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From:

Peggy Arvanitas

problems with BellSouth -  
in Florida -

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# Congress of the United States

## House of Representatives

Washington, DC 20515-0910

April 7, 2003

Ms. Peggy Arvanitas  
Post Office Box 8787  
Seminole, Florida 33775

Dear Peggy:

Thank you for letting me know of your continued concerns for BellSouth in the state of Florida.

Like you, I too am very concerned with the lack of competition in the telecommunications industry throughout the United States. Please keep me informed on any future developments that may occur so I can have the benefit of your infinite knowledge when we vote on any bill pertaining to the industry.

Finally, let me wish you good luck in your attempt to earn a spot on the FCC's "Consumer Advisory Committee". I know this is an extremely competitive position but I have full confidence in your abilities to serve the FCC well should you be selected.

Again, thank you for taking the time to contact me. With best wishes and personal regards, I am

Very truly yours,

  
C. W. Bill Young  
Member of Congress

CWY:bs

# Tampa Bay Business Journal

MAY 2-8, 2003

COMMENT

## New phone rates to ring louder for users

BY PEGGY ARVANITAS  
GUEST COLUMN

Once again, the state Legislature is trying to address allegations that basic phone service rates are less than the cost of providing service.

The Office of Public Counsel and the AARP are still fighting proposed basic phone service increases (Senate Bill 654) and the nonbasic phone service increase (Senate Bill 2616/House Bill 351), which will affect not only residential phone service but allow a 20-percent increase on the Nortel Networks' Centrex service for businesses, state colleges and local government service and even SunCom service, a member of the AT&T Wireless network, used by state government.

Previous to the 1996 Telecommunications Act, the Baby Bell monopolies had a "price cap" paradigm for charging the public.

After the 1996 Telecommunications Act, the Florida legislature enacted Florida Statutes 364.02. This identified both basic (Plain Old Telephone Service) and nonbasic (Centrex, vertical services such as call waiting, caller ID, voice mail and SunCom services). These services had specific criteria for rate increases, called "rate of return."

All this is about to change with the two bills in the Legislature.

There are major assumptions about these bills that the Gov. Jeb Bush and people in the telecommunications industry would like you to believe

But after having completed 46 Federal Communications Commission filings in five years and reviewing four years of Florida Public Service Commission dockets, I see huge fallacies about those assumptions and what will result — plain old telephone service and nonbasic service increases of 20 percent — that will occur if these bills pass and become law.

- Basic service rates are below cost of providing the service.

Both the Baby Bells and legislators produced cost studies about the "road" that the basic and nonbasic phone services travel over, called the "Loop."

The Baby Bells — such as BellSouth Corp and GTE (now called Verizon Communications Inc.) wanted all costs for the Loop borne by plain old telephone service. The Office of Public Counsel, the Attorney General's office and AARP testified that 100 percent of the loop costs cannot be absorbed

exchange services.

He continued: "The inclusion of the entire amount (loop costs) in the cost of (basic) local phone service would be a violation of the law."

- The Florida Public Service Commission can review and control the increase of phone services.

The public service commission ruled against the Office of Public Counsel, the Attorney General's office and AARP, and allowed the loop cost to be borne only for basic services in 1999. This unorthodox action allowed the Baby Bells to now allege that they are "subsidizing" basic service.

The commission had dockets before them in 2001 and 2002, and raised all the Baby Bell line access charge fees their competitors would have to pay to compete as an alternative provider.

If access fees now are 25 percent more than basic service provided by the Baby Bells, how would this: allow competing companies to provide service?; increase in phone providers lower rates? No business walks into the telecom arena to lose money.

Baby Bells would be able to increase your phone services to the level of access line charges

- Nonbasic services would only have a 20-percent increase when another competing carrier serves an area.

This line in the SB 2616/HB351 does not come with parameters for what constitutes "competing carrier in area."

Therefore, any Competitive Local Exchange Carrier that files a tariff to provide service would trigger this 20-percent increase on business and vertical services.

Remember that nonbasic services have no loop costs, so there is no subsidy.

What is the governor's and Baby Bells' argument for increases for companies already enjoying huge profits?

Unless a competing carrier to Verizon or BellSouth has a switch, they will not set the rates for vertical services. They are re-sellers and under the control of the Baby Bells.

Verizon is listed in Forbes as a top 20 profitable company in the United States. BellSouth, as reported in the Atlanta Business

