed in Section A200, Local Exchange Service Area Maps and Descriptions, of this Tariff.
- .4 The rates for service and equipment not specifically shown in this section are presented in other sections of this Tariff. (See Note 3)
- .5 Service charges, as covered in Section A4., are applicable to the provision of basic local exchange service.
- .6 Pursuant to passage of the Telecommunications Access Systems Act of 1991 by the Florida Legislature during the 1991 session, a monthly surcharge shall be imposed on all local exchange telecommunications company customers on an individual access line basis, except that such surcharge shall not be imposed upon more than 25 basic telecommunications access lines per account bill rendered. The Commission shall determine the amount of the surcharge; however, in no case shall the amount exceed 25 cents per line per month. The surcharge shall appear on the initial bill to the customer and itemized at least once annually.

A3.2 Rate Schedules

.1 Flat Rate Schedule

- a. Main Station Line Service Month to Month Rates.

Rate Group	Main Station Lines and PBX Trunks	Monthly Rates One-Party		Main Stations Arranged with Rotary Service
		Residence	Business	Business
1	0- 50,000	\$ 16.33 (l)	\$33.44 (l)	\$ 41.99 (l)
2	50,001- 90,000	16.33	33.44	41.99
3	90,001-170,000	16.33	33.44	41.99
4	170,001-300,000	16.33	33.44	41.99
5	Over 300,000	16.33 (l)	33.44 (l)	41.99 (l)

- b. Monthly Term Rates for Business Main Station Line Services. ^{1,2}

Term	One-Party Business	Main Stations Arranged with Rotary Service Business
1 year	\$ 30.95	\$ 38.25
3 year	29.95	36.95

¹ In the event the customer terminates the service prior to the completion of the term commitment, the Termination Liability in Section A2.3.17 of this tariff will apply.

² The Central Office Line Connection Service Order Charge in Section A4 of this tariff is not applicable to 1 or 3-Year term rates.

A3. BASIC LOCAL EXCHANGE SERVICE

A3.2 Rate Schedules

.1 Flat Rate Schedule (Cont'd)

c. Business with Unlimited Extended Calling Service (ECS) Month to Month Rates.

<u>Rate Group</u>	<u>Main Station Lines and PBX Trunks</u>	<u>Business One-Party with Unlimited ECS</u>	<u>Main Stations Arranged with Rotary Service with Unlimited ECS</u>
1	0- 50,000	\$ 38.99 (1)	\$ 47.00
2	50,001- 90,000	38.99	47.00
3	90,001-170,000	38.99	47.00
4	170,001-300,000	38.99	47.00
5	Over 300,000	38.99 (1)	47.00

d. Monthly Term rates for Business with Unlimited ECS.¹

<u>Number of Main Station Lines and Trunks</u>	<u>Business One-Party with Unlimited ECS</u>		<u>Main Stations Arranged with Rotary Service, each</u>	
	<u>1-Year Term</u> ^{2,3}	<u>3-Year Term</u> ^{2,3}	<u>1-Year Term</u> ^{2,3}	<u>3-Year Term</u> ^{2,3}
1-24	\$ 35.00	32.00	\$ 45.00	\$ 40.00
25+	30.00	27.00	43.00	38.00

.2 Message Rate Schedule

a. The following schedules of rates are applicable for message rate main station line service. Message rates and allowances do not apply for calls made to Extended Calling Service (ECS) exchanges in Section A3.15.

(1) Business

<u>Rate Group</u>	<u>Main Station Lines and PBX Trunks</u>	<u>Individual Line Monthly Charge</u>	<u>Monthly Message Allowance</u>	<u>Additional Local Message Charge</u>	<u>Main Stations Arranged With Rotary Service, each</u>
1	0- 50,000	\$ 25.49	0	\$.11	\$ 29.79 (1)
2	50,001- 90,000	25.49	0	.11	29.79
3	90,001-170,000	25.49	0	.11	29.79
4	170,001-300,000	25.49	0	.11	29.79
5	Over 300,000	25.49	0	.11	29.79 (1)

¹ Flat Rate Business ECS 1- and 3-year term rates apply only to Business One-Party lines, Main Stations Arranged with Rotary, and/or PBX trunks; does not apply to CentraNet® NARs.

² In the event the customer terminates the service prior to the completion of the term commitment, the Termination Liability in Section A2.3.17 of this tariff will apply.

³ The Central Office Line Connection Service Order Charge in Section A4 of this tariff is not applicable to 1 or 3-Year term rates.

® Registered Trademark

MICHELLE ROBINSON, PRESIDENT
 TAMPA, FLORIDA

EFFECTIVE: November 1, 2008
 ISSUED: September 25, 2008

A3. BASIC LOCAL EXCHANGE SERVICE

A3.2 Rate Schedules (Continued)

.2 Message Rate Schedule (Continued)

a. (Continued)

(2) Residence

<u>Rate Group</u>	<u>Main Station Lines and PBX Trunks</u>	<u>Individual Line Monthly Charge</u>	<u>Monthly Message Allowance</u>	<u>Additional Local Message Charge</u>
1	0 - 50,000	\$ 10.99 (I)	30	\$.10
2	50,001- 90,000	10.99	30	.10
3	90,001-170,000	10.99	30	.10
4	170,001-300,000	10.99	30	.10
5	Over 300,000	10.99 (I)	30	.10

.3 Regrouping Procedures

a. Whenever the number of access lines in the local calling area of an exchange increases or decreases to the extent that such exchange would fall into a different rate group, a revised Tariff shall be filed for authority to reclassify the exchange to its appropriate group. The effective date of the proposed rate change shall be the effective date of the next directory for the affected exchange or 60 days after the date of filing the tariff whichever is later.

(1) The rate group in which an exchange falls shall be determined by the peak number of access lines in the exchange's local calling area since the effective date of the preceding directory.

A3.3 Monthly Exchange Rates

.1 General

a. Monthly exchange rates shown in A3.2 are applicable, in each exchange, for grades and classes of basic local exchange service offered.

.2 Message Rate Service - Individual Line

a. Subscribers to business or residence message rate service are regularly billed monthly in advance at the rate quoted in this tariff for the class of service furnished. Messages in excess of the monthly allowance are billed monthly in arrears. Local messages not used in one month are not credited to the subscriber's account for any other month service is rendered.

b. Subscribers are entitled to the number of messages specified in A3.2.2 to all central office lines bearing the designations of exchanges listed in A3.5, Local Calling Area, for the respective exchange.

c. Business Message Rate Service and Residence Message Rate Service are available in all exchanges and in all new rate groups. See Section A3.2.2 for specific rates by rate group.

d. Rules and regulations covering the provision of message rate service are as specified in Section A2.3.2.

A3. BASIC LOCAL EXCHANGE SERVICE

A3.3 Monthly Exchange Rates (Continued)

.2 Message Rate Service - Individual Line (Continued)

g. Detail Billing ¹ (T)

(1.) When a billing detail is furnished, the following charges will apply. The billing detail includes date of call, called telephone number, answer time, and length of call. The customer must request a detailed bill at least 30 days in advance of the date detail billing is to commence.

	<u>Rate</u> ²	(T)
Per customer bill, per month	\$ 2.00 (I)	(T)
Charge per page of billing detail	.15 (I)	(T)

¹ Customers located in an exchange with Extended Calling Service (ECS) will also receive ECS calls on their bill detail. (T)

² A Secondary Service Ordering charge as specified in Section A4 will apply when Detail Billing is requested subsequent to the establishment of basic local exchange service. (T)

A3. BASIC LOCAL EXCHANGE SERVICE

A3.3 Monthly Exchange Rates (Continued)

.3 Flat Rate Service - Individual Line

- a. The rates specified herein entitle subscribers to an unlimited number of messages to all central office lines bearing the designation of central offices within the serving exchange and additional exchanges or portions of exchanges as shown in Section A3.5, Local Calling Areas, of this Tariff.
- b. (Deleted)
- c. Business and residence flat rate service is available in all exchanges except as indicated in Section A3.4. See A3.2.1 for specific rates by rate group.

<u>Exchange</u>	<u>Rate Group¹</u>
Bartow	4
Bradenton	5
Clearwater	5
Englewood	3
Frostproof	1
Haines City	3
Hudson	3
Indian Lake	1
Lakeiland	4
Lake Wales	3
Mulberry	3
Myakka	5
New Port Richey	3
North Port	4
Palmetto	4
Plant City	5
Polk City	4
Sarasota	5
St. Petersburg	5
Tampa	
Central Area	5
North Area	5
East Area	5
South Area	5
West Area	5
Tarpon Springs	5
Venice	5
Winter Haven	4
Zephyrhills	3

(M)

|
(M)

(D)

¹ No exchanges classified to Rate Group 2 as of September 1, 2003.

(M) Material moved to Page 5.

(N)

A3. BASIC LOCAL EXCHANGE SERVICE

A3.3 Monthly Exchange Rates (Continued)

.4 PBX Trunk Line Rates (Continued)

a. General

Rules and Regulations as covered in Section A2.3.2 are applicable to the provision of PBX trunk lines.

b. Rates

(1) Flat Rate

(a) PBX Trunk Service Month to Month Rates

Rate Group	Main Station Lines and PBX Trunks	Monthly Rate Individual Trunk	Individual Trunk with Unlimited Extended Calling Service
1	0- 50,000	\$ 53.99	\$ 57.00
2	50,001- 90,000	53.99	57.00
3	90,001-170,000	53.99	57.00
4	170,001-300,000	53.99	57.00
5	Over 300,000	53.99	57.00

(b) Monthly Term Rates for PBX Trunk Line Service¹

All Rate Groups	Monthly Rate Individual Trunk		Individual Trunk with Unlimited Extended Calling Service	
Number of Trunks	1 Year Term ^{2,3}	3 Year Term ^{2,3}	1 Year Term ^{2,3}	3 Year Term ^{2,3}
1 - 24	\$ 50.00	\$ 48.00	\$ 45.00	\$ 40.00
25 +	50.00	48.00	41.00	38.00

(2) Message Rate

Rate Group	Main Station Lines and PBX Trunks	Individual Line Monthly Rate	Monthly Message Allowance	Additional Local Message Rate
1	0- 50,000	\$ 36.99 (l)	0	\$.11
2	50,001- 90,000	36.99	0	.11
3	90,001-170,000	36.99	0	.11
4	170,001-300,000	36.99	0	.11
5	Over 300,000	36.99 (l)	0	.11

¹ Flat Rate Business ECS 1- and 3-year term rates apply only to Business One-Party lines, Main Stations Arranged with Rotary, and/or PBX trunks; does not apply to CentraNet® NARs.

² In the event the customer terminates the service prior to the completion of the term commitment, the Termination Liability in Section A2.3.17 of this tariff will apply.

³ The Central Office Line Connection Service Order Charge in Section A4 of this tariff is not applicable to 1 or 3-Year term rates.

A3. BASIC LOCAL EXCHANGE SERVICE

A3.3 Monthly Exchange Rates (Continued)

.5 Special Access Services Capable of Using the Local Exchange Network

(T)

a. General

- (1) As specified in Section 7.6.9 of the Facilities for Intrastate Access Tariff, when a Special Access Line, IntraLATA Interexchange Private Line or Private Bypass Facility is connected to a device capable of, and for the intention of, completing calls into the Local Exchange Network, there will be an additional Measured or Message charge associated with the flat rate Exchange Service Rate for that device (e.g., the PBX trunk in the case of a PBX). Those customers who intend to use their Special Access, Intra-LATA Interexchange Private Line or Private Bypass Services for the completion of calls into the Local Exchange Network and have Local Exchange Service other than flat rate will be required to convert to flat rate.
- (2) The Measured charge will apply where facilities and equipment are available in the exchange central office. In all other exchange central offices, the Message charge will apply. As facilities and equipment become available in central offices, Measured charges will apply.

b. Application of Additional Measured or Message Charges

- (1) These usage charges are in addition to all other applicable local service rates and charges.
 - (a) Measured Charge, per minute of local usage.....\$.03
 - (b) Message Charge, per local message.....\$.12
- (2) Refer to Section 7.6.9 of the Facilities for Intrastate Access Tariff for specific regulations.

A3. BASIC LOCAL EXCHANGE SERVICE**A3.4 Exceptions to Basic Local Exchange Service****.1 General**

- a. The rates and regulations for the classes of service given below are specified in this Tariff with the exceptions indicated.

.2 Haines City - Poinciana Exception Area**a. Regulations**

- (1) The rates specified herein entitle a subscriber to an unlimited number of messages to all central office lines bearing the designation of a Haines City Central Office or a Poinciana Central Office or a Kissimmee Central Office or a West Kissimmee Central Office.
- (2) A map showing the Exception Area Boundary is filed in Section A200, Local Exchange Service Area Maps and Descriptions section of this Tariff.
- (3) Some existing customers residing in the Poinciana exchange were provided with ported numbers from the Haines City rate area (NPA-NXX 863-438, 863-439, and 863-852). This group of Poinciana customers is allowed incoming local calls from exchanges in the Local Calling Areas as listed in Section A3.5 for the Haines City exchange.

Some existing customers residing in the Haines City exchange were provided with ported numbers from the Poinciana rate area (NPA-NXX 863-427). This group of Haines City customers is allowed incoming local calls from the exchanges in the Local Calling Areas as listed in Section A3.5 for the Poinciana exchange.

b. Rates

Main station line service rates are the Rate Group 3 rates listed in Section A3.2 of this tariff.

.3 Interstate Subscriber Line Charge Waiver and Matching Program**a. General**

- (1) This program is a Florida Lifeline Assistance Plan and provides for a credit equal to 100% of the FCC Interstate Subscriber Line Charge (SLC) in addition to a supplemental amount credited to local service monthly billing. Funding for Lifeline Service is obtained from a universal service support mechanism to which all telecommunications carriers that provide interstate telecommunications services contribute on an equitable and nondiscriminatory basis. These credits are an amount equal to the FCC Interstate Subscriber Line Charge (SLC) with a reduction in the residential local line rate as specified in A3.2.
- (2) In order to enroll in the Florida Lifeline Assistance Plan, a customer must submit a signed application form, under penalty of perjury if falsely submitted, stating they participate in at least one of the following programs: Supplemental Security Income (SSI), Food Stamps, Medicaid, Federal Public Housing Assistance or Section 8, Low-Income Home Energy Assistance Program (LIHEAP), Temporary Aid for Needy Families (TANF) or National School Lunch Free Program (NSL). Additionally, customers not receiving benefits under one of the preceding programs and whose total gross annual income does not exceed 135% of the Federal poverty guidelines, meet the requirements of a State established means test and may apply directly to the Office of Public Counsel (OPC) for eligibility certification.

(M) Material moved from Page 6.1

ALAN F. CIAMPORCERO, PRESIDENT
TAMPA, FLORIDA

EFFECTIVE: January 25, 2007
ISSUED: January 24, 2007

A3. BASIC LOCAL EXCHANGE SERVICE

A3.4 Exceptions to Basic Local Exchange Service (Continued)

.3 Interstate Subscriber Line Charge Waiver and Matching Program (Continued)

(M)
(N)

b. Rules and Regulations

(1) The specific guidelines for implementation of this waiver are as follows:

(a) Certification Procedures

All applications for this service are subject to verification with the state agency responsible for administration of the qualifying program.

(b) Processing Forms

The Company will process all application forms and apply the credit on the subscriber's monthly bill. An explanation of the credit will appear on each telephone bill.

(c) Verification Procedures

The Company will reconcile and confirm eligibility on an annual basis, by providing the agency directly or through a third party all credit recipients. A verification of eligible recipients will be made. The credit will be discontinued on the bill following written notification to the subscriber of ineligibility.

(d) Lifeline Service can only be associated with the primary residential connection.

(M¹)

(e) Lifeline Toll Restriction Service (IOSC: 40696) is available on a voluntary basis where technically feasible to Florida Lifeline Assistance Plan customers at no charge. Lifeline Toll Restriction Service prevents 0+, 00-, 1+NPA-NXX-XXXX, 1010XXXX, International (01+), Directory Assistance (411, 1+411, 0+411, 555-1212, 1+/0+ 555-1212, 1+/0+ NPA-555-1212), 1+900 calls, 1+700, 976 calls and IntraLATA toll while allowing access to local, 611, 911, 0-, 1+800/888 etc., 950-XXXX and 1+950-XXXX calls and EAS calls. Access to Directory Assistance is available to Lifeline customers by dialing 0-. Access to Service Activation Codes "##" (e.g., *66, *69) is also allowed. Upon customer request, some Service Activation Codes may be blocked at no charge, where conditions and facilities permit.

Lifeline customers may receive toll limitation services without charge. Toll limitation services include voluntary toll control and toll blocking. Toll control allows the customer to specify a certain dollar amount of toll usage which is acceptable to the Company that may be incurred on his telephone service. Toll blocking will take effect once the customer's requested toll limitation amount is exceeded.

(f) Lifeline Service may not be disconnected for non-payment of toll charges.

(g) Deposit requirements do not apply to Lifeline Service customers if toll blocking is employed.

(h) A deposit may be required for Lifeline customers if toll control is employed.

(M¹)

(M) Material transferred to Page 6.

(N)

(M¹) Material transferred from Page 7.

(N)

A3. BASIC LOCAL EXCHANGE SERVICE

A3.4 Exceptions to Basic Local Exchange Service (Continued)

.3 Interstate Subscriber Line Charge Waiver and Matching Program (Continued)

b. Rules and Regulations (Continued)

(1) The Specific guidelines for implementation of this waiver are as follows: (Continued)

- (i) The Company may require payment arrangements for outstanding debt associated with local service and associated taxes and fees. Such arrangements are not to exceed a four month period. Customers must subscribe to toll blocking service for any period of time that an unpaid balance for toll charges remains. In cases where Lifeline customers have paid the outstanding debt in full, the toll blocking option may be requested by the customer.

(M)

If a Lifeline applicant defaults on a payment agreement such default may constitute grounds for discontinuance of service. A Lifeline customer whose service has been disconnected for nonpayment of prior arrangements on a past due bill, may be required to satisfy total local unpaid outstanding charges prior to reconnection of service.

c. Rates and Charges

(1) A credit amount applies to the Lifeline customer's monthly bill as follows: ¹

	<u>Monthly Credit</u>	
FCC Interstate Offset to End User Subscriber Line Charge (SLC) See FCC No. 14		
FCC Supplemental Amount	\$ 1.75	
Additional FCC Supplemental Amount	1.75	
Company's Matching Credit	3.50	
Additional Company Credit	3.16 ²	(N)

- (2) For those existing customers who qualify for, and wish to change to, the Florida Lifeline Assistance Plan, no service charges shall apply.
- (3) With the exception of the initial installation charges as specified for Link-Up service, Section A4.8 of this Tariff, all recurring and nonrecurring charges for any service ordered by the customer shall be billed at the tariffed rates.
- (4) When a customer is no longer eligible for Lifeline Service, the Lifeline credit amount specified in (1) preceding, will be discontinued and regular tariffed rates and charges will apply.

¹ The customer shall not receive a credit in excess of the Main Station Line and Subscriber Line Charge totals when the totals are less than the Lifeline total credit.

² The Additional Company Credit is applicable to Lifeline residential customers with flat rate service and not applicable for message rate service. (N)
(N)

(M) Material moved to Page 6.1. (N)

A3. BASIC LOCAL EXCHANGE SERVICE

A3.4 Exceptions to Basic Local Exchange Service (Continued)

.4 Transitional Lifeline Assistance Program

a. General

(1) Transitional Lifeline Assistance is a state program which provides a 30% reduction of the applicable monthly exchange flat rate for residential basic local service for subscribers who no longer qualify for the Lifeline Assistance Program.

b. Regulations

(2) A Lifeline Assistance subscriber who requests this service will receive the discounted rate for a period of one (1) year from the date the subscriber ceases to be qualified for the Lifeline Assistance Program.

.5 Native American Lifeline

a. Residential customers who reside on federally recognized tribal lands are eligible to receive additional enhanced federal Lifeline support in order to reduce the price for basic local telephone service.

b. An individual living on tribal lands shall qualify for an additional enhanced federal Lifeline credit of up to \$25.00 per month if the individual participates in any state or federal programs identified in the preceding Section 3.4.3 or one of the following assistance programs:

- Bureau of Indian Affairs General Assistance
- Tribally Administered Temporary Assistance for Needy Families
- Head Start (only those meeting its income qualifying standard)
- National School Lunch Program (free meals program only)

c. If a resident of a federally recognized tribal land satisfies the state's Lifeline eligibility criteria as defined in Section 3.4.3, the resident will receive the state support, as well as the additional enhanced federal support. Lifeline customers residing on tribal lands will pay no less than \$1.00 per month for basic local telephone service.

d. The additional enhanced federal credit will be available to Lifeline customers who reside on tribal lands in the following exchanges:

<u>Tribal Land</u>	<u>Exchange</u>	<u>Credit</u>
Seminole Tribe, Tampa Reservation	Tampa	\$5.17 (l)

A3.5 Local Calling Areas

.1 General

- a. The rates specified in Section A3.2 entitle subscribers to access all central office lines bearing the central office designations of the exchange or additional exchanges as shown below. The local calling area of the exchange in the left-hand column also includes the exchanges listed in the right-hand column.

<u>Exchange</u>	<u>Local Calling Area Includes</u>	
Bartow	Lakeland, Mulberry, Winter Haven, Lake Wales, Ft. Meade ¹	
Bradenton	Palmetto, Sarasota, Myakka	
Clearwater	St. Petersburg, Tarpon Springs, Tampa-West Area	
Englewood ²	North Port, Venice, Cape Haze ¹	
Frostproof ²	Lake Wales	(C)
Haines City	Winter Haven, Lake Wales	
-Poinciana	Kissimmee ¹ , West Kissimmee ¹	
Hudson	New Port Richey	
Indian Lake ²	Lake Wales	(C)
Lakeland	Bartow, Mulberry, Polk City, Winter Haven, Plant City, Ft. Meade ¹	
Lake Wales ²	Indian Lake, Bartow, Haines City (excluding Poinciana Central Office), Winter Haven, Frostproof	(C)
Mulberry	Bartow, Lakeland	
Myakka	Bradenton, Palmetto, Sarasota	
New Port Richey	Hudson, Tarpon Springs	
North Port ²	Englewood, Venice, Port Charlotte ¹	
Palmetto	Bradenton, Myakka, Tampa-South Area	
Plant City	Lakeland, Tampa-All Areas	
Polk City ²	Winter Haven, Lakeland	(C)
Sarasota	Bradenton, Myakka, Venice	
St. Petersburg	Clearwater	
Tampa		
-Central Area	Plant City	
-North Area	Plant City, Zephyrhills	
-East Area	Plant City	
-South Area	Palmetto, Plant City	
-West Area	Clearwater, Plant City	
Tarpon Springs	New Port Richey, Clearwater	
Venice	Sarasota, Englewood, North Port	
Winter Haven	Polk City, Bartow, Lakeland, Haines City (excluding Poinciana Central Office), Lake Wales	
Zephyrhills	Tampa-North Area, Dade City ¹ , San Antonio ¹ , Trillicochee ¹	

Note 1: Other than GTE Florida Incorporated Service Area.

Note 2: This exchange falls within the GTE Local Calling Plans offering. Please refer to Section A3.16.

PETER A. DAKS, PRESIDENT
TAMPA, FLORIDA

EFFECTIVE: December 3, 1997
ISSUED: October 20, 1997

A3. BASIC LOCAL EXCHANGE SERVICE

A3.5 (Deleted)

A3.6 (Deleted)

(D)

(D)

A3.7 Reserved for Future Use

S3.8 (Deleted)

A3. BASIC LOCAL EXCHANGE SERVICE

A3. BASIC LOCAL EXCHANGE SERVICE

A3.9 Maps of Exchange Service Areas

- .1 Appropriate Maps, Exchange Areas, and Descriptions by Metes and Bounds, are filed in a separate binder as part of this tariff.

A3.10 Directory Assistance Service

.1 **General**

- a. The Company furnishes Directory Assistance Service whereby subscribers may request assistance in determining telephone numbers.
- b. The rates set forth below apply when subscribers of the Company request assistance in determining telephone numbers of subscribers (1) who are located in the same local service area, or (2) who are located within the Extended Calling Service (ECS) (C) exchanges in Section A3.15.

c. **Directory Connect Plussm**

- (1) Directory Connect Plussm provides an incoming Directory Assistance customer requesting an intraLATA number a mechanized announcement offering call completion to the listed number requested. The call is completed on a sent-paid basis (paid for by the calling customer).
- (2) The mechanized announcement will instruct the caller that for an additional charge he may have his call automatically completed by depressing a specific digit on the touch-tone key pad. All completed calls will be charged the Directory Connect Plussm surcharge, in addition to any other appropriate charges. Customers may request blocking of Directory Connect Plussm calls originating from their telephone lines by contacting the local Company business office.
- (3) Directory Connect Plussm will only be furnished where facilities and operating conditions permit.
- (4) Directory Connect Plussm will not be provided to the following services:
- 800/877/888 Service
 - 976 Service
 - 900 Service
 - Inmate Telephone Service (ITS)
 - Public Telephone Access Service (PATS) for Customer-Provided Equipment (CPE)
 - Public Telephone Service
 - Semipublic Telephone Service
 - Feature Group A Service
- (5) The Telephone Company assumes no responsibility or liability for any errors in the information furnished. The caller shall indemnify the Telephone Company and hold it free and harmless of and from any and all claims, demands or damages that shall arise from the use of the service.
- (a) This service is furnished solely for the telephone calling purposes of the caller.
- (b) Provisions concerning limitations of liability and allowance for interruption of service are as set forth in Section A2 of this Tariff.
- (6) This offering provides call completion on a Local Access and Transport Area (LATA) basis.
- (7) (Deleted)

d. **Business Line Call Completion (BLCC)**

- (1) Business Line Call Completion (BLCC) provides an incoming Directory Assistance customer requesting a business customer's listed intraLATA number a mechanized announcement offering call completion to the business customer's number. The call is completed on a reverse-paid basis (paid for by the business customer subscribing to BLCC).

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A3. BASIC LOCAL EXCHANGE SERVICE

A3.10 Directory Assistance Service (Continued)

.1 General (Continued)

d. Business Line Call Completion (BLCC) (Continued)

- (2) The mechanized announcement will instruct the caller that he may have his call automatically completed at no additional charge by depressing a specific digit on the touch-tone key pad. For all completed calls, the BLCC surcharge will be reversed to the business customer receiving the call. The caller shall remain responsible for any other applicable local message charges and/or Directory Assistance charges.
- (3) Business Line Call Completion (BLCC) will only be furnished where facilities and operating conditions permit.
- (4) Business Line Call Completion (BLCC) will not be provided to the following services:
 - Residence Service
 - 800/877/888 Service
 - 976 Service
 - 900 Service
 - Inmate Telephone Service (ITS)
 - Public Telephone Access Service (PATS) for Customer-Provided Equipment (CPE)
 - Feature Group A Service
 - Cellular Carriers
- (5) The Telephone Company assumes no responsibility or liability for any errors in the information furnished. The caller shall indemnify the Telephone Company and hold it free and harmless of and from any and all claims, demands or damages that shall arise from the use of the service.
 - (a) This service is furnished solely for the telephone calling purposes of the caller.
 - (b) Provisions concerning limitations of liability and allowance for interruption of service are as set forth in Section A2 of this Tariff.
- (6) This offering provides call completion on a Local Access and Transport Area (LATA) basis.
- (7) If call completion is paid for under the terms of BLCC, the Directory Connect Plussm charge as specified in Section A3.10.2c. will not apply to the business customer or the caller.

.2 Rates

- a. Where the subscriber direct dials the Local Directory Assistance number 1411, the charge for each call (maximum of two requested telephone numbers per call) is \$1.50. (l)

^R Registered Trademark of Verizon
sm Registered Servicemark of Verizon

MICHELLE ROBINSON, PRESIDENT
TAMPA, FLORIDA

EFFECTIVE: November 1, 2008
ISSUED: September 25, 2008

A3. BASIC LOCAL EXCHANGE SERVICE

A3.10 Directory Assistance Service (Continued)

.2 Rates (Continued)

a. (Continued)

- (1) Subscribers who have been certified as unable to use a directory because of a visual or physical handicap are allowed calls to Local Directory Assistance Service at no charge. (D) (T)

- b. Where the subscriber places a call to Directory Assistance, via an operator, a surcharge of 20 cents applies per call. (D)

- c. When a customer elects to have a call automatically completed to the number for which the Directory Assistance Listing was requested (Directory Connect Plussm), a surcharge of 45 cents shall apply per call. The Directory Connect Plussm surcharge is in addition to any applicable Directory Assistance and/or IntraLATA local or toll charges. (C) (D)

- d. Directory Connect Plussm and Business Line Call Completion (BLCC) are not subject to optional calling plan discounts. However, the usage associated with a call completed via Directory Connect Plussm or BLCC will be subject to any applicable discounts.

- e. The Business Line Call Completion (BLCC) charge shall be 45 cents for each call completed. This charge shall be billed to the business customer subscribing to BLCC which receives the call. The BLCC caller (person who places the call) shall be responsible for any applicable Directory Assistance, IntraLATA local, and/or IntraLATA toll charges. (C)

.3 National Directory Assistance/Customer Name and Address Service

a. General

National Directory Assistance (NDA) will provide the customer with directory listings from Verizon's Directory Assistance database. This database will make all Verizon listings available to any operator workstation along with national listings from other provider databases. Verizon will provide listings for residential, business, government, Verizon 1-800/877/888, and Verizon local emergency numbers. Customer Name and Address (CNA) Service is a reverse search feature which allows the caller to request a customer's name and/or address after giving the Directory Assistance operator a complete telephone number. (T) (T)

b. Conditions

- (1) The customer will receive a maximum of two listings per call, i.e., two NDA numbers, one NDA number and one CNA listing, or two CNA listings.
- (2) Customers who make operator assisted calls to National Directory Assistance or to obtain Customer Name and Address Service will be charged the NDA/CNA rate plus the applicable operator surcharge as specified in Section A3.10.2b. of this Tariff.
- (3) The Company shall not be liable for any errors or omissions, whether arising through negligence or otherwise, in the information furnished; and the customer shall indemnify and save the Company harmless against all claims (including costs and attorney's fees) that may arise from the use of such information.
- (4) The customer will have access to any number/address listing within the continental United States, Alaska and Hawaii, with the exception of non-published listings. When a non-published number/address is requested, the message "Non-published number/address" or "NP" is displayed and no information will be available.
- (5) Charges for National Directory Assistance/Customer Name and Address Service are not applicable to calls placed by customers who certify they are unable to use a directory because of a visual or physical handicap.
- (6) National Directory Assistance/Customer Name and Address Service will be available where technology permits.

(D)
(D)

sm - Registered Servicemark of Verizon

(T)

A3. BASIC LOCAL EXCHANGE SERVICE

A3.10 Directory Assistance Service (Continued)

.3 National Directory Assistance/Customer Name and Address Service (Continued)

c. Rates

- | | | |
|--|--------|-----|
| (1) For each call to the National Directory Assistance/
Customer Name and Address Service | \$1.50 | (l) |
|--|--------|-----|

A3. BASIC LOCAL EXCHANGE SERVICE

A3.11 Operator Assisted Local Calls

1. Operator Assistance Charges

- a. All types of local exchange service have local calling areas as specified in A3.5 of this Tariff, which are the areas that can be called on a Flat Rate basis (no charge for individual calls), on a Local Coin Call Rate basis, on a Message Rate basis (calls charged for as message units) or on a Measured Service basis (charges based on a combination of one or more rating elements). Local calling area also includes Extended Calling Service (ECS) exchanges as specified in Section A3.15.
- b. Local Dial Call: The call must be dialed and completed without the assistance of a Company operator and must be billed to the originating telephone when a charge is applicable.
- c. The following service charges for local calls apply in addition to the local dial rate applicable.

(1) Station

	<u>Per Call</u>
(a) Customer Dialed Calling Card	\$.95
(b) Corrections Collect (applies when person originating the call is calling from a correctional facility using special restricted corrections service).	1.60
(c) All other (including Operator Assisted sent-paid, collect, third number, and credit card calls).	2.50 (I)

(2) Person-to-Person

(a) All calls	3.25
---------------	------

- d. The following Operator Assisted Local Calls are exempted from the service charge:

- (1) Calls to designated Company numbers for official telephone business.
- (2) Emergency calls to recognizable authorized civil agencies.
- (3) Those cases where a Company operator provided assistance to:
 - (a) Reestablish a call which has been interrupted after the called number has been reached.
 - (b) Reach the called number where problems prevent subscriber dial completion.
 - (c) Place a non-coin, sent-paid call for a calling party who identifies himself as being handicapped and unable to dial the call because of his handicap.

2. Payphone Usage Surcharge

- a. In addition to the operator assistance service charge, all local coin calls utilizing operator handling services will be at the local coin rate.
- b. In addition to any applicable operator assistance service charge, the following Public Payphone Usage Surcharge applies to all completed local and intraLATA long distance calls that are made from a payphone and are not paid by coins being placed in the payphone coin box.

(1) Public Payphone Usage Surcharge	<u>Per Call</u>
(a) All calls not paid by coin	\$.25

- c. The Public Payphone Usage Surcharge does not apply to calls made to emergency numbers (911) or a telecommunications relay service (TRS), or to local calls for which the caller has made the coin deposit.

A3. BASIC LOCAL EXCHANGE SERVICE**A3.12 Verification and Emergency Interrupt Service****.1 General**

- a. Verification and Emergency Interrupt Service is furnished where and to the extent that facilities permit. The subscriber shall indemnify and save the company harmless against all claims that may arise from either party to the interrupted call or any person.
- b. Verification
 - (1) The Company furnishes Verification Service for the purpose of verifying a busy line condition.
 - (2) A subscriber originated request for verification of a local number, other than an emergency agency number, is a chargeable verification request if a Company operator determines that the line is in use. No charge applies if no conversation is detected.
- c. Emergency Interrupt Service
 - (1) The Company furnishes Emergency Interrupt Service when a subscriber, who has originated a verification request to a number which has conversation, informs the operator that an urgent or emergency situation exists and requests that the operator have the conversation cleared.
 - (2) A subscriber originated request for Emergency Interrupt to a local number, other than an emergency agency number, is a chargeable Emergency Interrupt request.
 - (3) No charge will apply if the requesting subscriber identifies that the call is to or from an official emergency agency. An official public emergency agency is defined as a government agency which is operated by the federal, state, or local government and has the capability and legal authority to provide prompt and direct aid to the public in emergency situations. Such agencies include the local police, state police, fire departments, licensed hospitals, etc.

.2 Rates

- a. A charge of \$ 2.50 is applicable for each chargeable verification request as defined above. (l)
- b. A charge of \$ 2.25 is applicable for each chargeable Emergency Interrupt request as defined above, in addition to the applicable charge for verification. (l)

NOTE 1: Charges may not be billed to the number being verified or interrupted on either a credit card, collect basis, or a third number basis.

NOTE 2: If the number verified is not in use, or as a result of interrupt the line is cleared, and, at the calling party's request, the operator completes the call, the charges for operator assisted local calls, as specified in A3.11 preceding, apply in addition to the applicable Verification or Emergency Interrupt charge.

ALAN F. CIAMPORCERO, PRESIDENT
TAMPA, FLORIDA

EFFECTIVE: September 1, 2004
ISSUED: July 30, 2004

A3. BASIC LOCAL EXCHANGE SERVICE

A3.13 NETWORK ACCESS REGISTER PACKAGE

.1 General

The Network Access Register (NAR) Package provides for exchange and long-distance message network calling. The NAR Package provides for Flat or Message Rate network usage access.

.2 Rates and Charges

- a. The Flat Rate (NAR) Package includes an unlimited number of dialed sent paid local calls.
- b. For the Message Rate NAR Package, all limitations as specified in this Tariff for Message Rate Service apply. A usage allowance for local message, and usage charges for calls above the allowance apply as specified in this Tariff for PBX Trunk Message Rate Service. This service is offered where Message Rate Central Office PBX Trunk Line Service is available. Calls made to Extended Calling Service (ECS) exchanges will be billed the appropriate rates as specified in Section A3.15.
- c. The rates shown are applicable whether the NAR Package is used for Inward, Outward, or Combination applications.
- d. The conditions and rates specified in other sections of this Tariff for services which may be associated with these services are in addition to those specified herein.
- e. Network Access Register (NAR) Package, per NAR

	<u>Rate Group</u>	<u>Monthly Rate</u>		
(1) Flat Rate Network Access Register (NAR) Packages, per NAR	1	\$21.76		
	2	22.84		
	3	23.41		
	4	23.99		
	5	24.56		
(2) Message Rate Network Access Register (NAR) Packages, per NAR	1	14.73		
	2	14.73		
	3	14.73		
	4	14.73		
	5	14.73		
(3) Flat Rate Network Access Register (NAR) for CentraNet® customers subscribing to the following Verizon Local Calling Plans options, all Rate Groups.		<u>Monthly Rate</u>	<u>IOSC</u>	
	Basic Calling Plan	\$ 17.00	52092	(T)
	Community Plus Plan	30.00	52094	
(4) CentraNet® Service/Digital (ISDN) CentraNet® Service-Flat Rate Extended Calling Service NAR, per NAR	<u>Rate Group</u>	<u>Monthly Rate</u>	<u>IOSC</u>	
	1	\$29.76	43703	
	2	30.84	43703	
	3	31.41	43703	
	4	31.99	43703	
5	32.56	43703		

(M)

(M)

(T)

(N)

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(M) Material moved to Section A103, Page 3.

JOHN A. FERRELL, PRESIDENT
 TAMPA, FLORIDA

EFFECTIVE: February 1, 2001
 ISSUED: January 17, 2001

A3. BASIC LOCAL EXCHANGE SERVICE

A3.13 NETWORK ACCESS REGISTER PACKAGE (Continued)

.2 Rates and Charges (Continued)

(M)

(M)

(M) Material moved to Section A103, Page 4.

(N)

JOHN A. FERRELL, PRESIDENT
TAMPA, FLORIDA

EFFECTIVE: February 1, 2001
ISSUED: January 17, 2001

A3. BASIC LOCAL EXCHANGE SERVICE

A3.14 Optional Extended Area Service

.1 (Deleted)

(D)

(D)

A3. BASIC LOCAL EXCHANGE SERVICE

A3.14 Optional Extended Area Service (Continued)

.1 (Deleted)

(D)

(D)

A3. BASIC LOCAL EXCHANGE SERVICE

A3.15 Extended Calling Service (ECS)

.1 **General**

- a. Extended Calling Service (ECS) provides usage sensitive billing (Business and Residence customers) or flat rate billing (Business Flat Rate customers only) for customer dialed or operator assisted calls to locations outside a customer's normal flat rate local calling area for the exchanges specified in A3.15.2.
- b. ECS is provided by Verizon Florida Inc. between exchanges specified in Section A3.15.2 subject to the availability of facilities and billing capabilities. (T)
- c. ECS usage sensitive billing will apply to all business and residence individual lines; PBX trunk lines; CentraNet® lines; Foreign Exchange Service; access lines provided in connection with Switched Data Service; access lines provided in connection with Integrated Services Digital Network-Primary Rate Interface (ISDN-PRI), access lines provided in connection with FlexGrow Trunk Service; access lines provided in connection with Digital Facility Service; access lines provided in connection with Shared Tenant Service (STS); and access lines provided in connection with customer-provided coin telephone service.

The flat rate ECS option provides unlimited calling between the applicable ECS exchanges.

Optional flat rate ECS billing¹ will apply to business customers meeting the following criteria:²

Analog Services

- minimum of 3 Individual Business Flat Rate Main Station Lines (Note: not applicable for Business Message Rate Service customers), or
- minimum of 3 Business Flat Rate Main Stations arranged with Rotary Service, or
- minimum of 3 CentraNet® Service/Digital (ISDN) CentraNet® Service Network Access Registers (NARs), or
- minimum of 3 PBX Trunks, or
- minimum of 3 DIOD Trunks, or
- a minimum combination of 3 Lines/NARS/Trunks as described above, or

Digital Services

- ISDN-PRI customers in accordance with Section A10.5.2q., or
- FlexGrow Trunk Service customers in accordance with Section A10.13.2m.

Note 1: Optional flat rate ECS billing is not applicable with Business Message Rate Service, Business Message Rate Service arranged with Rotary, Message Rate NARs, Message Rate PBX Trunks, or Remote Call Forwarding.

Note 2: Flat Rate Business ECS 1- and 3-year term commitment rates apply only to Business One-Party lines, Main Stations Arranged with Rotary, and/or PBX trunks; does not apply to CentraNet® NARs. (T)

Applicable Service Charges as specified in Section A4.7 of this tariff shall be waived when an existing business customer, who meets the required criteria as described herein, converts his existing services to Flat Rate Business Extended Calling Service.

- d. Mixing of flat rate ECS and usage sensitive ECS applicable to the analog network services as described in c. above on a single billing account and customer premise is not allowed.

Mixing of flat rate ECS and usage sensitive ECS between the analog network services as described in c. above and the digital services as described in c. above can be provided at the customer premise on separate accounts with separate billing for each set of like services.

If the business customer increases or decreases the number of analog network access services at the site location, flat rate ECS must be added or removed accordingly based on the number of qualifying analog network access services. If the business customer account drops below three (3) analog network access services, the customer must revert to mandatory usage sensitive ECS for its analog network access services at the site location.

Monthly, 1-year term commitment, and 3-year term commitment rates applicable to Optional Business Flat Rate ECS are specified in Sections A3.2.1 and A3.3.4. (T)

Termination Liability

In the even the customer terminates the service prior to the completion of the term commitment, the Termination Liability in Section A2.3.17 of this tariff will apply.

(C)
(C)
(D)
|
(D)

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(T)

A3. BASIC LOCAL EXCHANGE SERVICE

A3.15 Extended Calling Service (ECS) (Continued)

.1 General (Continued)

- e. The charges for Extended Calling Service (ECS) shall be those shown in A3.15.3 except as specified in f. following.
- f. ECS usage rates for Foreign Exchange service shall be as specified in Section A9.1.10a(4.). ECS usage rates for access lines provided in connection with Public Telephone Access Service (PATS) for Customer-Provided Equipment (CPE) shall be as specified in Section A7.3.5. ECS usage rates for access lines provided in connection with Shared Tenant Service (STS) shall be as specified in Section A23.6.

The ECS flat rate is as specified in Section A3.15.3 following.
- g. ECS usage rate elements are defined as follows:
 - (1) Call Connection - A charge applied to each completed outgoing call placed during the month.
 - (2) Minutes of Use - A charge per minute for the duration of the call. Minutes and fraction of minutes are accumulated monthly with only the monthly total for each exchange and discount period being rounded up to the next whole minute.
- h. Operator Assisted Calls between ECS exchanges will be charged at the rates specified in Section A3.11, plus \$.25 for each completed message. All calls between ECS exchanges made through the Florida Relay Service will be charged at \$.25 for each completed message.

(M)

(M)

(M) Material previously appeared on Page 17.

JOHN A. FERRELL, PRESIDENT
TAMPA, FLORIDA

EFFECTIVE: February 4, 2000
ISSUED: December 20, 1999

(N)

A3. BASIC LOCAL EXCHANGE SERVICE

A3.15 Extended Calling Service (ECS) (Continued)

.2 Extended Calling Service (ECS) Exchanges

a. Listed below are the ECS exchanges associated with each exchange:

<u>Exchanges</u>	<u>Extended Calling Service (ECS) Exchanges</u>	
Bartow	Haines City Haines City (Poinciana)	
Clearwater	New Port Richey Tampa Central Tampa East Tampa North Tampa South	
Englewood	Boca Grande* Sarasota	
Haines City	Bartow Celebration* Kissimmee* Lake Buena Vista* Lakeland Orlando* Polk City Reedy Creek* West Kissimmee*	(C) (M)
Haines City (Poinciana)	Bartow Celebration* Lake Buena Vista* Lakeland Polk City Orlando* Reedy Creek*	(C) (M)
Hudson	Brooksville* Tarpon Springs	(C) (M)

(M)

* Other than Verizon Florida Incorporated Service Area

(M) Material moved to Section A103, Page 6.

(N)

ALAN F. CIAMPORCERO, PRESIDENT
 TAMPA, FLORIDA

EFFECTIVE: October 19, 2004
 ISSUED: October 4, 2004

A3.15 Extended Calling Service (ECS) (Continued)

.2 Extended Calling Service (ECS) Exchanges (Continued)

a. (Continued)

<u>Exchanges</u>	<u>Extended Calling Service (ECS) Exchanges</u>	
Lakeland	Haines City Haines City (Poinclana)	(N) (N)
Mulberry	Plant City Tampa Central Tampa East Tampa North Tampa South Tampa West	(M)
New Port Richey	Clearwater Tampa North Tampa West	
North Port	Sarasota	
Palmetto	Sarasota	
Plant City	Mulberry	(M)
Polk City	Haines City Haines City (Poinclana)	(N) (N)
Sarasota	Englewood North Port Palmetto	(M)
St. Petersburg	Tampa Central Tampa East Tampa North Tampa South Tampa West Tarpon Springs	(M)
Tampa Central	Clearwater Dade City* Mulberry (Deleted) San Antonio* St. Petersburg Tarpon Springs Zephyrhills	
Tampa East	Clearwater Mulberry St. Petersburg Tarpon Springs Zephyrhills	
Tampa North	Clearwater Dade City* Mulberry New Port Richey (Deleted) San Antonio* St. Petersburg Tarpon Springs	
Tampa South	Clearwater Mulberry (Deleted) St. Petersburg Tarpon Springs Zephyrhills	
Tampa West	Mulberry New Port Richey (Deleted) St. Petersburg Tarpon Springs Zephyrhills	

* Other than GTE Florida Incorporated Service Area

(M) Material previously appeared on Page 17.

(M)¹ Material has been transferred to Page 18.1.

(M)¹

(N)

(N)

A3. BASIC LOCAL EXCHANGE SERVICE

A3.15 Extended Calling Service (ECS) (Continued)

.2 Extended Calling Service (ECS) Exchanges (Continued)

a. (Continued)

<u>Exchanges</u>	<u>Extended Calling Service (ECS) Exchanges</u>	
Tarpon Springs	Hudson St. Petersburg Tampa Central Tampa East Tampa North Tampa South Tampa West	(M)
Zephyrhills	Tampa Central Tampa East Tampa South Tampa West	(M)

Material previously appeared on Page 18.

(N)

A3. BASIC LOCAL EXCHANGE SERVICE

A3.15 Extended Calling Service (ECS) (Continued)

.3 Rates and Charges

a. Usage charges are applicable for all exchange services as specified below:

	Full Rate Period	
	<u>Call Connection</u>	<u>Each Minute</u>
(1.) Residence ¹	\$.25	\$.00
(2.) Business ²	.04	.06

b. Flat rate option:

	<u>Monthly Rate</u>
(1.) Business Individual Flat Rate Main Station Line and/or Business Flat Rate Main Stations arranged with Rotary Service, per line	As specified in Section A3.2.1a.
(2.) PBX Trunk, per trunk	As specified in Section A3.3.4b.(1).
(3.) CentraNet® Service/Digital (ISDN) CentraNet® Service Network Access Registers, per NAR	As specified in Section A3.13.2e.(4).

.4 Detail Billing ³

(T)

a. When a billing detail is furnished, the following charges will apply. The billing detail includes date of call, called telephone number, answer time, and length of call. The customer must request a detailed bill at least 30 days in advance of the date detail billing is to commence.

	<u>Rate ⁴</u>	
Per customer bill, per month	\$ 2.00 (I)	(T)
Charge per page of billing detail	.15 (I)	(T)

¹ Call allowance does not apply for Residence ECS Service. (T)
² Call allowance does not apply for Business ECS Service. (T)
³ Customers subscribing to a local message service offering or Verizon Local Calling Plans service will also receive local calls on their bill detail. (T)
⁴ A Network Access Change charge as specified in Section A4 will apply when Detail Billing is requested subsequent to the establishment of basic local exchange service. (T)

A3. BASIC LOCAL EXCHANGE SERVICE

A3.16 Verizon Local Calling Plans

.1 General

- a. This tariff applies to local exchange telephone service provided under the Verizon Local Calling Plans offered to Business customers only. The exchange areas to which the regulations and rates contained herein are as specified in Section A3.16.4 of this tariff and are in addition to the applicable regulations and rates specified in other sections of this Tariff. (T) (C)

.2 Regulations

- a. Existing customer may have the option to keep their current flat rate/message rate service or convert to the Verizon Local Calling Plans service. Should the existing customer opt to keep the current flat rate or message rate service, he will continue to dial "1+" to the expanded local calling areas and will be charged the applicable toll rates for such calls. (T)
- b. All new customers moving into the Verizon Local Calling Plans exchanges may choose one of the Verizon Local Calling Plans options or subscribe to flat rate or message rate service. Should the new customer subscribe to flat rate or message rate service, he will dial "1+" to the expanded local calling areas and will be charged the applicable toll rates for such calls. (T)
- c. The Plans are furnished only from central offices which have been arranged to provide these services, and are available to business one-party, business rotary, residence one-party, residence rotary and PBX trunk customers.
- d. Service Options of the Verizon Local Calling Plans (T)

Basic Calling Plan is an economy rate exchange service which provides measured rate calling only.

(M)
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Community Plus Plan provides flat rate calling within the customer's originating exchange and Verizon specified nearby exchanges with measured calling to all other exchanges within the expanded local calling area.

(M)
(M)

- e. Service charges shall be waived for those customers subscribing to a Verizon Local Calling Plan (LCP), changing to or between Verizon LCP Options; as well as converting back to flat rate or message rate service. (T)
- f. Current flat rate and LCP services will be furnished to the same customer on the same premises where both services are available in the customer's local exchange area. Should a customer request current flat rate service and any LCP on the same premises, a separate line and number will be required for each service type. The customer will receive two separate bills, one bill combining all flat rate lines and services and one for all measured rate lines and services provided.
- g. Measured rate service, where applicable, provides for calling to specified areas with each call measured on a time-of-day, day-of-week, distance called, frequency, and length-of-message basis.
- h. Rates for messages between two points are based on the airline mileage between rate centers, except when the two points are located within the same exchange. Airline mileages between rate centers are determined as specified in Section A18, Long Distance Message Telecommunications Service.
- i. Calls made to the specified areas should be dialed by the customer on a station-to-station sent-paid basis without the assistance of a Telephone Company operator. Operator-assisted calls are excluded from the Verizon Local Calling Plans. (T)
- j. Verizon Local Calling Plan service will not be offered in connection with Public and Semipublic Telephone Service, Public Telephone Access Service, WATS, Feature Group A, or Foreign Exchange services. However, CentraNet® customers may subscribe to the Basic Calling and Community Plus options. (T)

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(T)

(M) Material moved to Section A103, Page 7.

(N)

ALAN F. CIAMPORCERO, PRESIDENT
 TAMPA, FLORIDA

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A3. BASIC LOCAL EXCHANGE SERVICE

A3.16 Verizon Local Calling Plans (Continued)

.2 Regulations (Continued)

- k. Business customers only may subscriber to the Basic Calling and Community Plus options. (C)
- l. Vacation Service (Reference Section A2.3.15) is not available to customers subscribing to the Verizon Local Calling Plan, Basic Calling Plan. Vacation Service is available to customers subscribing to Verizon Local Calling Plan, Community Plus Plan. (C)
- m. For the purpose of determining charges, the following applies:
 - (1) A flat monthly rate for provision of incoming calls and access to the local network.
 - (2) Bands Local and A through E relate to incremental peak and off-peak rates based upon interexchange mileage determined by measuring the airline distance between rate centers within the expanded local service (calling) area. There are no incremental mileage charges associated with calls originating and terminating within a customer's serving exchange.
 - (3) Monthly billing is based on cumulative minutes of usage with the total fraction rounded to the next higher minute.
 - (4) Chargeable time for all calls begins when connection is established between the calling line and the called line or branch exchange, and ends when the calling line "hangs-up" thereby releasing the network connection. If the called line "hangs-up", but the calling line does not, chargeable time ends when the network connection is released either by automatic timing equipment in the telephone network or by the Telephone Company operator.
 - (5) Peak period rates will apply Monday through Friday, 7:00 a.m. - 7:00 p.m.
 - (6) The off-peak discounts apply to all calls which are originated within the designated discount periods. The charges are determined separately for each rate period and the results are totaled.
 - (7) The discount for the off-peak period given in the following table is expressed as a percent reduction of the sum of the peak charges calculated at the rates shown in A3.16.3d. following.

	<u>From</u>	<u>Up to But Not Including</u>	<u>Discount</u>
Everyday	7:00 p.m.	7:00 a.m.	40%
Saturdays, Sundays, and Certain Holidays (See Note 1)	7:00 a.m.	7:00 p.m.	40%

Note 1: Holiday discount applies on New Year's Day (January 1), Independence Day (July 4), Labor Day (the first Monday in September), Thanksgiving Day (the fourth Thursday in November), and Christmas Day (December 25).

A3. BASIC LOCAL EXCHANGE SERVICE

A3.16 Verizon Local Calling Plans (Continued)

.3 Rates

a. Application of Rates

The rates shown herein entitle the customer to local messages to all telephones of the exchanges of the expanded local calling area listed in A3.16.4 following.

b. LCP Category Determination

The determination of which LCP category into which a particular exchange will fall when optional local calling plans are made available is calculated using two basic factors. The first is the current rate group where the exchange is located, which is based on the number of main station lines and PBX trunks in the existing local calling area. There are five of these groups in the tariff as shown in Section A3.2, Rate Schedules. The second factor is the total number of local access lines in the LCP expanded local calling area for a particular exchange at the time of implementation. These expanded calling scopes are divided into three classifications: 200,000 or less lines; 200,001 to 500,000 lines; and 500,001 and greater. There are nine potential LCP rating categories. Exchanges currently in Rate Groups 1 and 2 that receive LCP capability will be assigned to Categories I, II or III. Exchanges in local rate groups 3 and 4 will be assigned to Categories IV, V, or VI; and exchanges in local calling area 5 will be assigned to Categories VII, VIII, or IX. For example, an exchange in current Rate Group 3 that offers the LCP with an expanded LCP local calling area of over 200,001 local access lines, but less than 500,000 local access lines, will fall into LCP rating Category V.

c. Rate Schedule

	<u>Monthly Rate</u> LCP Category <u>II*</u>	<u>Monthly Rate</u> LCP Category <u>V*</u>
<u>Business One-Party</u>		
Basic Calling Plan	\$ 25.95 (I)	\$ 25.95 (I)
Community Plus Plan	35.00 (I)	38.00
<u>Business-Rotary</u>		
Basic Calling Plan	27.00	27.00
Community Plus Plan	43.00	43.00
<u>PBX Trunk</u>		
Basic Calling Plan	34.00	34.00
Community Plus Plan	52.00	54.00
	<u>Exchanges</u>	<u>Exchanges</u>
	Frostproof Indian Lake	Englewood Lake Wales North Port Polk City

* Other LCP categories will be added as LCP services are made available in other exchanges.

d. Usage Charges for calls from the Basic Calling and Community Plus Plans preceding.

<u>Distance Bands</u>	<u>Airline Miles</u>	<u>Peak¹</u> <u>(Per Minute)</u>	<u>Off-Peak¹</u> <u>(Per Minute)</u>
Local	-	\$.06	\$.036
A	1-10	.06	.036
B	11-16	.06	.036
C	17-22	.06	.036
D	23-30	.06	.036
E	31-41	.06	.036

¹ Peak/Off-Peak definitions are explained in Sections A3.16.2m.(5), (6), and (7) preceding.

A3. BASIC LOCAL EXCHANGE SERVICE

A3.16 Verizon Local Calling Plans (Continued)

.4 Verizon Local Calling Plan Exchange #

Exchange And Plan Options	Flat Rate Local Service Area	Measured Rate Local Service Area				
		Local	Band A	Band B	Band C	Band D

ENGLEWOOD

(M)

 (M)

Business

Basic Calling Plan	None	Englewood	Cape Haze* North Port	Port Charlotte* Venice	Punta Gorda*	Myakka	Bradenton
Community Plus Plan	Cape Haze* Englewood North Port Venice	None	None	Port Charlotte*	Punta Gorda*	Myakka	Bradenton

* - Other than Verizon Florida Inc. Service Area. (T)

- Service is not available in all exchanges listed in Section S3.5.1a. preceding. Verizon Florida will phase Local Calling Plans in to other exchanges as appropriate.

(M) Material moved to Section A103, Page10. (N)

A3. BASIC LOCAL EXCHANGE SERVICE

A3.16 Verizon Local Calling Plans (Continued)

.4 Verizon Local Calling Plan Exchange # (Continued)

Exchange And Plan Options	Flat Rate Local Service Area	Measured Rate Local Service Area						
		Local	Band A	Band B	Band C	Band D		
<u>Frostproof</u>								(M)
<u>Business</u>								
Basic Calling Plan	None	Frostproof	Avon Park*	Indian Lake Lake Wales	Bartow Fort Meade* Sebring*	Haines City Mulberry Poinciana** Winter Haven	Lakeland Polk City	
Community Plus Plan	Bartow Frostproof Indian Lake Lake Wales Winter Haven	None	Avon Park*	None	Fort Meade* Sebring*	Haines City Mulberry Poinciana**	Lakeland Polk City	

* - Other than Verizon Florida Inc. Service Area. (T)

** - Poinciana is an exception area within the Haines City exchange.

- Service is not available in all exchanges listed in Section S3.5.1a. preceding. Verizon Florida will phase Local Calling Plans in to other exchanges as appropriate.

(M) Material moved to Section A103, Page 11. (N)

A3. BASIC LOCAL EXCHANGE SERVICE

A3.16 Verizon Local Calling Plans (Continued)

.4 Verizon Local Calling Plan Exchange # (Continued)

Exchange And Plan Options	Flat Rate Local Service Area	Measured Rate Local Service Area					
		Local	Band A	Band B	Band C	Band D	Band E
<u>Indian Lake</u>							

(M)

 (M)

Business

Basic Calling Plan	None	Indian Lake	None	Frostproof Lake Wales	Avon Park*	Fort Meade* Haines City Poinciana** Sebring* Winter Haven	Bartow Lakeland Mulberry Polk City
Community Plus Plan	Bartow Frostproof Indian Lake Lake Wales Winter Haven	None	None	None	Avon Park*	Fort Meade* Haines City Poinciana** Sebring*	Lakeland Mulberry Polk City

* - Other than Verizon Florida Inc. Service Area. (T)

** - Poinciana is an exception area within the Haines City exchange.

- Service is not available in all exchanges listed in Section S3.5.1a. preceding. Verizon Florida Inc. will phase Local Calling Plans in to other exchanges as appropriate. (T)

(M) Material moved to Section A103, Page12. (N)

A3. BASIC LOCAL EXCHANGE SERVICE

A3.16 Verizon Local Calling Plans (Continued)

.4 Verizon Local Calling Plan Exchange # (Continued)

Exchange And Plan Options	Flat Rate Local Service Area	Measured Rate Local Service Area				
		Local	Band A	Band B	Band C	Band D

Lake Wales

(M)

 (M)

Business

Basic Calling Plan	None	Lake Wales	None	Bartow Frostproof Haines City Poinciana** Winter Haven	Avon Park* Fort Meade* Indian Lake	Lakeland Mulberry Polk City Sebring*	None
Community Plus Plan	Bartow Frostproof Haines City Indian Lake Lake Wales Winter Haven	None	None	Poinciana**	Avon Park* Fort Meade*	Lakeland Mulberry Polk City Sebring*	None

* - Other than Verizon Florida Inc. Service Area. (T)

** - Poinciana is an exception area within the Haines City exchange.

- Service is not available in all exchanges listed in Section S3.5.1a. preceding. Verizon Florida will phase Local Calling Plans in to other exchanges as appropriate. (T)

(M) Material moved to Section A103, Page 13. (N)

A3. BASIC LOCAL EXCHANGE SERVICE

A3.16 Verizon Local Calling Plans (Continued)

.4 Verizon Local Calling Plan Exchange # (Continued)

Exchange And Plan Options	Flat Rate Local Service Area	Measured Rate Local Service Area					Band D	Band E
		Local	Band A	Band B	Band C			

NORTH PORT

(M)

(M)

Business

Basic Calling Plan	None	North Port	Englewood Port Charlotte*	Cape Haze* Punta Gorda* Venice	Myakka	None	Bradenton Palmetto
Community Plus Plan	Englewood North Port Port Charlotte* Venice	None	None	Cape Haze* Punta Gorda*	Myakka	None	Bradenton

* - Other than Verizon Florida Inc. Service Area. (T)

- Service is not available in all exchanges listed in Section S3.5.1a. preceding. Verizon Florida will phase Local Calling Plans in to other exchanges as appropriate. (T)

(M) Material moved to Section A103, Page 14. (N)

A3. BASIC LOCAL EXCHANGE SERVICE

A3.16 Verizon Local Calling Plans (Continued)

.4 Verizon Local Calling Plan Exchange # (Continued)

Exchange And Plan Options	Flat Rate Local Service Area	Measured Rate Local Service Area					Band D	Band E
		Local	Band A	Band B	Band C	Band D		
<u>Polk City</u>								(M)
<u>Business</u>								(M)
Basic Calling Plan	None	Polk City	None	Haines City Lakeland Poinciana** Winter Haven	Bartow Mulberry	Fort Meade* Lake Wales	Frostproof Indian Lake	
Community Plus Plan	Bartow Haines City Lakeland Polk City Winter Haven	None	None	Poinciana**	Mulberry	Fort Meade* Lake Wales	Frostproof Indian Lake	

* - Other than Verizon Florida Incorporated Service Area. (T)

** - Poinciana is an exception area within the Haines City exchange.

- Service is not available in all exchanges listed in Section S3.5.1a. preceding. Verizon Florida will phase Local Calling Plans in to other exchanges as appropriate. (T)

(M) Material moved to Section A103, Page 15. (N)

A3. BASIC LOCAL EXCHANGE SERVICE

A3.16 Verizon Local Calling Plans (Continued) (T)

.5 Detail Billing¹ (T)

a. When a billing detail is furnished, the following charges will apply. The billing detail includes date of call, called telephone number, answer time, and length of call. The customer must request a detailed bill at least 30 days in advance of the date detail billing is to commence.

	<u>Rate</u> ²	(T)
Per customer bill, per month	\$ 2.00 (I)	(T)
Charge per page of billing detail	.15 (I)	(T)

¹ Customers located in an exchange with Extended Calling Service (ECS) will also receive local calls on their bill detail. (T)
² A Network Access Charge charge as specified in Section A4 will apply when Detail Billing is requested subsequent to the establishment of basic local exchange service. (T)

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 080234-1P EXHIBIT 12

COMPANY Verizon

WITNESS Federal + State Universal Service

DATE 03/03/09 Definitions

Federal and State Universal Service Definitions

47 U.S.C. § 254. Universal service

(c) Definition

(1) In general

Universal service is an evolving level of telecommunications services that the Commission shall establish periodically under this section, taking into account advances in telecommunications and information technologies and services. The Joint Board in recommending, and the Commission in establishing, the definition of the services that are supported by Federal universal service support mechanisms shall consider the extent to which such telecommunications services—

(A) are essential to education, public health, or public safety;

(B) have, through the operation of market choices by customers, been subscribed to by a substantial majority of residential customers;

(C) are being deployed in public telecommunications networks by telecommunications carriers; and

(D) are consistent with the public interest, convenience, and necessity.

(2) Alterations and modifications

The Joint Board may, from time to time, recommend to the Commission modifications in the definition of the services that are supported by Federal universal service support mechanisms.

(3) Special services

In addition to the services included in the definition of universal service under paragraph (1), the Commission may designate additional services for such support mechanisms for schools, libraries, and health care providers for the purposes of subsection (h) of this section.

364.025 Universal service.--

(1) For the purposes of this section, the term "universal service" means an evolving level of access to telecommunications services that, taking into account advances in technologies, services, and market demand for essential services, the commission determines should be provided at just, reasonable, and affordable rates to customers, including those in rural, economically disadvantaged, and high-cost areas. It is the intent of the Legislature that universal service objectives be maintained after the local exchange market is opened to competitively provided services. It is also the intent of the Legislature that during this transition period the ubiquitous nature of the local exchange telecommunications companies be used to satisfy these objectives. Until January 1, 2009, each local exchange telecommunications company shall be required to furnish basic local exchange telecommunications service within a reasonable time period to any person requesting such service within the company's service territory.

<p>47 C.F.R § 54.403(b):</p> <p>Other eligible telecommunications carriers shall apply</p> <p>the Tier-One federal Lifeline support amount, plus any additional support amount,</p> <p>to reduce</p> <p>their lowest tariffed (or otherwise generally available) residential rate. . . .</p>	<p>their lowest tariffed (or otherwise generally available) residential rates. . . .</p>
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FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 080234-TP EXHIBIT 13
COMPANY Sprint Nextel
WITNESS Rule 54.403(b)
DATE 03/02/09