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Rate Payers.

18 ALSO PRESENT:

19 ANTHONY M. LOMBARDO, Assistant Vice President,
20 Southern Bell-Florida.

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P R O C E E D I N G S

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2 MR. BEARD: Good evening. My name is Tom
3 Beard, and I'm the chairman of the Board of Public
4 Service Commission. With me tonight is Commissioner
5 Terry Deason. We are here tonight to hear from any
6 members of the public with respect to your service
7 or rates or any questions you might have about the
8 service that you get from Southern Bell.

9 If you'll bear with me a little bit, we have to
10 take care of a few technical difficulties as far as
11 my lawyer trying to keep me out of trouble and
12 behaving myself. And if you'll bear with me for a
13 minute we'll do that, and then I'll give you a
14 little further explanation of what we'll be doing
15 this evening.

16 Will you read the notice.

17 MR. HATCH: Pursuant to notice, this time and
18 place has been set for this public hearing in Docket
19 No. 920260-TL, a comprehensive review of the revenue
20 requirements and rate stabilization plan of Southern
21 Bell Telephone and Telegraph Company.

22 MR. BEARD: Take appearances.

23 MR. CARVER: My name is Phillip Carver,
24 attorney for Southern Bell.

25 MR. HATCH: Tracy Hatch, 101 East Gain Street,
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1 Tallahassee, Florida, attorney on behalf of the
2 commission.

3 MR. BECK: Charley Beck, Office of the Public
4 Counsel, 111 West Madison Street, Tallahassee,
5 Florida. I'm here on behalf of Southern Bell's rate
6 payers.

7 MR. TOOMEY: I'm Mike Toomey. I'm the
8 assistant attorney general, appearing on behalf of
9 Attorney General Bob Butterworth.

10 MR. BEARD: Okay, what we will do this
11 evening. The primary purpose we have is to get to
12 hear from members of the public. Prior to that, I
13 assume the company has some brief comments and
14 assume that public counsel and the attorney
15 general's office will have some as well. What we
16 will do is allow the company and the public counsel
17 and the attorney general's office to make some brief
18 comments. And that will basically kind of put a
19 frame of reference around this rate case and issues
20 associated with that. We will then take comments
21 from everyone.

22 We will ask anybody that wishes to speak to
23 come to the podium. I do need to swear you in. We
24 try to keep it as informal as possible, but so that
25 your comments will be a part of the record we will

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1 do that, but still keep it informal as we can do
2 with the camera staring you in the face and all
3 these people out here.

4 There are some people that are not really that
5 comfortable at a podium, and we understand that. To
6 the extent that somebody comes up here and gives
7 some detailed comments and you say, "Hey, that's
8 exactly what I would have said. I agree with
9 everything they said." You can step up, give us
10 your name, and say, "I agree with them and I want to
11 adopt their comments." That's fine.

12 If you just don't like standing in front of
13 microphones, there were some green sheets where you
14 could sign up to speak. If you want to write your
15 comments out, sign that, and turn that in, that will
16 serve the same purpose. The main thing is we hear
17 from you and anything you have to say.

18 Given that, do we have a notice that was
19 published in the paper?

20 MR. HATCH: Yes, sir, I have the affidavit of
21 the publication.

22 MR. DEASON: We'll need to enter that into the
23 record. I'm not sure which exhibit number that
24 would be.

25 MR. HATCH: I'm at a loss as to which number.

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1 MR. BEARD: This is the second public hearing
2 we've had?

3 MR. DEASON: We've had more than that.

4 MR. BEARD: This is the fifth one. Let's take
5 a wild stab and call this Exhibit No. 5. And if
6 it's not, we'll correct it in the record when we get
7 to the hearing dates.

8 (Whereupon, Exhibit No. 5 was marked and
9 entered into evidence.)

10 MR. BEARD: We've gotten that out of the way.
11 Tony, go ahead with your comments.

12 MR. HATCH: Southern Bell comments will be
13 made today by Mr. Anthony Lombardo, who is assistant
14 vice president of Southern Bell-Florida.

15 MR. LOMBARDO: I am Tony Lombardo, and I am
16 the assistant vice president of the company's
17 regulatory operations in the State of Florida. I am
18 basically here to discuss Southern Bell's price
19 regulation proposal that is before the Florida
20 Public Service Commission.

21 Normally I wouldn't be the person representing
22 Southern Bell at this hearing. Normally that person
23 would be Joe Lacher, our company president. But as
24 all of you well know, the devastation in South
25 Florida caused by Hurricane Andrew resulted in

1 conditions which aren't very normal for our state.
2 And Joe is in South Florida continuing to coordinate
3 the massive effort required to get all of our
4 customers back in service, as customer service is
5 our number one priority.

6 As you know, in certain areas of South
7 Florida, Hurricane Andrew destroyed everything in
8 its path, including many facilities which were
9 considered "hurricane proof." One of the positive
10 things we were able to learn from this devastating
11 experience has to do with the value of the
12 telecommunications infrastructure that Southern Bell
13 has been building in South Florida, really
14 throughout the State of Florida, to serve our
15 customers on the public network.

16 And I jotted down just a few comments from an
17 August 27th Miami Herald editorial, which I believe
18 best illustrates the performance of that network and
19 Southern Bell's commitment to service.

20 The Herald article describes the uncanny
21 performance of Southern Bell's phone system
22 throughout the worst of Hurricane Andrew.

23 The same article, and I quote, says that,
24 "When houses were destroyed, phone connections often
25 went with them. But when individual connections

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1 survived, the durable, underlying fiber optic
2 network of Southern Bell service never failed. Not
3 even in the hardest hit Homestead office."

4 And finally, from that same article. "Beyond
5 the engineering, planning, and financing that drive
6 a big corporation, that soothing voice is Southern
7 Bell's essential business. When we needed it most,
8 it was there."

9 Well, we at Southern Bell are very proud of
10 those words from the Miami Herald, as we are proud
11 of our network. But most importantly, we are proud
12 of the people who manned that network 24 hours a day
13 for you, our customer.

14 We believe that Southern Bell's proposal,
15 which is what I am really here to discuss with you,
16 will help to insure the continuance of that kind of
17 outstanding service.

18 We filed our plan with the Florida Public
19 Service Commission on July the 15th of this year for
20 two reasons:

21 First, our existing plan expires at the end of
22 this year; and, secondly, we were meeting the
23 requirements outlined in legislation passed in 1990.

24 Southern Bell's proposal, which is called the
25 Price Regulation Plan, provides--

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1 MR. BEARD: Excuse me. Bring the mike up to
2 you, if you would. They are having trouble in the
3 back.

4 MR. LOMBARDO: It provides the company with
5 some needed flexibility, particularly in the pricing
6 of our services, in order to meet the emerging
7 demands and competition in our business, as well as
8 the emerging demands of our customers.

9 In addition, it provides many customer
10 benefits. And let me describe these:

11 First, the proposal includes approximately
12 \$80 million of annual rate decreases, made up of
13 \$47 million dollars previously ordered by the
14 Florida Public Service Commission, and an additional
15 \$33 million, which Southern Bell has included as
16 part of their proposal. And I'll discuss these rate
17 reductions in further detail later.

18 Another plan provision is a commitment by
19 Southern Bell that we will absorb a 4 percent
20 inflation increase annually through productivity
21 improvements before we would ever go to the
22 commission and have rate relief considered.

23 This assurance allows our customers a decrease
24 in the real cost of their service, as compared to
25 inflation every year of the plan.

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1 Another provision fosters operational
2 efficiencies and the continued development of new
3 services and existing services. And if we were to
4 achieve outstanding performance, there's a potential
5 for you, our customers, to be able to share in the
6 additional benefits if the company's earnings exceed
7 a particular threshold set by the commission.

8 This whole concept of sharing provides benefits
9 to both Southern Bell and its customer. But at the
10 same time, it significantly increases Southern
11 Bell's level of risk when earnings turn downward.
12 This particular provision is included in our current
13 regulatory plan. And this increased risk is a very
14 strong incentive for us to improve our productivity
15 and the efficiency of our business operations. And,
16 as I see it, its success is best illustrated through
17 our past results during the term of our current
18 plan.

19 During the past five years we have experienced
20 two major unexpected negative impacts in our
21 business. The first is in the severe downturn in
22 our business due to an economic recession which hit
23 this whole state. And secondly, we have also
24 experienced a natural disaster, the greatest ever in
25 the United States. And that's Hurricane Andrew in

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1 South Florida. In spite of these two very negative
2 experiences, we have not and will not ask the
3 Florida Public Service Commission for any rate
4 relief. In fact, despite the several hundred
5 million dollars of expense which has been estimated
6 for Hurricane Andrew, we will continue forward with
7 our current rate reduction proposal, and intend to
8 rebuild South Florida's network to be better than it
9 was ever, even before Hurricane Andrew.

10 Now, let me describe for you the--some of the
11 specifics of the \$80 million rate reduction proposal
12 which Southern Bell is proposing.

13 In response to the Public Service Commission's
14 direction that we reduce rates on a permanent basis
15 by \$47 million, we have recommended rate reductions
16 in several areas: in service connection charges;
17 in certain residential custom calling features; and
18 some business access services.

19 In addition, we have proposed a lifeline
20 program established for low income customers. This
21 program would benefit qualified customers by
22 applying a seven dollar credit to their monthly
23 telephone bill, thus affording service at very low
24 rates for all of Florida's citizens.

25 Beyond the reductions directed by the
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1 commission, we have also proposed an additional
2 \$33 million as part of this plan. Let me discuss
3 these with you a little bit.

4 First, there's an optional service which
5 expands your local calling area. This service is
6 divided into two distinct parts in one optional
7 package. The first part relates to your existing
8 local calling area, that area in which today you
9 dial a seven-digit local call.

10 The second part relates to an expanded local
11 calling area, which today you are charged long
12 distance rates. And in this plan, those calls could
13 also be made on the seven-digit basis.

14 Now, let's discuss the two parts. The first
15 part, your existing local calling area. If you are
16 a Pensacola customer, the rate for your phone line
17 would be reduced, if you take this option, would be
18 reduced from \$9.15 a month to \$6.80 per month.

19 This discounted rate includes two-and-a-half hours
20 of calling for no additional charge. Following the
21 first two-and-a-half hours, a usage rate of two
22 cents a minute will apply. The maximum usage rate
2 would be capped at seven dollars per month.

2 Now, let me describe the second part of this
3 optional package. This part of the plan relates to

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1 calls, for example, from Pensacola to Ft. Walton
2 Beach, or Pensacola to Jay or Shalimar. These are
3 currently long distance calls. And we are proposing
4 a deeply discounted rate of eight cents per minute
5 for calls to these communities. For instance, today
6 if you make a five-minute call during the day from
7 Pensacola to Ft. Walton Beach, that call would cost
8 you 95 cents. If you opted for this plan, that same
9 call would cost you 40 cents, or approximately a 60
10 percent discount in every call.

11 So in summary, the practical result of this
12 optional package:

13 The first part: The existing local calling
14 area. If you make less than four-and-a-half hours
15 per month of calls, you will save money.

16 The second part: The expanded local calling
17 area. If you make any calls into this area you
18 could save as much as 60 percent per call.

19 Remember, it is an option. It is not designed
20 for everyone. But it is an option that would save
21 many of you money. Each of you need to decide
22 whether this is the right option for you.

23 There are some other proposed rate reductions.
24 For instance, reductions for companies which provide
25 intrastate long distance service and cellular

1 services to you. These reductions, if passed on by
2 these corporations to you, would result in the
3 further lowering of your rates for these services.

4 And finally, Southern Bell has proposed to
5 participate in something call the "Enterprise Zone
6 Program," which has been established by the State of
7 Florida. This program encourages economic
8 development and revitalization. Financial
9 incentives are provided to qualifying businesses
10 which locate, rebuild or expand their operations in
11 these enterprise zones.

12 For example, in Pensacola, areas in Milton,
13 including the Santa Rosa County Industrial Park,
14 would qualify for this program. And our proposal
15 would support the state's initiative by waiving and
16 discounting charges for particular services for up
17 to one year to those businesses which would qualify.

18 That's a brief outline of the many benefits of
19 the price regulation plan. It provides immediate
20 and direct value for our customers. It provides
21 incentives for the company to continue to improve
22 its incentives and to bring new network services to
23 the customers, and enables Southern Bell to meet its
24 customer expectations in an increasingly competitive
25 marketplace.

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1 Southern Bell believes its proposal is a
2 necessary next step in regulation if we are to
3 insure the continued progress of the public network
4 in Florida.

5 And in conclusion, I just want to say thanks
6 for being here, thanks for your business. I commit
7 to you that we will do our very best to continue the
8 outstanding service in the entire West Florida area.
9 Thank you.

10 MR. BEARD: Thank you.

11 MR. BECK: Good afternoon. My name is Charley
12 Beck from the Office of Public Council. And I'd
13 like to take just a few comments. I'll try to be
14 briefer than Southern Bell was. I'd like to respond
15 to a number of things that Mr. Lombardo said.

16 This case is different from the usual rate
17 case that's been involved in the past. In the past
18 we would have been in here on a case where the
19 company is trying to increase their rates.

20 Well, in this case Southern Bell was ordered
21 to file a rate case. And the question isn't whether
22 the rates should go up. Everybody agrees that
23 Southern Bell's rates need to come down. The issue
24 in the case is how much.

25 Southern Bell has made a number of proposals

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1 that they described to you. Let me tell you a
2 couple of other things that are included in their
3 proposal. First of all, if rates are set as
4 Southern Bell has proposed, according to Southern
5 Bell's own calculations, that would be setting rates
6 at a return on equity, or a profit level, after
7 taxes, of in excess of 13 1/2 percent. That would
8 be a pretax profit level of way over 20 percent.

9 Everybody knows where the interest rates are
10 today. If you have a money market account or CD's
11 in the bank, you know that your earnings may be
12 three, four, five percent. The same forces that are
13 bringing down interest rates also apply to what is a
14 reasonable profit level for Southern Bell. And
15 their proposed profit level of in excess of 13 1/2
16 percent, after taxes, is completely absurd and
17 unreasonable.

18 We will be opposing that very strongly during
19 the case, because that type of profit level, given
20 today's economic conditions, is just unconscionable.
21 We will be proposing additional rate reductions
22 above what Southern Bell has mentioned, well in
23 excess of a hundred million dollars.

24 Regarding the extended calling plan that
25 Mr. Lombardo mentioned. Their proposal is a bit

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1 different than you've seen in other parts of this
2 state. And what they are doing is proposing
3 reductions in long distance charges for long
4 distance calls less than 40 miles. But you get
5 those reductions only if you subscribe to a local
6 measured service. In other parts of the state, all
7 customers have gotten these types of long distance
8 rate reductions regardless of what type of local
9 service you subscribe to.

10 For example, in the Tampa/St. Petersburg's
11 area, the commission recently ordered a plan to
12 effect that, for the same type of long distance
13 calls, made those charges 25 cents per call for
14 residential customers and on a per minute basis for
15 business customers.

16 For residential customers under that plan,
17 there's no meter running while calls are made. So
18 you pay 25 cents for the call, and that's it,
19 regardless of the duration of the call. Also that
20 benefit is available to all subscribers in the
21 Tampa/St. Petersburg area.

22 Under Southern Bell's proposal, you would get
23 the reduction in long distance only if you subscribe
24 to local measured service. If you want to continue
25 with your regular flat-rate service, where you pay a

1 fixed rate for local calling, you would not get the
2 toll reduction Southern Bell is proposing.

3 We believe all customers should get any toll
4 reductions that come into effect in this case, and
5 not have a tie-in for local measured service as they
6 proposed.

7 A few words about their price regulation
8 proposal. Everybody knows that the cost of
9 electronics and computers have come down
10 dramatically. Over the last ten years, if you
11 looked at the prices of calculators, they are a
12 small fraction of what they would have been ten
13 years ago. The telephone network is largely
14 computerized and has had many advantages of new
15 technology. Rates should be coming down.

16 Under Southern Bell's proposal, if their plan
17 had been put into effect ten years ago and you were
18 to look at what prices would be today under their
19 proposal, prices would be much more than today, and
20 would be producing tens of millions of dollars more
21 for Southern Bell than the prices are today under
22 the traditional type of regulation by the
23 commission.

24 So one of the big drivers behind Southern
25 Bell's proposal is they don't want to reduce their

1 rates as quickly as technology, which has been paid
2 for by customers, would demand of their rates. So
3 we are not in favor of the price regulation plan of
4 Southern Bell that would bring you higher rates than
5 you would get under traditional regulation.

6 That concludes my remarks. We are going to do
7 everything we can to get Southern Bell's rates down
8 where they should be.

9 MR. BEARD: Okay.

10 MR. TOOMEY: Thank you, Mr. Chairman. I'm
11 Mike Toomey, Office of the Attorney General in
12 Tallahassee. I'll try to keep the remarks brief as
13 well.

14 As has been commented on previously, Southern
15 Bell's proposal is special in the sense that it's a
16 rate cap regulation program. In essence, what this
17 program asks for, this plan asks for, is above
18 reasonable profit levels on the company's equity in
19 return for the company operating more efficiently,
20 being more productive, and providing new services.

21 The Public Service Commission most recently
22 has decided for the power company that a reasonable
23 return on equity under traditional rate making,
24 rate-based making, is 12 percent, which is fairly
25 high.

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1 As Mr. Beck pointed out, under the current
2 proposal Southern Bell would make 13.5 percent,
3 would keep everything up 14 percent, and as has been
4 pointed out by Mr. Lombardo, would share with you
5 50/50 any company earnings between 14 percent and 16
6 percent. The attorney general thinks that's
7 unreasonable.

8 Part of this program would allow Southern Bell
9 to increase a customer classes rate up to 5 percent
10 per year. What that means is, potentially, business
11 rates, commercial rates, could be raised 5 percent
12 per year, which, of course, could result in up to a
13 20 percent increase in four years. Likewise, it
14 could mean that residential rates could be raised 5
15 percent per year.

16 The rate cap plan proposal is, in our opinion,
17 more flexible than the current incentive rate
18 program that Southern Bell has been under since
19 1988. Southern Bell experienced some problems
20 during the term of the incentive rate program in
21 billing customers for services, some customers for
22 services, they did not order.

23 Importantly, it is the attorney general's
24 position that Southern Bell deserves more regulatory
25 supervision, not less. Importantly, it is his

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1 position that Southern Bell should be placed back
2 under traditional rate-based regulation, which is
3 the type of regulation that every other regulated
4 utility in the state experiences from the Florida
5 Public Service Commission. And that it should not
6 be allowed to have the requested rate cap plan.

7 Under traditional rate making, the utility is
8 entitled to an opportunity to earn a reasonable
9 return on its equity capital, which is fair. It is
10 entitled to an opportunity to recover its reasonable
11 and prudent expenses, which is likewise fair. Also
12 in regard to being efficient, increasing
13 productivity, and offering new services.

14 It is our opinion that under the current law
15 this utility and all utilities have an obligation to
16 operate efficiently and to provide new services
17 where they are warranted.

18 Mr. Lombardo pointed out that the company's
19 current plan provides for rate reductions in the
20 neighborhood of \$80 million. He also pointed out
21 that \$47 million of that was a level currently being
22 required by the commission to be refunded to
23 customers. Not refunded, but credited. So under a
24 monthly bill you'll find a credit in the
25 neighborhood of 50 to 55 cents.

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1 That \$47 million and the credit you receive
2 were overcharges previously, and the company was
3 never entitled to them in the first place. As it
4 stands right now, under the commission's current
5 order, which requires that this \$47 million be
6 credited to you, it goes back to all customers.

7 Under the company's proposal, as I understand
8 it and as mentioned by Mr. Lombardo, the \$47 million
9 would go toward reductions in charges for connection
10 fees and certain business-related charges. And it
11 would not go back to each and every one of the
12 customers.

13 As mentioned by Mr. Beck, the
14 telecommunications industry is a declining cost
15 industry. Costs are going down, rates should have
16 followed. Also, as we are all aware, interest
17 costs, equity costs, have gone down substantially.

18 We are also going to ask that inside wire
19 maintenance, which is a service that many of you may
20 have, it's an optional service, it is a service
21 currently that is not regulated as to price by the
22 Public Service Commission. And the revenues and
23 expenses of this service provided by Southern Bell
24 are not included in the calculation of other rates
25 that you're charged. We're going to ask the Public

1 Service Commission to regulate the price of inside
2 wire maintenance.

3 We're also going to ask the Public Service
4 Commission to move where that inside wire
5 maintenance charge is currently, because we believe
6 it is deceptive. We think it is located amongst
7 mandatory charges and is confusing to customers.

8 Likewise, we are going to ask that the Public
9 Service Commission require Southern Bell detail or
10 list all the optional services that you receive on a
11 monthly basis, instead of on an annual basis, so you
12 can check on each bill what you're being charged
13 for, and to make sure that those things that you are
14 being charged for, that you in fact ordered them and
15 still desire them.

16 Lastly, I would add to the public counsel's
17 comment on the local measured service. We think
18 that there's some confusion involved there. We are
19 opposed to that too.

20 Thank you. Thank you, Mr. Chairman.

21 MR. BEARD: Okay, thank you. Okay, now we get
22 to the main part of why we are here tonight, to hear
23 from individuals who have something to say about
24 rates, services or anything else associated with
25 Southern Bell.

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1 If we can, I guess, Mr. Beck, if you would
2 call the first person. And as that individual gets
3 up, I'll ask anybody who wishes to testify tonight
4 if you will stand and we'll swear everybody in at
5 one time.

6 Mr. William Goggis.

7 MR. GOGGIS: Yes.

8 MR. BEARD: Come on up, if you would, please,
9 to the microphone. Anybody else that intends to
10 come tonight to speak, if you would stand now with
11 me.

12 (Whereupon, members of the audience stood.)

13 MR. BEARD: As you stand before the Public
14 Service Commission, do you swear to tell the truth,
15 nothing but the truth, so help you God?

16 MEMBERS OF THE AUDIENCE: I do.

17 MR. BEARD: Thank you very much.

18 If you would, each of you as you start, if you
19 give us your name and spell your last name, please.

20 MR. GOGGIS: Good evening, Mr. Chairman,
21 Commissioners, Southern Bell. My name is Bill
22 Goggis, 302 Teakwood Circle, Pensacola.
23 G-o-g-g-i-s.

24 MR. BEARD: Thank you.

25 MR. GOGGIS: I find it a little bit difficult

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1 to buy a pig in a poke. And I went to Southern Bell
2 when I saw the initial proposal and asked them to
3 give me a comparison of what it would have cost me
4 in the last year if the same message units were
5 used. I'm sure they have got the timing on the
6 computers and everything else of my telephone calls.

7 One of the reasons for this is I'm a modem
8 user, which is going to be a big portion of this as
9 far as computers are concerned. Because an awful
10 lot of computer information and information is going
11 to come over the telephone lines, and the telephone
12 line is going to be in use. And that's going to
13 cost you message units. It's in the dark. You
14 can't get the information.

15 Then the next thing they said, when you take
16 the option you can take the optional service for a
17 year, and then it will only cost you so much to get
18 back off it. Well, if I can take the optional
19 service for a year and I don't like it, I should be
20 able to get back off it for nothing. That's my
21 personal opinion. And I think that's the cost
22 Southern Bell should let us do. If I'm willing to
23 experiment for a year with bills, I think I should
24 be able to come back off the service for nothing.

25 I just don't believe that anybody realizes

1 what technology is going to do to those phone lines.
2 And when you get message units involved, I think you
3 have got a serious, serious increase in rates.

4 My next comment--and I'll make this as short
5 as possible--is it always bothers me when somebody
6 wants to give you money, banks and businesses. And
7 I can't afford to give money in my business. No, I
8 don't go up and hand five dollar bills away or \$80
9 million. So I always wonder why people start out
10 telling me what they are going to give me, because I
11 know eventually I am going to have to cover my
12 pocketbook to make up for it.

13 The rest of it, I appreciate the fine
14 service--I have to say this of Southern Bell--has
15 given down to South Florida, and they have given
16 here in different times when we've been involved in
17 storms and that. I think we've got a pretty good
18 system. I don't agree with the long distance
19 system. I think it stinks. I think we did
20 ourselves a disservice when we broke up AT&T. But
21 that's a personal thing.

22 So my particular concern is, what are message
23 units going to do? And I don't think anybody is
24 going to tell me what it's going to cost me five
25 years from now. Thank you very much.

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1 MR. BEARD: Let me ask you this: Is most of
2 your modem interface local?

3 MR. GOGGIS: Yeah, but it doesn't make any
4 difference.

5 MR. BEARD: I have a 15-year-old that does the
6 same thing, so I want to understand where you come
7 from.

8 MR. GOGGIS: I'm probably on the telephone
9 five hours a week on the computer, while most of
10 it's local or 800 or Prodigy or Compuserve, or to a
11 friend of mine. It's easier that way. I'm not sure
12 I understand the cap on everything, but that's just
13 my comments. Thank you very much, gentlemen.

14 MR. BEARD: Thank you.

15 MR. BECK: Thank you. L.H. Haynes, Jr.

16 MR. HAYNES: My name is Lamar Haynes, Jr.
17 That's H-a-y-n-e-s. I have a place of business at
18 3495 North Alcaniz Street here in Pensacola,
19 Florida.

20 As the owner and general manager of a moving
21 and storage business here in Pensacola, I constantly
22 research and seek ways to cut my costs. My
23 business, like many other businesses, has seen
24 expenses skyrocket and bottom lines decrease
25 tremendously. After carefully reviewing Southern

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Bell's rate decrease, I strongly believe that my company can save money with this new plan.

I understand that the toll for service that I have on my lines at the present time will be reduced by approximately four dollars per month. With that kind of reduction I can see a savings on a yearly basis of \$200.

I also understand that installation charges are also being reduced, thus helping and expanding business, or a new business just starting up, saving a considerable amount of money. With so many of my costs increasing each year, it's good to see some costs finally coming down. I hope the commission will consider approving Southern Bell's rate decrease. It will be a tremendous help to small businesses like myself. Thank you very much.

MR. BEARD: Thank you.

MR. BECK: Dana Fullford.

MS. FULLFORD: My concern is a little more personal. F-u-l-l-f-o-r-d. I live at 13511 Highway 91, Cantonment 36522. And that is my concern. I live 20 miles from my daughter who lives in Pace. And because I have the 968 exchange, I pay a long distance rate. I don't--I think it's wonderful people can call within 40 miles of each other and

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1 receive these rates. But I pay a long distance, and
2 I just don't think it's proper. We have Monsanto in
3 the area. We have Champion in the area. Many of
4 those people live in Santa Rosa County. And if they
5 are in that Cantonment/Pace area, they, too, are
6 paying long distance rates when they have to contact
7 each other.

8 One of my concerns is the fact that I have a
9 granddaughter who is highly allergic. I keep her
10 often. Her doctor is in Santa Rosa--in Pace--and I
11 would like to have the commission consider the fact
12 that I do think 20 miles is a pretty limited area to
13 have to use long distance rates. Thank you.

14 MR. BEARD: I know we've done quite a bit of
15 looking and working at EAS in this area. I'll have
16 to go back and look specifically at Cantonment and
17 Pace. But I know we've had a number of hearings in
18 Cantonment, I guess, to Pensacola. Gosh, there's
19 been quite a few.

20 MS. FULLFORD: When Wilson Robertson, the
21 county commissioner from my district, was first
22 elected, I have spoken with him about that, the fact
23 of the long distance rate. He explained to me at
24 the time that it was probably involved with
25 Southland's rates that were coming from the north

1 end of the county. And once those were resolved,
2 then 968 and possibly 587 would no longer be a long
3 distance rate. And that has not--they have not
4 resolved that.

5 MR. BEARD: Okay. I'll look at that when I
6 get back. I just can't remember right now.

7 MR. BECK: Dan Stewart.

8 MR. STEWART: Good afternoon.

9 MR. BEARD: Hi.

10 MR. STEWART: My name is Dan Stewart. I am
11 here both as an individual and as president of the
12 Santa Rosa Chamber of Commerce. I suppose I should
13 give you the chamber address. It is Stewart Street
14 in Milton. And I apologize, I don't know the full
15 address of our own chamber. My personal address is
16 310 Elmira Street in Milton, Florida. And that
17 address is at the first new structure in downtown
18 Milton in 30 years.

19 And so, as an individual, I can state that I'm
20 here speaking, addressing, the economic development
21 incentive tariff. I just wish it was retroactive.
22 But that is certainly something that--I don't see
23 that as being part of the controversy here today or
24 an issue, since I don't think that you can give
25 discounts in excess of 100 percent of the deposits

1 and 100 percent of the service connection and
2 installation charge. I wish that was retroactive.
3 I certainly could appreciate that.

4 But since we are the only--are the first new
5 building downtown in 30 years, we are in a zone that
6 would certainly benefit from this type of incentive.
7 And we believe that it is also consistent with the--
8 one of the amendments to the Constitution that we're
9 going to be voting on here, that has to do with
10 providing these types of release from--certain tax
11 reliefs here through the November 3rd election.
12 And specifically, from a chamber standpoint, as it
13 addresses the--our economic development for Santa
14 Rosa County, we have zones that would encompass, and
15 our industrial park. And certainly this is the type
16 of thing that we think is very significant, and will
17 be very effective along with-- and very consistent
18 with what the state is doing to the taxes. All
19 right.

20 MR. BEARD: Thank you.

21 MR. STEWART: Thank you.

22 MR. BECK: James Davidson.

23 MR. DAVIDSON: My name is James Davidson,
24 D-a-v-i-d-s-o-n.

25 And I guess I have a complaint. I live in
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1 Cantonment just like the lady that spoke. And I
2 have two daughters that live Navarre, and I have--my
3 wife has a brother that lives in Pace. And all of
4 our phone bills--all our phone calls are long
5 distance. And I pay taxes in Escambia County. I'm
6 part of Escambia County. And I can't--and I've
7 talked to some other people about this. And I can't
8 understand why we are not under the same phone
9 service as Escambia County--as Pensacola.

10 One fella I talked to, I can't remember his
11 name, been a couple of years ago, he said that they
12 run phone calls and trace how many calls go in
13 Navarre and how many go in Pace. And that's how
14 they justify where they hook you up as a local
15 service.

16 And I told him, I said, "Well, in my case,
17 every chance I get--I work in Pensacola. So I go to
18 work and I use the phone at work. Why pay three or
19 four dollars to call Navarre when I can do it free?"

20 So my complaint is--and like I said, we have a
21 daughter that lives in Denver. I can call her
22 cheaper than I can call Navarre. And I don't--I
23 mean, it doesn't make sense to me. I work with
24 computers, I'm in communications, and I can
25 understand that. And I don't understand why

1 Pensacola, or what we call Pensacola, can call Pace
2 and Navarre, and I can't. That's my complaint.

3 MR. BEARD: Okay. Thank you.

4 MR. BECK: Thank you. Karen Smeltzer.

5 MS. SMELTZER: My name is Karen Smeltzer,
6 S-m-e-l-t-z-e-r. And I have a business at 5110
7 Bayou Boulevard. I also am in business as director
8 of a nonprofit business, and we are always looking
9 for ways to save money.

10 When I read the insert about my Southern Bell
11 bill, which I am noted for being the type of
12 consumer that often reads it and says, "It's a good
13 thing," and puts it away. This is a little more
14 important.

15 For the first time we are going to be able to
16 do more of what we do best if the rate decreases
17 pass. Southern Bell will allow us, through this new
18 methodology of billing and the basic lines, to
19 actually save about \$150 a year. To some businesses
20 that's not a lot of money, but to a nonprofit it is.

21 I do economic education in the schools. That
22 will allow me to reach a whole other sixth grade
23 class. That will allow me to put educational
24 products in the classroom, simply because I save
25 money on the phone bill.

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1 I'm also fortunate. Southern Bell does a lot
2 of business as a volunteer and a supporter of my
3 nonprofit organization from here to Ft. Walton
4 Beach. And that's kind of what brought me here
5 today. They have been real supportive of us. We
6 are supported strictly by the communities that we
7 serve, through different donations from corporate
8 and individuals. And Southern Bell has served, not
9 only as leaders on my board of directors, but
10 provided volunteers for the classroom, and funding
11 for the schools, and even had individuals go out and
12 raise money on their own to help promote the
13 economic education programs that we do.

14 I'm here really to say thanks to Southern
15 Bell, and also to try and encourage that this does
16 pass, because it will allow me to do more of what I
17 do best, which is provide nonprofit education
18 programs to the schools at no cost to the schools,

19 MR. BECK: Thank you. Hugh Ed Turner.

20 MR. TURNER: My name is Hugh Ed Turner at 2009
21 University Street--that's T-u-r-n-e-r--here in
22 Pensacola.

23 I apologize for not being here at the
24 beginning of the meeting. My first impression was
25 that the meeting was going to be held at 605 West

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1 Garden. That's the address that we had picked up
2 somewhere, possibly in the telephone bill. That's
3 our impression. So we got there about two minutes
4 after four.

5 My other comment, two other comments, is I had
6 a loss of service of about two days about a month
7 and a half ago. And it turned out that someone else
8 was getting an 800 number, and his 800 line was
9 hooked into my telephone number, so that he was
10 getting my telephone calls and I couldn't make any
11 telephone calls. And, of course, they said when I
12 first reported it, "We'll have it cleared up at the
13 end of the day--or two o'clock," and then, "Well, at
14 the end of the day," and then, "tomorrow about
15 twelve o'clock." And then eventually it was the
16 following day around four o'clock or something like
17 that.

18 And I did receive a two-day prorated reduction
19 in my bill. I'm not really sure that two days, two-
20 day prorated reduction, a dollar and something, is
21 really adequate to cover my necessity for me to go
22 somewhere else, to a friend's house, to make phone
23 calls, and to miss whatever calls were coming in.

24 Finally, this is just a comment. The current
25 Forbes magazine has an article about Southern Bell

1 companies--I mean the Bell companies in general--and
2 suggests, and this is not new, but they suggest that
3 an additional lack of subsidies from other services
4 that the telephone companies render is going to
5 further increase local calling rates. And I just
6 wonder if there's any comments on that.

7 MR. BEARD: Well, let me put it to you this
8 way. In 1988 there was a rate case. And then this
9 was the prior one that's leading to this one.
10 There were rate reductions, significant rate
11 reductions. One of those was in local rates.
12 There are, as competition enters this industry,
13 there are pressures. Our commission is taking a
14 position of trying to move, not flash-cut the
15 competition, but to move more gradually.

16 And as somebody mentioned earlier, electronic
17 costs tend to be coming down. Try to let those two
18 marry up and meet so that we don't have an increase
19 in local service, if we can avoid that, and try to
20 keep rates stable and where they are.

21 In '82, when they broke up the companies,
22 there was predictions of twenty and thirty and forty
23 dollar rates per month for local service. And all I
24 can tell you is it hasn't happened in Florida.

25 MR. TURNER: Keep it up.

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1 MR. BEARD: We're trying.

2 MR. BECK: That's the end of the people who
3 have signed the slip.

4 MR. BEARD: Is there anybody that didn't sign
5 up that would like to talk. If you do, say so and
6 come on up, whatever. Okay.

7 Well, why don't we do this. We've got a while
8 yet. Why don't we take a break. I guess we are a
9 quarter to five, local time. About 5:15 we'll
10 reconvene and see if anybody else has shown up and
11 has anything to say. And if not, then we'll adjourn
12 for the day. But those of you who have come, we
13 truly appreciate you for coming here. If you want
14 to stick around, we're here to talk to you.

15 And we'll adjourn, at least temporarily, until
16 5:15. Thank you.

17 (Whereupon, a break was taken.)

18 (Whereupon, the hearing was reconvened at
19 5:15 p.m.)

20 MR. BEARD: We'll come back together and I'll
21 take one last shot. Is there anybody that happened
22 to come in that I missed that wishes to speak?

23 (No response.)

24 MR. BEARD: I guess not. Again, we thank you.
25 And the next one is--where? This is the last one.

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1 I guess in January we'll come back and try again in
2 Miami. And hopefully when we have it set this time
3 we won't have a hurricane come through.

4 Again, thank you and good night.

5 (Whereupon, the proceedings were concluded at
6 5:20 p.m.)

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CERTIFICATE OF REPORTER

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STATE OF FLORIDA)
) SS.
COUNTY OF ESCAMBIA)

I, Robin L. Hammond, Notary Public at large in and for the State of Florida, hereby certify that the foregoing is an accurate computer-assisted transcription of my stenotype notes of the proceedings held in the matter of Petition of Central Telephone Company for a rate increase, on the 30th day of September, 1992, at 201 East Gregory Street, Pensacola, Florida.

I further certify that I am neither attorney or counsel for, nor related to or employed by, any of the parties to the action in which these proceedings were taken, and further that I am not a relative or employee of any attorney or counsel employed by the parties hereto, or financially interested in the action.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal this 9th day of October, 1992.

Robin L. Hammond
Notary Public, State of
Florida at large.
My Commission expires 10/10/93

Robin L. Hammond

PUBLISHED DAILY

Pensacola, Escambia County, Florida

STATE OF FLORIDA
County of Escambia

Before the undersigned authority personally appeared Sharon Dartman who is personally known to me and who on oath says that she is a representative of The Pensacola News Journal, a daily newspaper published at Pensacola in Escambia County, Florida; that the attached copy of advertisement,

being a Legal in the matter of Notice of Public Hearing

in the _____ Court, was published in said newspaper in the issues of Sep 16, 1992

Affiant further says that the said Pensacola News Journal is a newspaper published at Pensacola, in said Escambia County, Florida, and that the said newspaper has heretofore been continuously published in said Escambia County, Florida each day and has been entered as second class mail matter at the post office in Pensacola, in said Escambia County, Florida, for a period of one year next preceding the first publication of the attached copy of advertisement; and affiant further says that he has neither paid nor promised any person, firm or corporation any discount, rebate, commission or refund for the purpose of securing this advertisement for publication in the said newspaper.

Sworn to and subscribed before me this 28 day of Sept, A.D., 1992

Betty J. Weekley
Notary Public

BETTY J. WEEKLEY
"Notary Public—State of Florida"
My Commission Expires Nov. 21, 1993
CC463199

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 920260-TL EXHIBIT NO. 5
COMPANY: S.Bell
WITNESS: _____
DATE: 9/30/92

**LEGAL NOTICE
NOTICE OF PUBLIC HEARING**

The Florida Public Service Commission has scheduled a public hearing in Docket No. 920260-TL. The purpose of this docket is to review Southern Bell's operations under its rate stabilization plan and to consider Southern Bell's proposed price regulation plan and its related rate restructuring, including the proposed optional Expanded Local Service Plan, a reduction in intra-LATA access charges and certain custom calling feature rates, a restructuring of service order charges and implementation of a Lifeline Plan.

For the convenience of the public, the Florida Public Service Commission has also scheduled a service hearing as follows:

Wednesday, September 30, 1992 - 4:00 PM C.S.T.
Pensacola Civic Center
201 E. Gregory St.
Pensacola, Florida

At the above time and place, members of the public may appear to testify as to their interest in this matter. All persons desiring to present testimony at the hearing should, if possible, bring bills or other documentations regarding their telephone service. Customers are urged to attend on time. If no customers are present, the hearing will be adjourned. The Public Counsel, the citizens' representative in matters before the Commission, will be available at least 30 minutes prior to each hearing in order to meet members of the public who wish to testify. Prior to that time, inquiries should be directed to the Office of Public Counsel, c/o Florida House of Representatives, the Capitol, Tallahassee, Florida 32399-1300.

Legal No. 41692 IT

Sept. 16, 1992

EXHIBIT

EXHIBIT # 5
DATE 9-30-92 REP RH