

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

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In the Matter of

PETITION BY VERIZON FLORIDA INC.
TO REFORM INTRASTATE NETWORK ACCESS
AND BASIC LOCAL TELECOMMUNICATIONS
RATES IN ACCORDANCE WITH SECTION
364.164, FLORIDA STATUTES.

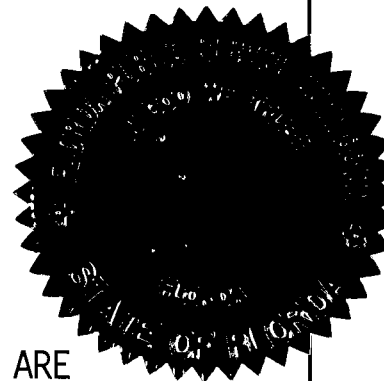
DOCKET NO. 030867-TL

PETITION BY SPRINT-FLORIDA,
INCORPORATED TO REDUCE INTRASTATE
SWITCHED NETWORK ACCESS RATES TO
INTERSTATE PARITY IN REVENUE-NEUTRAL
MANNER PURSUANT TO SECTION
364.164(1), FLORIDA STATUTES.

DOCKET NO. 030868-TL

PETITION FOR IMPLEMENTATION OF
SECTION 364.164, FLORIDA STATUTES,
BY REBALANCING RATES IN A
REVENUE-NEUTRAL MANNER THROUGH
DECREASES IN INTRASTATE SWITCHED
ACCESS CHARGES WITH OFFSETTING
RATE ADJUSTMENTS FOR BASIC SERVICES,
BY BELLSOUTH TELECOMMUNICATIONS, INC.

DOCKET NO. 030869-TL



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PROCEEDINGS: TAMPA SERVICE HEARING
BEFORE: CHAIRMAN LILA A. JABER
COMMISSIONER J. TERRY DEASON
COMMISSIONER RUDOLPH "RUDY" BRADLEY
DATE: Friday, October 3, 2003

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TIME: Commenced at 1:00 p.m.
Concluded at 5:20 p.m.

PLACE: Robert J. Arenal Conference
Center (26th Floor)
Hillsborough County Center
601 East Kennedy Boulevard
Tampa, Florida

REPORTED BY: TRICIA DeMARTE, RPR
Official FPSC Reporter
(850) 413-6736

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6 MICHAEL B. TWOMEY, ESQUIRE, P. O. Box 5256,
7 Tallahassee, Florida 32314-5256, appearing on behalf of the
8 American Association of Retired Persons.

9 ALAN CIAMPORCERO, ESQUIRE, Verizon Florida Inc.,
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11 appearing on behalf of Verizon Florida Inc.

12 BETH KEATING, 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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P R O C E E D I N G S

1
2 CHAIRMAN JABER: Good afternoon. We're going to go
3 ahead and get started. Let me start by welcoming all of you
4 for being here this afternoon. Your participation is very,
5 very critical to the process that we've undertaken here in
6 reviewing the three petitions that have been filed by Verizon,
7 BellSouth, and Sprint. I want to start by introducing my
8 colleagues here with me today. On my right is Commissioner J.
9 Terry Deason, and on my left is Commissioner Rudy Bradley. The
10 three of us share in welcoming you here today. We look forward
11 to your testimony and your comments and your participation.

12 Just to briefly describe the process we'll use today,
13 in a few minutes I'm going to turn to our staff counsel, Beth
14 Keating, and ask her to read the notice and get us started
15 officially for the hearing. For those of you who will want to
16 testify in front of the PSC today, for those of you who wish to
17 testify today, we do have to have your testimony sworn. So
18 I'll ask you at the appropriate time to stand, raise your right
19 hand and affirm that the testimony you're about to give is the
20 truth and nothing but the truth.

21 You'll also see around the table various parties, and
22 I will ask them to stand and introduce themselves. And at the
23 appropriate time, they also will make a very brief
24 presentation. I've asked their presentations to be brief, but
25 it's important that they share their perspective in this case

1 so that you have an understanding of each party's position.

2 With that, I'll turn it over to Ms. Keating; I'll
3 have you read the notice. And then we'll immediately go to the
4 parties, Mr. Beck, and have appearances be taken.

5 Ms. Keating.

6 MS. KEATING: Pursuant to notice, this time and place
7 have been set for a hearing in Docket Numbers 030867, 030868,
8 and 030869. The purpose is as set forth in the notice.

9 MR. BECK: My name is Charlie Beck; I'm with the
10 Office of Public Counsel.

11 MR. TWOMEY: Ladies and gentlemen, I'm Mike Twomey;
12 I'm appearing on behalf of the AARP.

13 MR. CIAMPORCERO: Hi. I'm Alan Ciamporcero with
14 Verizon.

15 MS. KEATING: And again, I'm Beth Keating with the
16 Commission.

17 CHAIRMAN JABER: Ms. Keating, would you take a minute
18 to introduce the rest of the PSC staff that's here today?

19 MS. KEATING: Certainly, Madam Chairman. To my right
20 is Beth Salak. As you walked in the door, you probably met
21 Mr. Dick Durbin. He was the one handing out the information
22 pamphlets. And in the far back of the room is Kevin Bloom.

23 CHAIRMAN JABER: Thank you, Ms. Keating. As I said
24 earlier, we're here this afternoon to hear from the customers
25 of the companies that have filed petitions here in front of the

1 PSC. The three petitions that have been filed are filed
2 pursuant to a law that was passed by the Legislature this last
3 session and that law is called the Tele-Competition Innovation
4 and Infrastructure Enhancement Act. And what it did -- it
5 became effective May 23rd, 2003. It allowed Sprint, Verizon,
6 and BellSouth to file a request that they be able to reduce
7 fees that they charge long distance companies. And if we
8 approve those petitions, they request that we allow them to
9 offset the loss in those revenues by increasing local rates.

10 Now, as part of the requirements that we have to
11 review and the criteria that we have to review, we must
12 consider whether granting those petitions will provide for a
13 more attractive local competitive market for the benefit of the
14 residential consumers. In that regard, it is critical that we
15 hear from you all on things like do you have competitive
16 providers in your territory, do you want competitive providers
17 in your territory, what kinds of services would you like to see
18 offered, and absolutely, we want to know your feedback on the
19 rate issue.

20 I have to, as a matter of formality, ask that when
21 you come to the microphone, you spell your last name for
22 purposes of the record. The man here to my right, Charlie
23 Beck, represents the consumers by a legislative agency. It's
24 the Office of Public Counsel. He has taken your name from the
25 sign-up sheet. He will be calling everyone up to the podium to

1 speak in just a few minutes.

2 At this point, if you do wish to speak in front of
3 the Florida Public Service Commission, I would ask that you
4 rise, raise your right hand, please.

5 (Witnesses collectively sworn.)

6 CHAIRMAN JABER: Thank you. If you do not wish to
7 speak in front of the PSC today but you want your comments to
8 be heard, if you picked up one of the yellow sheets as you
9 walked in -- are they blue today? No. They're yellow. Okay.
10 The yellow sheets, you'll see a section called "Customer
11 Comments." Feel free to fill that out today and leave it with
12 us or mail it back. These comments go into the docket file in
13 this case, and they will be reviewed by our staff and made part
14 of the recommendation that our staff brings in front of us.

15 There's one more thing I'd like to do before we bring
16 up the first witness. We're very honored today to have Senator
17 Mike Fasano with us, and I've asked that he be able to address
18 the customers and the Commission today as our
19 first participant. And with that, I'd like to introduce
20 Senator Mike Fasano. Thank you.

21 SENATOR FASANO: Thank you very much, Madam Chair and
22 Commissioners. I appreciate the opportunity to come before you
23 this morning on behalf of not only myself, who is a resident of
24 Florida, a member of Florida Senate, but also a State Senator
25 representing over 400,000 citizens in my senate district,

1 starting in north Pinellas through west Pasco, west Hernando
2 and west Citrus Counties. And I can assure you that many of
3 them, probably all of them, in fact, who have contacted our
4 office by either e-mail, phone call, or by letter are opposed
5 to these rate increases.

6 Before I get started though my legislative assistant
7 is going to be setting up some stands here with some charts
8 that I'll be showing to you shortly about the earnings per
9 share that Verizon, Sprint, and BellSouth have been earning
10 over the last several years and with estimated earnings too in
11 the future. So I'm hoping that will give you some input as to
12 the dollars that these three major phone companies are earning.

13 I want to first start off -- and I apologize if I am
14 critical to begin with, but I want to tell you that I'm a bit
15 disappointed that the public hearings, although here in Tampa
16 is very important and St. Petersburg is very important, my
17 district which has many families and senior citizens who could
18 not be here today, especially those who work, especially our
19 seniors who have a difficult time getting down here to the city
20 of Tampa, finding a parking spot and having to drive down here
21 30 miles away from Pasco, 35, 40 miles from Hernando, and 50 or
22 60 miles from Citrus County, I have great concerns that you did
23 not have public hearings in those areas where every person in
24 that area will be affected by these rate increases. I would
25 ask that you consider having some hearings in those areas.

1 It was told to me earlier, if this was a hearing
2 about wastewater rates or sewer water rates or increased water
3 rates, the place would be full, but my response was, the place
4 would be full because the public hearing would be in the
5 community where it's being affected.

6 Madam Chair and members of the Commission, Verizon,
7 Sprint, and BellSouth wasted no time to supposedly create
8 competition for themselves. The law that was passed just the
9 early part of this year, they wasted no time in coming before
10 the Commission for a rate increase. I would suggest to you
11 this was done in an effort to overload the Commission and their
12 staff. It seems kind of odd that they would only within a
13 hundred days, all three of them, at the same time, ask for a
14 rate increase. I mean, isn't that truly unique that all three
15 of them would come at the same time and ask for a rate
16 increase? I'm very much concerned about that.

17 I realize to come before you today and say to you
18 this is going to have an ill effect on my seniors, on the
19 working families in my community, for that matter, throughout
20 the state, but I think you understand that; that when you think
21 about our senior citizens in our community who get maybe, maybe
22 an increase in their Social Security check by maybe one or one
23 and a half percent each year are now facing rates of almost
24 90 percent put upon them by the local phone companies.

25 I voted against this legislation. I was one of few

1 legislators that voted against it. I urged the Governor, as I
2 did last year, to veto it, which he did. This year he did not.
3 Disappointingly to me that he didn't, but now we have an
4 opportunity to hopefully impress to you why we should not or
5 you should not move forward with a rate increase.

6 I also want to impress something to you. I'm
7 concerned because I've heard some of the Commissioners talk as
8 though they have to give a rate increase, that the law tells
9 them to give a rate increase, that the law must -- the intent
10 of the law is that you must do one thing here. You don't have
11 to do anything. You have to do one thing and that is put the
12 consumer, the customer first and foremost. And if this is
13 going to have an ill effect on them, and it will, then you need
14 to put that first. So I don't want anyone to believe, and I
15 hope the Commissioners don't think, that they have to do
16 something. And in such a short period of time. I mean, the
17 bill passed, the Governor signed it, and within less than a
18 hundred days, we see three filings by three major companies
19 asking for huge rate increases.

20 Commissioners, the law states that the customers must
21 benefit from the rate hike. The law states that customers must
22 benefit from the rate hikes. I will tell you that most of the
23 people in my district will not benefit from it. They will not
24 benefit because many of them don't make the long distance phone
25 calls that our business community makes. Many of them who make

1 very few or no long distance phone calls are going to be the
2 ones that will be paying the up to 90 percent increases by
3 these three phone companies. Most customers will never benefit
4 from a rate hike because those customers who can least afford
5 it will be paying for this rate hike. The same customers who
6 use very little long distance calls because they can't afford
7 to, because they can't afford to use their long distance phone
8 calls, they will pay the rate increases. They will be the ones
9 who will pay the consequences.

10 And you may have people that will come before you,
11 the business community -- and I understand and respect them. I
12 understand somebody from the Chamber came in Orlando last night
13 to tell you that the business community are in favor of this.
14 Well, the business community, I understand, will benefit from
15 this because if long distance rates are reduced, then they will
16 benefit, but it will be the residential people, the residential
17 lines, the individual customers that will have to pay the
18 increases if these increases are granted.

19 Phone companies will tell you that they make very
20 little money off of local phone rates. I believe that's not
21 even close to the truth. Phone companies benefit greatly when
22 customers make huge profits off some of the bells and whistles
23 that they sell to the customer: ID calling, Caller ID, Call
24 Waiting, voice mail. And, of course, for what it costs them to
25 deliver that, they in return collect a huge profit by charging

1 the customer a very large price.

2 The phone companies will argue that they will reduce
3 access fees for long distance rates, but there is nothing in
4 the law that says those reductions must go to the residential
5 customer. As it's been pointed out, 99 percent of those
6 reductions on access fees could go to the businesses and only 1
7 percent to the customer. Tell me again, tell me, or anybody
8 tell me, please, how will the local resident, how will the
9 resident, the local phone person, the individual customer
10 benefit if this passes? There's no guarantees.

11 In fact, long distance phone companies can reduce the
12 rates at their discretion to whomever they want. Again, the
13 one who can least afford it will pay the huge increase. This
14 is where it becomes a little laughable, and I apologize. The
15 phone companies will argue that this will create competition.
16 This is what was talked about in committee, about how we need
17 competition. Would anybody believe in this room, does anybody
18 believe that BellSouth, Verizon, and Sprint would hire hundreds
19 of lobbyists and spend millions of dollars to bring about
20 competition on themselves? Why? Why would they want
21 competition to drive -- I mean, if that's the case,
22 Commissioners and Madam Chair, it shouldn't be people,
23 customers standing behind me, it should be the stockholders
24 upset.

25 Commissioners, years and years I've been a legislator

1 for years and have been in the state of Florida for 32 years,
2 and I can always remember the three phone companies, you know,
3 saying, allow us to do this, allow us to do that, and it will
4 create competition. I haven't seen that happen in 32 years.
5 We still have Verizon, prior to that it was GTE in the Pasco,
6 Pinellas areas. It was back 32 years ago; it is today. No
7 competition even with all the changes that they requested.

8 I'd like to show you, if I could, some of the profits
9 that the three phone companies have been earning over the last
10 few years. Let's see where we start here. Let's start off
11 with BellSouth if we can. As you can see, Commissioners, in
12 2001 BellSouth earnings per share was \$1.36; 2002, \$1.44. And
13 let me impress to you that 2003 and 2004 are estimates but very
14 good estimates by not only their own company but by those on
15 Wall Street. As you can see, in 2003 they're estimated to
16 \$2.14 per share; in 2004, \$2.17. Their earnings continue to
17 rise. Please don't accept the fact that they're not earning
18 money or they're having trouble. That is not true.

19 Sprint. Sprint in 2001 earnings per share, 16 cents;
20 2002, \$1.36. Estimated in 2003, \$1.42; estimated in 2004,
21 \$1.51. Again, increased profits.

22 And finally, Verizon was asking for as much as a
23 46 percent increase. 2001, 22 cents; 2002, \$1.67; 2003, \$2.58
24 estimate; 2004, \$2.48. Let me also impress to you that, in
25 fact, Verizon reported in September earnings or profits of

1 \$2.1 billion, \$2.1 billion of profits. Do they truly need --
2 do the three phone companies truly need another \$400 million
3 windfall on the customers of this state? I don't think so.

4 Verizon is asking for as much as a 46 percent
5 increase; Sprint, 90 percent increase; and BellSouth,
6 51 percent. I more than anyone -- I'm a stockbroker. I work
7 for Morgan Stanley, and I know the importance of making a
8 dollar. And companies have the right to make a profit for the
9 services they provide; however, I believe the entire incident
10 is indicative of their blatant commitment to increasing their
11 profits at the expense of the average customer. Both local
12 access and long distance will continue to reap benefits at the
13 expense of Florida customers. The revenue neutrality that was
14 one of the most ardently debated issues of the Legislature is
15 not evident, not on the customer. The customer, the individual
16 resident is going to pay for this. You need to understand
17 that. They will pay for it. The senior citizen who makes very
18 few long distance, if any long distance calls at all, will pay
19 for this. It won't be the business community. It won't be
20 those who have three, four, five, six lines in a small or big
21 business. It's going to be the individual.

22 Very few customers will benefit at all for an issue
23 that has not been adequately studied. It is yet unknown and
24 probably will never happen that this -- because of this bill
25 being passed will ever have intended impact to increase

1 competition. Again, these three companies would not, would not
2 have forced or pushed this piece of legislation and got the
3 Governor to sign it if they felt as though competition was
4 going to be created. You know what I believe? I believe they
5 will ask for rate increases just high enough knowing that
6 competition will not come in, but they will benefit from it.

7 Well, that's my presentation. I'd like for you to
8 look at those charts very closely. I'd like you to take into
9 consideration the little guy and gal who will ultimately pay
10 the consequences or the price for these increased rates. It's
11 been suggested as well, it's been suggested that this is good
12 for business, this will help business in some way, this will
13 maybe create some jobs or something. I have a hard time
14 understanding or believing that. When you think that if a
15 senior citizen who, first of all, is on a limited income, on a
16 fixed income, and a family who's barely making it by now with
17 the income that they get, if their rates increase, if their
18 phone rate increases by almost 90 percent, as proposed by one
19 of the companies, well, that money is not going to be used to
20 be spent in the economy. It's going to go to a phone company.
21 It's not going to be used to go out and maybe buy more goods,
22 whether it be a washing machine, a dryer, or a new car,
23 whatever. That's fewer dollars that they will have in their
24 pocket. Think about it.

25 You know, some people say \$4 or \$5 a month isn't that

1 big of a deal. I suggest to you to go into any of my
2 communities that I represent and ask them what it would be to
3 have to put out another \$100, \$150 a year in phone bills. What
4 they could use that money for -- I've got senior citizens who
5 are barely getting by, and for buying their prescription
6 drugs -- and some of them don't even bother to eat some days in
7 order to take their prescription drugs or use their
8 prescription drugs every other day so they will last longer.

9 I wasn't going to get up here and talk about the
10 financial woes of how it's going to affect the people of the
11 state, but that's the bottom line, isn't it? The people, the
12 individual will be the one who suffers, not businesses, not the
13 phone companies. Look what they're making. Look at their
14 estimates for the future years. They are doing quite well,
15 aren't they? They don't need any more money from the
16 constituents of the state of Florida. I would ask you to deny
17 this rate increase. Thank you very much.

18 CHAIRMAN JABER: Senator Fasano, thank you for being
19 here. It's always appreciated when you take time out of your
20 busy schedule to appear in front of us. I think at this time,
21 Mr. Beck, it would be appropriate to let you all make opening
22 statements, brief opening statements, all the parties, and then
23 we'll start calling up witnesses.

24 Mr. Ciamporcero, are you here on behalf of Verizon?

25 MR. CIAMPORCERO: Yes, I am.

1 CHAIRMAN JABER: We'll start with you, and then we'll
2 turn to Mr. Beck and come back to Mr. Twomey.

3 MR. CIAMPORCERO: Thank you, Madam Chair. Good
4 afternoon, Commissioners, and welcome to Tampa. And good
5 afternoon to everyone who came today. We appreciate it.
6 Before I start, I'd like to say we have a table outside with
7 three experts out there in service, billing, and Lifeline.
8 It's towards the back of anteroom out there. And if anybody --
9 I don't want you not to testify, but if you have specific
10 questions about your bills or about your service, we can try to
11 help you with that right now or after the hearing is over.

12 As you've just heard, Verizon filed a new proposal
13 this week to restructure our telephone prices. Let me tell you
14 what's in it. We're passing out a sheet that has the details.
15 Basically we're asking the Commission's permission to reduce
16 our carrier access charges by \$76 million in three annual
17 installments. This will reduce the in-state access fee from
18 about 5 cents a minute to about 1 cent per minute. This is
19 good news for consumers because long distance companies are
20 required, not encouraged to, but required to pass these savings
21 on to you. This means all long distance companies, whether you
22 use AT&T or whether you use a phone card, these savings should
23 be coming to you from the reduction.

24 The legislation also requires long distance companies
25 that have an in-state access fee to eliminate it by 2006.

1 That's a significant fee and that will go away. As we reduce
2 access charges, we would make equal adjustments in basic
3 monthly rates. Residential rates will be adjusted in three
4 steps: \$1.58 in 2004, \$1.58 in 2005, and the balance, about
5 \$1.57 in 2006. Business will be adjusted too so that all
6 business zones will have a uniform price of \$32 by 2006. There
7 will also be some adjustment to nonrecurring or hookup charges.
8 Those are detailed on the sheets we've handed out. These
9 changes will promote competition and benefit consumers and the
10 economy.

11 Under the current rate structure, long distance users
12 subsidize local users. Local residential service is provided
13 below our cost, and because of that, not surprisingly, there is
14 very little competition out there for the residential consumer.
15 Compare the wireless market to the wired market. In the
16 wireless market, there are no subsidies and lots of companies
17 go after each and every customer. Service and calling plans
18 become cheaper and more customer friendly every day. And they
19 are all investing in new technology, like my new picture phone,
20 as they try to outdo each other. We want to see the same kind
21 of excitement in the wired market.

22 Now, you might ask, and Senator Fasano has just
23 asked, why a company would support a price plan that would
24 increase their competition. This is an important question, and
25 it's true, it seems illogical until you think about it a little

1 more. Right now, we have competition, but it's only
2 competition for our higher spending customers. Because of the
3 old subsidy system, competitors don't have to go out and fight
4 for your business. They can go out and limit their marketing
5 to the bigger spenders. That's bad for you, and that's bad for
6 us. If people are going to compete with us, we want them
7 playing on the same field as we're playing on. That is not
8 what's happening now, and it's hurting us.

9 Finally, I want to emphasize that Verizon is getting
10 no additional revenue under this plan. In fact, we lose
11 revenue because the legislation also expands eligibility for
12 Lifeline. That's something we subsidize to the tune of about
13 three-fifty a month, and we're happy to do it. I encourage all
14 of you, in fact, to look into whether you might qualify for
15 Lifeline, and you can ask at the table outside. They can help
16 you do that.

17 And Senator Fasano's charts, all I can say is, I
18 guess he's left, but if he works for a brokerage, I hope he
19 will start to recommend our stock because right now nobody else
20 is. It's been going down fairly significantly in the past
21 couple of years. Anyway, thank you for your time. We
22 appreciate having the opportunity to serve you, and we look
23 forward to hearing your views.

24 CHAIRMAN JABER: Mr. Beck.

25 MR. BECK: Thank you, Chairman Jaber. My name is

1 Charlie Beck with the Office of Public Counsel. And in case
2 you're not familiar with our office, our office is independent
3 of the Public Service Commission. We appear before them as a
4 party and advocate on behalf of the citizens of the state.

5 This is the second petition that Verizon has filed,
6 and they just filed it earlier this week. Their first petition
7 was filed in late August. It asked for two increases 12 months
8 apart. Our office filed a motion to dismiss their petition as
9 well as the one from BellSouth and Sprint because the law
10 requires that the changes take place over a period of no less
11 than two years. This past Tuesday the Commission granted that
12 motion, and Verizon very quickly refiled with a new case where
13 it spreads out the changes over a longer period of time.

14 The Commission's decision shows that they have
15 wide-ranging authority over the petitions that the companies
16 have filed. They can accept or reject the petitions, and they
17 have broad discretion in doing it. So your testimony is very
18 important here today because it's formal evidence before the
19 Commission. They will consider everything you say and your
20 opinion about the bill and how it affects you. So we look
21 forward to your testimony and encourage you to come up and
22 testify. Thank you.

23 CHAIRMAN JABER: Thank you, Mr. Beck.

24 Mr. Twomey.

25 MR. TWOMEY: Thank you, Madam Chairman, ladies and

1 gentlemen. I'm going to stay seated if you don't mind. I'm a
2 lawyer for the AARP representing their 2.6 million members in
3 the state of Florida and trying to represent the rest of you as
4 well, all people that are residential and single-line business
5 that have just one phone.

6 Senator Fasano talked about the law. He voted
7 against it, others should have, many did, but not enough. The
8 theory behind it on the surface is absurd. These companies,
9 including Verizon, BellSouth, and Sprint, came into the
10 Legislature and said, we want more competition, and it costs us
11 millions of dollars to get this legislation over two years in
12 campaign contributions and lobbying expense, we want to get
13 more competitors, and we're not going to gain a cent from it.
14 We're going to lose customers if we're successful; we're not
15 going to gain a cent. It doesn't make sense at all. The real
16 reason they are doing this, ladies and gentlemen, and it puts a
17 lie to the revenue neutrality language, is that they are losing
18 9 to 10 percent per year in access moneys they're getting from
19 AT&T and the other long distance companies. And what they want
20 to do by this is shift \$355 million a year from the access fee
21 pot onto the shoulders of mostly residential customers. They
22 save the sooner they do it. That's why they filed so quickly
23 under the law. That's why they tried to do it in less than two
24 years. That's the reason.

25 Now, the revenue neutrality part is an absolute and

1 total lie when it comes to you people. They are seeking to
2 raise your rates by \$355 million. If you got a blue sheet from
3 AARP, which I encourage you all to do, here in the Verizon
4 territory, that's going to increase your rates \$55.32 a year,
5 from 38 to 47 percent. BellSouth's go up less. Sprint, if
6 you're served by them, their rates will increase 82.32 a year
7 and, depending upon where you live, from 60 to 90 percent per
8 year. Now, what they have said to the legislators, the
9 companies and what the legislators many of them said when they
10 voted for this bad bill, this bad law, they said, residential
11 people, our constituents, their rates are going to break even.
12 Their total bill is going to break even. Maybe they will do
13 better because they'll save on reduced in-state toll rates.

14 The law does require the long distance companies to
15 lower their rates. Okay. But who makes in-state business
16 calls on a daily basis? Who do you think are making those kind
17 of calls now? Business. And did I tell you that big business
18 doesn't get a penny of rate increases under this legislation?
19 These companies who wrote this law, each word of it, decided
20 they would give only rate increases to residential people and
21 single-line business. Read that as mom and pop. The big guys
22 that have more than one business line, they don't get a rate
23 increase at all, but the law provides, as pointed out by
24 Senator Fasano, they can receive up 99 percent of the reduced
25 in-state toll calls. If I was a long distance company, I would

1 give it to my best customers. I would give it to the business
2 people. You can't know if you can possibly save even if you
3 make in-state toll calls because these companies haven't
4 bothered to tell these Commissioners how much the rates are
5 going to go down. They say it's because they don't know. It's
6 because the long distance companies have to decide that, and
7 they are not parties to this case. Nobody is making them come.
8 You can't know.

9 Also, if you use a cell phone to make your in-state
10 toll calls, you won't save anything. If you use a Sam's Club
11 card, you can't save. If you use an 800 dial-around, you can't
12 save either. AARP thinks that almost all of you are going to
13 lose, and you're going to lose big to the tune of about
14 \$355 million a year.

15 The -- competition at higher prices. The big
16 business folks, we had them in Jacksonville and Orlando last
17 night, who aren't paying any increases and will probably get
18 the bulk of the savings, there will probably be some in this
19 room that will get up and they'll say, we like competition at
20 any cost even if it costs more for your folks. That turns the
21 traditional argument of competition on its head. We have all
22 known competition in this country that give us better quality
23 services at lower prices. Okay. These folks want to tell you
24 that competition is going to be good for you when you have to
25 pay higher prices, 35 to 90 percent higher, and you get lower

1 quality service. Why lower quality? Because the law they
2 wrote says that after they reach parity, in two years and one
3 day perhaps, they can try and take away the PSC's ability to
4 control the quality of their service. So you get higher
5 prices, lower quality of service.

6 The Lifeline, they like to tout the fact that they've
7 increase the eligibility for Lifeline, which is true for a
8 couple of them. The problem is they wrote the law so that
9 after two to four years the Lifeline customers who under
10 current law are protected from any increases will feel the full
11 brunt of these rate increases, which necessarily will require
12 many of them to lose service. Now, the AARP is trying promote
13 or request legislation that would protect Lifeline customers
14 from these rate increases indefinitely.

15 Under the current law, like Senator Fasano said,
16 these Commissioners aren't required by the legislation to grant
17 the increases, and they should not if they don't find that
18 you're net beneficiaries of their increases. If they don't
19 approve these increases -- if they do approve them, your rates
20 will go up 35 to 90 percent per year, and immediately after
21 that, these companies can raise their rates 20 percent per year
22 without asking their permission or anyone else's. If they deny
23 the increases, the current law provides that they can get rate
24 increases, get this, of the rate of inflation minus 1 percent,
25 inflation minus 1 percent, which currently means they can't

1 increase their rates but about 1 percent per year versus what
2 they're asking here.

3 Lastly, again, if the PSC denies these increases,
4 Lifeline people will be protected from increases indefinitely.
5 I would encourage you to get up and testify, ladies and
6 gentlemen. Don't worry about the oath requirement. Don't be
7 nervous. Get up and if you can't afford the increases, don't
8 want the increases, don't use in-state telephone toll calls,
9 tell these Commissioners. We thank you.

10 CHAIRMAN JABER: Thank you, Mr. Twomey. I've asked
11 our PSC staff counsel to quickly go through the actual terms of
12 the legislation.

13 MS. KEATING: Thank you, Madam Chairman. Just
14 briefly. As we've indicated, we're here today on three
15 petitions that are based on new legislation passed just this
16 past session. In addressing these petitions, the Legislature
17 did define four criteria that the Commission specifically has
18 to consider.

19 Those four criteria are: The Commission has to
20 decide whether granting the petitions will remove current
21 support for basic local telecommunication services that
22 prevents the creation of a more attractive, competitive local
23 exchange market for the benefit of the residential consumers.
24 The PSC also has to decide whether granting the petitions will
25 induce enhanced market entry as well as result in intrastate

1 switched network access rate reductions to parity over a period
2 of not less than two years or more than four years. And parity
3 essentially means that access charges, which are the charges
4 charged to long distance companies for access to the networks,
5 the charges for intrastate toll calls will then be the same as
6 those charged for interstate toll calls. Granting the
7 petitions will also ultimately have to be revenue neutral. And
8 revenue neutrality is essentially defined as the changes in the
9 access revenues will have to be offset by equal changes in the
10 local rates.

11 CHAIRMAN JABER: Thank you, Ms. Keating. I just
12 noticed that the Attorney General for the state of Florida has
13 just walked in, and I'd like to go ahead and introduce General
14 Charlie Crist. And if you would like to make some brief
15 remarks, please feel free to do so, General.

16 ATTORNEY GENERAL CRIST: Thank you, Madam Chair. I
17 appreciate the opportunity, and I also want to thank the Public
18 Service Commission for being in Tampa Bay, and we had the
19 opportunity to be together last night in Orlando. I think it's
20 awfully important, as you know and obviously as you recognize,
21 to get out and listen to the people that the Commission serves.
22 And we appreciate that very, very much. I also wanted to take
23 this opportunity to introduce or reintroduce, I suppose,
24 Mr. Jack Shreve who served as Public Counsel for a long time
25 and very admirably. And I was saddened, as I mentioned, when I

1 heard that he was going to retire, and so as soon as I heard
2 that, I started to recruit him to come on board with the
3 Attorney General's Office. He was kind enough to accept the
4 offer. And we are very, very pleased, Jack, to have you on
5 board and continuing to fight for the people of Florida.

6 Having said that, we think it's important that the
7 Attorney General's Office have a role because I think one of
8 the most fundamental important functions of the Office of
9 Attorney General is in consumer affairs and to look out for the
10 best interest of our consumers. And so when this legislation
11 passed, I wrote a letter to the members of the Legislature that
12 we would be continuing to watch. And there's an old
13 expression, "trust but verify," and so we wanted to be sure
14 that this balance that is supposed to occur in fact does occur
15 so that it is a revenue-neutral issue. And I wanted to hear
16 what the people of Florida had to say and have an opportunity
17 to listen to them and for Mr. Shreve to listen to them on
18 behalf of our office. And I appreciate that opportunity today,
19 Madam Chair and members of the Commission. Thank you very much
20 for giving me an opportunity to talk to you, and we look
21 forward to what the people have to say. Thank you.

22 CHAIRMAN JABER: Thank you, sir. Thank you, General,
23 for being here and for being part of the process. We
24 appreciate it.

25 Mr. Beck, let's start with the first witness.

1 MR. BECK: Thank you, Madam Chairman. I'm going to
2 call everybody in the order that you signed up on these sheets,
3 so bear with us. The first person is Mr. Austin Curry.

4 AUSTIN CURRY

5 was called as a witness on behalf of the Citizens of the State
6 of Florida and, having been duly sworn, testified as follows:

7 DIRECT STATEMENT

8 MR. CURRY: Can you hear me now?

9 CHAIRMAN JABER: Yes, sir.

10 MR. CURRY: Honorable Commission members, Madam
11 Chair, the Florida Silver Hair Legislature delights in honoring
12 the Commission for their decision to have these hearings
13 statewide. It is indeed the democratic process in action. And
14 we are certainly beholding to the Commission for providing us a
15 floor from which to speak.

16 Honorable Commissioners, we're talking about hundreds
17 of millions of dollars at stake here. Folks, this isn't pocket
18 change, this is big money. Now, can we see the beneficial
19 results? Can we see the results to the citizenry of Florida in
20 advantageous service improvements, in savings through the
21 proposed plan? The Commission is charged with a responsibility
22 of the stewardship for the citizens of Florida in their duties
23 on the Public Service Commission of which you're all well
24 aware. We realize your function is vital and critical to the
25 citizens of Florida. The Florida Silver Hair Legislature asks

1 that you exercise your stewardship on behalf of the citizens of
2 Florida in denying this rate increase as it is unjustified as
3 presented.

4 We appreciate the opportunity to speak before you.
5 The Florida Silver Hair Legislature is involved. They are
6 active in governmental affairs. They are certainly active in
7 participating in events that concern the citizens of Florida,
8 not just the senior citizens, but as this so vividly impacts
9 every citizen in the state of Florida. Can you hear me now?
10 Thank you.

11 CHAIRMAN JABER: Thank you, sir.

12 MR. BECK: The next witness is Diane Ellison.

13 CHAIRMAN JABER: Mr. Beck, as the customer walks up,
14 can you spell her name, please.

15 MR. BECK: Ms. Ellison's last name is spelled
16 E-L-L-I-S-O-N.

17 CHAIRMAN JABER: Thank you.

18 DIANE ELLISON

19 was called as a witness on behalf of the Citizens of the State
20 of Florida and, having been duly sworn, testified as follows:

21 DIRECT STATEMENT

22 MS. ELLISON: Thank you for allowing me to come
23 before you. The phone bills -- I have Verizon, and whether I
24 use long distance or not, I still get charged. I'm on Social
25 Security disability and cannot afford a lot of rate hikes. I

1 have over \$500 worth of medical medicines that I need but
2 cannot afford. I don't have any insurance, and it's just
3 unfair that we are having to be assessed more money for
4 services sometimes. To look at your phone bill, you almost
5 need a college education to figure out who gets what. There's
6 six or seven pages and there's taxes and fees and other things
7 that are there. And we got a 1.4 percent raise in Social
8 Security for this year which put \$12 into my account.

9 When I was working, I worked for 35 years, and I was
10 making well over \$25,000, and when I went on disability, I went
11 down to \$9,000. It's just not fair that all of our citizens
12 should have to be burdened with fees that are not real. We
13 just don't see what the raised cost is going to be. I mean, we
14 don't benefit from it, and we end up having to pay more for it;
15 therefore, I can't afford my medications. I can't afford to go
16 to any doctors. I had to buy my own scooter out of my pocket.
17 It's just not fair to be assessed these fees no matter which
18 carrier you have. And I would just appreciate some legislature
19 that would help citizens that can't afford a lot of things that
20 we have to do out of pocket that we're not benefited for by not
21 being able to afford certain -- like insurance and things like
22 that. So any raise hike is going to be a very extensive
23 burden.

24 My phone bills for each month run around \$46. I do
25 have Internet included in that, but the Internet is the only

1 thing that I have to be able to communicate with people in
2 other states because it doesn't cost me to send to them. If I
3 make a phone call, you know, I'm assessed each minute, and then
4 anything over 30 minutes is what the fee is; then I'm assessed
5 another \$2.90 per minute to that. So it's just not fair. But
6 I thank you for allowing me to come before you.

7 CHAIRMAN JABER: Ms. Ellison, thank you for being
8 here today. Let me just let you know I'm going to ask our
9 staff to make sure on your way out that you receive -- I don't
10 know if the company has offered you or sent you information on
11 the Lifeline program, but I want to make sure that you don't
12 leave here today without knowing about that and also the
13 brochure on navigating the phone bill. And I appreciate that
14 you were here today.

15 MS. ELLISON: Well, I appreciate your time.

16 MR. CIAMPORCERO: Madam Chair?

17 CHAIRMAN JABER: Mr. Ciamporcero.

18 MR. CIAMPORCERO: Debbie Kampert (phonetic) with
19 Verizon could actually take her out and go through that right
20 now.

21 CHAIRMAN JABER: That's great.

22 MS. ELLISON: Thank you.

23 MR. BECK: Thank you, Ms. Ellison.

24 The next witness is Samuel Ferguson.

25 SAMUEL FERGUSON

1 was called as a witness on behalf of the Citizens of the State
2 of Florida and, having been duly sworn, testified as follows:

3 DIRECT STATEMENT

4 MR. FERGUSON: Thank you very much. I really feel
5 bad I'm not in that bad of shape, but I am complaining about
6 the increase. My auto insurance went up almost 21 percent
7 since January, and now you're -- then you're going to add this
8 telephone on to my monthly bills. It just doesn't seem to be
9 fair. Since November of '01 Verizon has increased my monthly
10 bill by 15.1 percent, and it just keeps adding it on.
11 Recently, I had just an experience a couple of days ago.
12 Sprint was my long distance carrier. Now because I bought a
13 cell phone, they gave me that five-ninety-five a month, but
14 they increased it by 99 cents, and with the taxes it's 1.12.
15 So I went up actually 100 percent, but I dropped my long
16 distance carrier. Now I've got to look at something else. So
17 it seems like I got 100 percent increase because I wasn't
18 paying, but if you compare that to the five-ninety-five, it's
19 15 percent. So the increases are there. They are coming at us
20 all the time.

21 And don't forget, their increases, I think, have
22 largely been ignored. They add taxes onto that. So if we're
23 going to add 46 percent to their bills, you know it's going to
24 go to 50 to 55 percent because of the added taxes that goes
25 onto that. So I think that's a consideration. So the

1 90 percent is going to be pushed to 100 percent because of the
2 taxes. So I think -- I really hope that the Commission stops
3 this. I don't think we need that. And I hope you do the right
4 thing for not only myself but certainly that young lady that
5 left. Thank you very much.

6 CHAIRMAN JABER: Thank you, Mr. Ferguson.

7 MR. BECK: The next witness is Ana Cruz, C-R-U-Z.

8 ANA CRUZ

9 was called as a witness on behalf of the Citizens of the State
10 of Florida and, having been duly sworn, testified as follows:

11 DIRECT STATEMENT

12 MS. CRUZ: Good afternoon. I'm Ana Cruz from Tampa.
13 Madam Chairwoman, General Crist and Commissioners, thank you
14 for allowing me to address you today. A lot of press has been
15 swirling around the state regarding the proposed rate increases
16 in our phone services. And for some reason this debate has
17 troubled me. I finally realized why. It's actually quite
18 simple when you put it into perspective.

19 Since Alexander Graham Bell invented the phone some
20 100-plus years ago, the days of party lines and busy signals
21 have now taken their place in history. Remember Laugh In's
22 Lily Tomlin's one ringy-dingy, two ringy-dingy? Can you
23 believe that that was only a few years ago? Today, you can
24 send photos of your kids to a spouse that's on a business trip.
25 The progress in phone service is astonishing. Today's

1 technology would make Alexander Graham Bell turn over in his
2 grave.

3 Who brings us this technology? Phone companies do.
4 Simply put, without their technology and expertise, these
5 advances would not occur. For Verizon and others to do so, it
6 simply costs money. I don't know about you, but I personally
7 enjoy and benefit from our new technologies, our timesaving,
8 communication-friendly services. And, yes, like everyone else,
9 I'd like them for free, but we need to get real here. You know
10 as well as I do that it costs money to develop new technologies
11 and the systems needed to implement these technologies.

12 Who knows what tomorrow will bring or what tomorrow
13 even holds? I do think that we must be realistic and
14 occasionally recognize that technological advances are not
15 happenstance. They do cost money. I personally support
16 nominal price increases that we're discussing here today in the
17 \$4 to \$6 range because I know that it will lead to new,
18 improved technology, competitive rates and, yes, better
19 service. When you think otherwise, just remember how far we've
20 come since the first phone call that Alexander Graham Bell made
21 to Watson.

22 Let's move forward. Let's agree to challenge our
23 phone providers to reach higher. This rate proposal is a
24 minimal price to move us forward. I welcome this challenge and
25 look forward to the technology of the future. Let's make

1 tomorrow's technology a reality today. Thank you.

2 CHAIRMAN JABER: Thank you, Ms. Cruz.

3 MR. TWOMEY: Ms. Cruz.

4 CHAIRMAN JABER: Mr. Twomey, you have a question?

5 MR. TWOMEY: Yes, ma'am.

6 CROSS EXAMINATION

7 BY MR. TWOMEY:

8 Q Let me ask you first, are you just a residence
9 customer or are you --

10 A I'm a residential customer and a consumer.

11 Q Are you aware, Ms. Cruz, that the telephone industry
12 is a declining cost industry?

13 A I'm aware of what I have done on a personal level in
14 some skimming through articles and research on a consumer
15 level. And I will tell you that it is important to me and to
16 consumers that we take a realistic approach to deciphering out
17 in the media what is real in this bill and what is not. What
18 is real to me as a consumer is that I will see technological
19 advances coming out of this bill; I will see faster downloads
20 on my Web sites for DSL access; I will see more advanced
21 technologies within wireless and in residential packaging. I'm
22 not a phone expert, I'm a consumer.

23 Q So you're willing to pay 40 or more percent per month
24 and year in the hope that you'll receive those additional
25 services, and you're willing to have Ms. Ellison pay those

1 additional costs too; is that correct?

2 A Yes. I'm pro consumer. We're going to get tangible
3 benefits here from these services. We know it; we can feel it;
4 we can touch it. You know, the days of, like I said in my
5 testimony before, party lines and busy signals, we have really
6 come a long way, and I actually look forward to seeing where we
7 can go tomorrow. Thank you for your --

8 Q I want to ask one more question, and then I'll stop.
9 Can you name me, Ms. Cruz, one improvement you know you'll get
10 from the rate increases, and can you tell me where you know
11 that from?

12 A Can I ask you a question first?

13 Q Yes.

14 A I actually came here to address the PSC. I have
15 understood that you are actually a hired gun for the AARP, and
16 I am here to address the Commissioners and I'm here to address
17 our Attorney General. And I'm not going to take any further
18 questions from you. I'm a consumer, and I'm here to voice my
19 concerns to the Commissioners. Thank you.

20 MR. TWOMEY: Okay. The record will reflect that,
21 Ms. Cruz. Thank you.

22 CHAIRMAN JABER: Mr. Beck, your next witness.

23 MR. BECK: Madam Chairman, I think Representative
24 Fiorentino is here, and I wonder if she would like to make some
25 comments.

1 CHAIRMAN JABER: Welcome, Representative.

2 REPRESENTATIVE FIORENTINO: Thank you.

3 CHAIRMAN JABER: Thank you for being here.

4 REPRESENTATIVE FIORENTINO

5 was called as a witness on behalf of the Citizens of the State
6 of Florida and, having been duly sworn, testified as follows:

7 DIRECT STATEMENT

8 REPRESENTATIVE FIORENTINO: I appreciate that you all
9 have come down here. I do want to say that. And I appreciate
10 that you're taking the time to travel the state and to listen
11 to the consumers. In saying that, let me also say that I just
12 drove down from Pasco County. Now, when I first moved here,
13 that would have taken me 45 minutes to come here. Today, it
14 took me two hours. Many of my seniors, though I asked them to
15 come here because I knew you weren't going to take testimony
16 via e-mail or the phone, aren't able to make this drive. And I
17 just wanted to mention that.

18 CHAIRMAN JABER: Excuse me, Representative. I'm very
19 sorry, but I want to be able to hear everything you're saying.
20 Can I ask this corner out here -- Ms. Cruz, may I ask you all
21 to step outside?

22 MS. CRUZ: Sorry.

23 CHAIRMAN JABER: Because your discussions interfere
24 with our being able to hear. Go ahead.

25 REPRESENTATIVE FIORENTINO: That's fine. And so I

1 just want to also say that I know that there are a lot of
2 residents who would have liked to have come also with me, but I
3 have come here on their behalf.

4 I pay extra for my phone. I don't mind that. As a
5 working person today, I don't mind paying for my Call Waiting
6 and my Internet and all my little bells and whistles that I pay
7 extra on. However, for my seniors back in Pasco County, this
8 is a real issue. When they have to choose between their
9 medicine and paying bills already, there is a concern I have in
10 raising their phone rates. When this came before the
11 Legislature, and I voted no at that time, it was said it was
12 only going to cost \$5 a year more. Well, and not that I think
13 you can use the press as a litmus test here on what's the fact
14 or not, but it did say that the costs would go up \$2 a month.
15 That's \$24, that's not \$5. I have grave concerns over that.
16 If my seniors are already having a problem over \$5 a month,
17 what are they going to do when it's \$24 a year?

18 I mean, this is major money to them. This is Meals
19 On Wheels for some of them, and you've got to remember, for
20 many of my seniors, that's how they eat. We have no guarantees
21 how this money is going to be utilized, and that's a concern I
22 have. How we're going to -- that we're going to make savings
23 to my elders. It's believed that only the savings is going to
24 be to the businesses. And I believe in economic development.
25 I think that's an important factor, but not off of the back of

1 my elder citizens.

2 Most needy is another population that lives in Pasco
3 County that I represent. I have a lot of those that are on
4 needy lists and are receiving state benefits. I don't think
5 these are the type of people that we should be adding the cost
6 to. They're on fixed incomes, and we have to look out for
7 their welfare. We cannot allow that this be utilized so that
8 businesses can be saved and our elderlies will be hurt. I
9 think when it comes to our seniors, that's who we need to be
10 protecting, and I really do have grave concerns. But I do
11 appreciate you coming down here, your listening and your
12 willingness to take on this issue with the citizens. And I
13 thank you all very much.

14 CHAIRMAN JABER: Thank you, Representative.

15 And I neglected to say this earlier when the Senator
16 was speaking, but you brought it up again, so let me take an
17 opportunity to let you know. We have scheduled all 14 service
18 hearings now. We found locations for all 14, and there will be
19 a service hearing in St. Petersburg on the evening of
20 October 23rd. Notice will go out, a very similar notice, that
21 will indicate the location and the details, but as always, we
22 appreciate your participation in our process.

23 REPRESENTATIVE FIORENTINO: It's good seeing you
24 again too.

25 CHAIRMAN JABER: Thank you.

1 REPRESENTATIVE FIORENTINO: Thank you.

2 CHAIRMAN JABER: Mr. Beck.

3 MR. BECK: The next witness is Gerald Meyer.

4 CHAIRMAN JABER: Gerald Meyer. How do you spell --

5 MR. BECK: M-E-Y-E-R.

6 GERARD MEYER

7 was called as a witness on behalf of the Citizens of the State
8 of Florida and, having been duly sworn, testified as follows:

9 DIRECT STATEMENT

10 MR. MEYER: Madam Chairman, Attorney General, if I
11 might make a correction, the first name is Gerard.

12 CHAIRMAN JABER: Thank you.

13 MR. MEYER: G-E-R-A-R-D.

14 MR. BECK: I apologize.

15 MR. MEYER: I appreciate this opportunity of
16 addressing the Commission in support of Verizon's revenue
17 rebalancing petition. In my almost 40 years of experience in
18 the telecommunications business, this is one of the few times
19 that I've seen the opportunity for a Commission to enact on the
20 local exchange rate structure to bring it much closer to what
21 the actual cost of providing that service is. Now, what will
22 that do? What that will do is provide the opportunity and
23 challenge for investment in that local market exchange. When
24 that happens, other communication companies will address that
25 and will come into the market. You can look at the wireless

1 market; you can look at the interstate long distance market.
2 Those are the guidelines and parallels to what this
3 encouragement of investment in the local market exchange will
4 do, and I encourage you to support Verizon's petition for the
5 revenue rebalancing. Thank you.

6 CHAIRMAN JABER: Thank you, Mr. Meyer.

7 MR. TWOMEY: Madam Chair?

8 CHAIRMAN JABER: Mr. Twomey.

9 CROSS EXAMINATION

10 BY MR. TWOMEY:

11 Q Mr. Meyer, are you still in the industry?

12 A Yes, sir, I am.

13 Q And in what status or what's your --

14 A Marketing and sales consulting.

15 Q For one of the LECs?

16 A No. We work primarily with the manufacturers and
17 repair and remanufacturing companies.

18 Q Okay. I want to ask you just briefly, you
19 apparently --

20 CHAIRMAN JABER: Mr. Twomey, may interrupt you for a
21 minute?

22 MR. TWOMEY: Yes, ma'am.

23 CHAIRMAN JABER: You said for one of the LECs. We
24 should probably clarify that that means phone companies.

25 MR. TWOMEY: I'm sorry. One of the local companies,

1 ladies and gentlemen.

2 BY MR. TWOMEY:

3 Q You apparently --

4 A No, I do not do anything with the LECs.

5 Q You apparently -- are you of the opinion that the
6 local service rates don't cover their costs?

7 A Yes, I am of that opinion.

8 Q Okay. You realize, don't you, that in making that
9 calculation or that assertion that the local companies refuse
10 to include in that calculation the revenues they derive from
11 access fees for both in-state and interstate toll as well as
12 the substantial revenues they take in from vertical or custom
13 services? Do you understand that?

14 A I'm not familiar with the internal accounting
15 procedures of the telephone companies.

16 Q Okay. Well, I'm just asking that if you knew it, but
17 I want to tell you, it's the AARP's position that when the
18 companies are required to count those revenues from vertical
19 services like Caller ID and access fee revenues, it's our
20 position that the local bills on average carry the cost and
21 that there's no subsidy.

22 A Are you asking for my opinion on that?

23 Q I'm asking if you knew what the relationship was, and
24 you said -- I understood you to say you didn't, and I'm telling
25 you what the AARP's position is, which is that there is no

1 subsidy.

2 A Is AARP's position coming from an accounting position
3 or an audit position or just an opinion?

4 Q It's coming from our expert witness will file
5 testimony --

6 CHAIRMAN JABER: Mr. Twomey?

7 MR. TWOMEY: Yes.

8 CHAIRMAN JABER: I'm sorry to interrupt. Let me
9 interrupt both you and Mr. Meyer. If the purpose of your
10 comment is just to make Mr. Meyer aware of AARP's position, how
11 about we just refer him to this and move forward?

12 MR. TWOMEY: Okay. That's fine.

13 MR. MEYER: Good. I appreciate that, Madam Chairman.
14 Thank you.

15 CHAIRMAN JABER: Mr. Meyer, AARP has handed out a
16 blue sheet that looks very much like this, and you and others
17 may refer to that for AARP's position. Thank you, sir.

18 MR. MEYER: Thank you.

19 CHAIRMAN JABER: Thank you for your testimony.

20 MR. TWOMEY: Thank you.

21 MR. MEYER: Thank you.

22 MR. CIAMPORCERO: Madam Chairman, one --

23 CHAIRMAN JABER: Question?

24 MR. CIAMPORCERO: Quick -- I guess it's a question.
25 I just want to make sure that everybody out there feels

1 comfortable coming up, and the fact -- please don't feel
2 intimidated. Please come up. You can answer the questions if
3 you can, but if you can't, I think everybody understands that.

4 CHAIRMAN JABER: Mr. Ciamporcero, thank you. And if
5 I feel like customers are intimidated by the process, I'm sure
6 I'll pick up on it in the future.

7 Next witness, Mr. Beck.

8 MR. BECK: Thank you, Madam Chairman. The next
9 witness is DeMaris Marsh.

10 CHAIRMAN JABER: Mr. Beck, how about a spelling?

11 MR. BECK: Marsh?

12 CHAIRMAN JABER: DeMaris.

13 MR. BECK: D-E-M-A-R-I-S.

14 DeMARIS MARSH

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

17 DIRECT STATEMENT

18 MS. MARSH: Thank you, Madam Chairman. I'm DeMaris
19 Marsh. My friends call me Dee. It's obvious that I'm a senior
20 citizen. I do not fall in the Lifeline category, I'm very
21 happy to say, but Verizon has been able to sell me a lot of
22 extra services which I buy in a package. And I wanted to tell
23 them that I am on a fixed income, and that I may have to
24 reconsider and drop my 7.95 package that gives me all the extra
25 services that you are so good to sell to me. As a senior

1 citizen, I don't use all of them, of course. Many of us do not
2 use all those services. But I wanted you to know that I do not
3 just speak for senior citizens, but there are many others, our
4 children and others, who are going to be really touched by this
5 and will have to drop extras which they have paid for on their
6 telephone bills.

7 Also, one of the persons in saying that we needed to
8 have technology, et cetera, it was my understanding that this
9 was to be revenue neutral for the telephone companies, and if
10 that's so, that would not pay for our new technology, would it?
11 Is that not true? Did you not say that it's to be revenue
12 neutral?

13 MR. CIAMPORCERO: It's revenue neutral, yes.

14 MS. MARSH: Okay. Then the technology that she so
15 beautifully talked about that we want to happen would not be
16 included in that.

17 MR. CIAMPORCERO: Well, what it does -- would you
18 like me to respond? I can or not, it's up to you.

19 MS. MARSH: Well, that's all right. It's just a
20 thought that I had. And I want to thank you all for the
21 hearing, and I want you to know that there are hundreds that
22 are not in my position that it will really and truly be an
23 imposition on them to have an increased bill.

24 CHAIRMAN JABER: Ms. Marsh, let me ask you a quick
25 question.

1 MS. MARSH: Yes.

2 CHAIRMAN JABER: As you look through your
3 advertisements and the bills that you receive, do you receive
4 information or advertisements from other phone companies? And
5 I ask that because I'm trying to gauge whether you feel like
6 there is meaningful competition in your service territory.

7 MS. MARSH: Commissioner, no, I do not receive
8 others. I'm a Verizon customer and have been. And I notice
9 that I pay the highest rate of any of the companies that you
10 are dealing with here today. And I wanted them to know.

11 CHAIRMAN JABER: If you were to drop those extra
12 services you were talking about, the package that you receive
13 at 7.95, do you even know where to start in terms of contacting
14 a different company? Is there a different company you would
15 turn to?

16 MS. MARSH: No. No, I do not know. I do not know
17 that we would have another company that would give us service
18 in the Tampa area.

19 CHAIRMAN JABER: And my final question is, do you
20 want that opportunity?

21 MS. MARSH: I have been perfectly happy with Verizon
22 until we came up with these great increases which I know will
23 affect people far more than me. It will just affect me for
24 extra things. but there are people that it will really and
25 truly affect who are not yet eligible for Lifeline.

1 CHAIRMAN JABER: Thank you, ma'am. I appreciate your
2 testimony.

3 MS. MARSH: Thank you.

4 MR. TWOMEY: Madam Chair?

5 CHAIRMAN JABER: Mr. Twomey, you have a question?

6 MR. TWOMEY: Yes, ma'am, I do.

7 CROSS EXAMINATION

8 BY MR. TWOMEY:

9 Q Ms. Marsh, Chairman Jaber asked you if you wanted
10 more competition, and my question to you is, would you find any
11 value in having more competition if all of it came at \$4.61 a
12 month more?

13 A No. I would like to stay with Verizon and have the
14 good services I've had in the past at our present rates because
15 I do not feel that I will benefit at all from this increase in
16 the intrastate long distance calling.

17 MR. TWOMEY: Thank you.

18 CHAIRMAN JABER: Thank you, ma'am.

19 Mr. Beck.

20 MR. BECK: The next witness is Dorothy Darling.

21 DOROTHY DARLING

22 was called as a witness on behalf of the Citizens of the State
23 of Florida and, having been duly sworn, testified as follows:

24 DIRECT STATEMENT

25 MS. DARLING: Thank you. First of all, most of the

1 raised it. Okay. They say rate adjustments.

2 Also, you all saw that Steve Otto column in the paper
3 that said one long distance information call costs \$20.95 with
4 taxes. The basic call was 14.75 plus taxes. That's the kind
5 of thing we're looking into. And I'm not in a real serious
6 financial situation, but I know hundreds and hundreds of people
7 who are who cannot afford this. And what you're basically
8 doing is forcing us to give up our phones or go to --
9 eventually I hope that cell phones will be less than the wall
10 phones, which they will be; land phones I guess you call them.

11 If you really want to be realistic about this raise,
12 you should look at the corporate returns, not what they say on
13 papers like this. They've got to -- they have made billions of
14 dollars on local -- on phone calls in Florida last year all
15 together, and this is what we're paying. Now, I know that
16 probably 50 percent of the people like Ms. Cruz can pay for
17 that and without worry, but the rest of us are paying --
18 they're getting all those improvements, like picture phones and
19 cell phones and things like that, they're getting that on the
20 backs of the poor people, the 50 percent of us who don't want
21 to pay this. And please, I beg you, don't charge -- don't give
22 them this. It's outrageous, it really is. I'm so angry about
23 it I'm shaking. I really am furious.

24 CHAIRMAN JABER: Thank you. Ms. Darling. Before you
25 go, let me tell you that since you have your bill with you, it

1 general things have been covered by previous speakers and most
2 especially Senator Fasano, so I want to make it very personal
3 with my own situation. I dropped my long distance carrier and
4 have gone to a phone card because the long distance carrier and
5 the local carrier together cost me about \$65 a month even if I
6 didn't even make any long distance phone calls. That's way too
7 much, so I dropped it. And I'm saving myself \$30 or \$40 a
8 month on long distance calls. Sam's card, by the way, only
9 charges me 3 cents a minute with no taxes. So that's pretty
10 good.

11 But I have Verizon. Imagine my surprise when I got
12 my bill this time without any long distance call and I got a
13 charge of \$15.22 for -- wait a minute, I'm sorry, I misplaced
14 that -- for other providers. There are no other providers in
15 my case. And I got my Verizon bill for \$15.22 plus tax would
16 be \$17.96 that they charged me, and I haven't had another
17 provider since March. How many people will not look at their
18 bill? They will just pay it because they can't see or because
19 they do it automatically. How many people will pay that money?
20 But that's 50 percent of my bill, 50 percent additional of my
21 bill.

22 Also, it's a basic bill that's taxed. So when
23 Verizon raises my basic bill which is \$12.10 -- was \$12.10 but
24 they added an additional 20 cents, so now it will be \$12.30.
25 No statement about where that 20 cents came from. They just

1 would be great if you could let our staff take a look at it. I
2 know that Verizon has some of their employees, customer service
3 representatives here. I'm very interested in finding out what
4 that \$15.22 charge is. Let us help you with that. I know that
5 Mr. Ciamporcero took a quick look at it.

6 MR. CIAMPORCERO: I couldn't tell. And we have the
7 expert out in the hall who can tell you absolutely what it is.

8 MS. DARLING: You can believe that as soon as I got
9 this bill, I called and raised Hell about it, and it's not on
10 my bill anymore. But I'm one of those that this lady said you
11 need a college education to understand this. Well, I have a
12 Master's degree and I can't understand it. Okay. Thank you.

13 CHAIRMAN JABER: Ms. Darling, thank you for being
14 here. In addition to raising Hell the next time you call the
15 company, there's one more place you should call if you ever
16 have any trouble with Verizon or any customer service
17 representatives of a company that we regulate, I hope you would
18 call us too.

19 MS. DARLING: Thank you.

20 CHAIRMAN JABER: Okay. Mr. Beck.

21 MR. BECK: Thank you. The next witness is Charles
22 Hubbard.

23 CHARLES HUBBARD
24 was called as a witness on behalf of the Citizens of the State
25 of Florida and, having been duly sworn, testified as follows:

DIRECT STATEMENT

1
2 MR. HUBBARD: Good afternoon. I'm a disabled
3 veteran. I have multiple disabilities. I'm a cancer survivor.
4 I'm also a member of the AARP. And I firmly believe that none
5 of us have any business being here. And the reason why I say
6 that is because the state Legislature and the Governor
7 obviously did not listen to the will of the people. There is
8 no way that this increase should even be thought of. We
9 shouldn't have to have commissions and discussions and take
10 time out from work to come down here to talk about this because
11 this increase is going into the pockets of the people that run
12 Sprint, Verizon, and other people. Nothing is being improved.
13 My home service is not being improved. The calls aren't
14 clearer. They are not giving me extra services. It's just
15 extra money in their pockets.

16 Now, if this money, which I calculate from for my
17 bill would be another \$4.73, was going into infrastructure, for
18 example, helping schools, I could understand that. That helps
19 people all over the state. If it's improving roads, I don't
20 mind a 4.73 increase or an increase in my property taxes.
21 That's acceptable because everybody benefits, but this increase
22 is strictly a benefit to these communications companies. It
23 has no benefit for me whatsoever.

24 And by my calculations -- I'm also on a fixed income.
25 I'm not eligible for Lifeline or any of those other services,

1 and I do have a cell phone, but I can tell you this, Verizon
2 and Sprint and the rest of you, that if this increase goes
3 through, you will lose \$461.04 a year from me because I will
4 cut off your service and just use my cell phone because I have
5 free nights and weekends, free Caller ID and all sorts of
6 benefits that I'm not receiving from you. And right now, my
7 landline phone is really becoming a burden. I don't receive
8 the benefits that I think I should be getting.

9 I'm being charged \$2.76 so they don't have to use the
10 ink to print my name and number in the phone book. Figure
11 that. I'm paying \$7.95 so I can know who's calling me. And
12 I'm not going to reduce these services, I'm just going to get
13 rid of it across the board. I'm just going to do away with it.
14 I mean, that's the bottom line because I just don't feel that
15 these increases under the economic conditions that we have
16 today are warranted whatsoever. I've heard no mention of
17 Verizon, Sprint, or any other companies taking any cost-cutting
18 measures to cut the fat in their business, to streamline, to
19 consolidate, or do anything else. All they are asking for is
20 more money. And I strongly disagree with this.

21 Also, I think that if this does go through, which I
22 hope it doesn't, that the minimum that you will do, the
23 Commission or the Governor or the Legislature, will make an
24 amendment to this regulation that will exempt disabled and
25 elderly from any further increases because we are the people

1 that are really going to suffer the most. As I said, I am on a
2 fixed income. You know, I'm not on welfare. I'm not on food
3 stamps. You know, I'm above that so-called poverty line, but I
4 still have to watch my pennies. I don't eat out very much. I
5 cook my own meals and so forth and so on. And as I said, I see
6 no benefit, I see no benefit for anyone but the corporate
7 executives at Verizon, Sprint and the other phone companies.
8 And I thank you for this opportunity to speak to you.

9 CHAIRMAN JABER: Mr. Hubbard, thank you very much for
10 being here. Let me ask a quick question.

11 MR. HUBBARD: Sure.

12 CHAIRMAN JABER: You said you wouldn't hesitate to
13 switch to cell phone service. You feel like you've got
14 competition among the cell phone providers and you've got good
15 service --

16 MR. HUBBARD: Yes. Absolutely none with the regular
17 phone. And I listened to you question some of the other
18 speakers. I don't receive any other information from Sprint,
19 whatever other phone companies are out there. I don't get any
20 competitive rates. And if I did, what's the point if they're
21 all jacking up their rates the same amount or more? So, I
22 mean, I'm just switching the name on the phone bill, I mean,
23 that's all. So that's of no advantage to me whatsoever unless
24 I can get a cheaper rate.

25 I've already cut off, I think, my long distance rates

1 for the most part because I use my cell phone for long
2 distance. I used to call St. Petersburg a lot. I have some
3 friends over there. I stopped doing that when they gave
4 St. Pete a separate area code and now it's 25 cents. So, I
5 mean, I've been losing for years. This has been costing me
6 money. And like I said, I just feel that the Legislature did a
7 poor job by not listening to the will of the people because
8 this is not beneficial to any of us except big business.

9 CHAIRMAN JABER: Thank you, Mr. Hubbard.

10 MR. HUBBARD: Thank you for your time.

11 MR. BECK: The next witness is Denise Lasher.

12 DENISE LASHER

13 was called as a witness on behalf of the Citizens of the State
14 of Florida and, having been duly sworn, testified as follows:

15 DIRECT STATEMENT

16 MS. LASHER: Thank you very much for this opportunity
17 to be heard this afternoon. I work for a nonprofit
18 organization, and we provide scholarships to children from low
19 income families throughout Florida. Our state organization
20 serves over 4,000 low income families, and we speak with them
21 frequently by phone out of our office here in Tampa. Most of
22 our families have no access to e-mail. We have regular phone
23 contact with over 700 schools throughout the state. So over
24 95 percent of our phone bill is for intrastate phone calls.
25 I'm not one for supporting raising taxes, fees, or rates;

1 however, as a small nonprofit organization, this proposal will
2 be a tremendous help for us.

3 We struggle to raise the operating funds we need to
4 run our nonprofit organization. And next to our rent and
5 salaries, I'd say our phone bill is probably the biggest
6 expenses that we have due to the number of phone calls that we
7 have to make every day in the state of Florida. This proposal
8 will reduce our phone bill which will be a tremendous savings
9 for our organization.

10 Another aspect of the proposal I'm really excited
11 about is the Lifeline program and Link-Up Florida. As I
12 stated, we have thousands of low income families that we work
13 with every day, and we plan to contact our local phone carriers
14 and work with them so that we can let our families know about
15 this wonderful program. By raising the eligibility to
16 participate in this program, I would say probably a majority,
17 probably 70, 75 percent, of our families will fall within this
18 income range. So there's going to be thousands of more
19 families that we deal with that now will have more affordable
20 phone service, and a number of them don't have a phone because
21 they can't afford it. With this program, I'm sure that they
22 will now be more likely to be able to get that phone in their
23 home.

24 As a residential customer, because I'm also an
25 individual consumer, the network access charge, I understand,

1 will be eliminated and so that will benefit me as a consumer.
2 I think that if people would look over the last 15 or 20 years
3 at your local phone bill, I don't think it's the local access
4 service charge or local residential charge that's really gone
5 up. I don't think that's gone up much at all. It's all these
6 taxes that keep getting imposed on us, I mean, the federal
7 government taxes, the state government taxes,
8 telecommunication, local government. Here in Hillsborough
9 County, they just raised the tax again on our phone service.
10 So if you look at the taxes and fees on a phone bill, it's more
11 than what it costs just for the basic service.

12 So in conclusion, I just want to reiterate that this
13 program that's being proposed will save our foundation a
14 substantial amount of money, and it's going to provide more
15 affordable phone service for many of our families, thousands of
16 families throughout the state of Florida that we work with
17 every day. Thank you.

18 CHAIRMAN JABER: Ms. Lasher, let me take a minute as
19 you summarize. We've talked about Lifeline a lot today, and
20 just in case there are members in the audience that do not know
21 about the program, it is an assistance program that provides up
22 to \$13.50 off of each monthly bill and up to \$30 of a discount
23 with regard to hookup charges. And this legislation does have
24 a provision that requires the PSC, which was already promoting
25 the Lifeline services, but it requires the PSC to partner with

1 the Office of Public Counsel, other state agencies like the
2 Department of Elder Affairs and the Agency for Health Care to
3 promote the program and make sure that people that might be
4 eligible for the program sign up. There is a requirement that
5 these phone companies also participate in the program.

6 And, Mr. Beck, if you don't mind giving the 800
7 number and maybe elaborating on what Public Counsel has done at
8 this point, I think it would be appropriate.

9 MR. BECK: Sure.

10 CHAIRMAN JABER: I bring this up during your
11 testimony, Ms. Lasher, because I would love for you on your way
12 out to take extra of these copies and leave your contact
13 information. We could always provide you more copies to take
14 to those families that you work with closely. These pamphlets
15 are produced in Spanish as well.

16 MS. LASHER: Wonderful. We have a lot of Hispanic
17 families we work with.

18 CHAIRMAN JABER: And on our Web site, which is
19 floridapsc.com, customers can also find a link which provides
20 the same information on Lifeline and all of the appropriate
21 phone numbers to contact.

22 Mr. Beck.

23 MR. BECK: Yes. We have an 800 number that's
24 dedicated just to assisting people, not only just with
25 information on Lifeline, but actually signing them up, and it's

1 1-800-540-7039. And we will certify people if they are
2 eligible based on their income, you know, as opposed to just
3 participation in a program. So we've gotten a lot of calls and
4 we're hoping for more.

5 MS. LASHER: We also plan to distribute these to the
6 700 schools that we work with so they are available for parents
7 to pick up also. So we look forward to this.

8 CHAIRMAN JABER: Thank you, Ms. Lasher.

9 MR. TWOMEY: Ms. Lasher.

10 CROSS EXAMINATION

11 BY MR. TWOMEY:

12 Q Let me tell you and the audience as well, my goal
13 wasn't to intimidate you. The reason you are under oath is the
14 Commission is going to use your testimony to try and decide
15 whether to grant these increases or not. And those people
16 testifying who appear to have interests that are adverse to my
17 client's, I feel it's part of my job to try and probe and
18 question.

19 A It is America; you do have that right.

20 Q I wanted to ask you, you said that -- let me ask you,
21 does your agency have more than one phone?

22 A Do we have more than one phone?

23 Q Yes, ma'am.

24 A Yeah. In our office?

25 Q Yes.

1 A We have multiple phones. We have more than one
2 person working, so every person who works in our office does
3 have a telephone, yes, sir.

4 Q Okay. So are you aware that if you have multiple
5 phones, it's unlikely that your agency will receive any local
6 service rate increases from the legislation?

7 A Sir, what I addressed was our intrastate rates that
8 we pay. Like I said, 95 percent of all of our calls are
9 intrastate long distance calls, and so what I'm addressing
10 today is that impact that will have on our nonprofit
11 foundation. We have very little money that we operate on, and
12 so this will be a tremendous help.

13 Q Yes, ma'am, I understand that, but has anybody told
14 you how much those rates will go down?

15 A I'm sure that you have addressed some of that in your
16 blue sheet, and if you want to send me some information, they
17 do have my -- on the registration form there. If you would
18 send me that information, that would be very helpful for us.
19 Thank you.

20 Q No, ma'am. We don't know, and I'm asking you -- my
21 question is, is do you know?

22 A Do I know exactly what the local rate will be for our
23 nonprofit foundation?

24 Q No, ma'am.

25 A No, sir, I can't answer that question.

1 Q You're --

2 A I'm --

3 Q I'm sorry. I'll let you finish.

4 CHAIRMAN JABER: Mr. Twomey.

5 A I'm just here to share with you our perspective as a
6 nonprofit foundation and my perspective as a consumer, and I
7 hope that I was able to relay my position on this adequately to
8 at least be on the record for our position.

9 Q Yes, ma'am, but my question is this: You've asserted
10 in your testimony that you think your agency will achieve
11 savings in your long distance calls within the state, and my
12 question is, do you know -- has anybody told you how much
13 you'll be able to save?

14 A On our intrastate rates?

15 Q Yes, ma'am.

16 A I know those rates will be going down. Have we done
17 an internal calculation exactly to that dollar amount? No,
18 sir, but we do know that those rates will go down, and any
19 savings we realize will be a tremendous benefit. I really
20 didn't want to get into a debate today, sir.

21 CHAIRMAN JABER: Ms. Lasher, let me ask --

22 MR. TWOMEY: You're required to.

23 CHAIRMAN JABER: Mr. Twomey.

24 Ms. Lasher, let me ask you a couple of questions.

25 With regard to the competitive providers around you that offer

1 services to businesses of your size, do you feel like you've
2 got choices?

3 MS. LASHER: For local service, no, ma'am, we don't.
4 Obviously for long distance we do. But we don't have any other
5 providers that have approached us or that I've read about for
6 our local service.

7 CHAIRMAN JABER: And you do seem confident that your
8 long distance charges will decrease. Is that based on your
9 knowledge of the legislation or a representation someone made
10 to you?

11 MS. LASHER: It's based on what I have read, yes,
12 ma'am.

13 CHAIRMAN JABER: Thank you, ma'am. I appreciate your
14 testimony.

15 MS. LASHER: Thank you so much.

16 COMMISSIONER BRADLEY: Madam Chair.

17 CHAIRMAN JABER: Commissioner Bradley.

18 COMMISSIONER BRADLEY: Just for the record, I think
19 that we need to recognize that Ms. Lasher represents a
20 nonprofit agency and not a business.

21 CHAIRMAN JABER: Yes, absolutely. Thank you,
22 Commissioner.

23 MR. TWOMEY: Madam Chair?

24 CHAIRMAN JABER: Mr. Twomey, go ahead.

25 MR. TWOMEY: Since I was cut off, I want to make this

1 observation, and what I wanted to ask Ms. Lasher is, if -- I
2 heard her say that they are on regular telephone communication
3 with at least 700 hundred of their customers.

4 CHAIRMAN JABER: Clients; right.

5 MR. TWOMEY: If those clients are all served by
6 Verizon, whose rates will go up 55.32 per year if these
7 petitions are granted, that's over \$39,000 a year, and I was
8 going to ask her if she was confident that any in-state savings
9 she would get would exceed those increases that her clients
10 would receive. That was where I was going.

11 CHAIRMAN JABER: Well, Mr. Twomey, here's the problem
12 with that question. You're asking her to speak with regard to
13 her clients on what savings they may incur. I'll certainly
14 invite Ms. Lasher back up. My feeling is she's not going to be
15 able to answer that question, but we'll invite her back up.

16 Ms. Lasher, is that something you feel like you can
17 address?

18 MS. LASHER: We haven't looked at exactly the number
19 of families that will qualify. I can tell you that we have
20 quite a few families that have under \$10,000 household income.
21 The average income is around 20,000 for a household size of
22 four. Each and every family qualifies under the federal
23 Free/Reduced Lunch program. So I would have to go back and do
24 that calculation. crunch those numbers. and then compare to --
25 if they signed up for Lifeline, the savings there compared to,

1 you know, savings we're receiving within our company, any
2 additional charges; I mean, that would take some time to do
3 that calculation. But I can tell you that there will be
4 thousands of additional families, we are certain, that will
5 qualify now for a reduced rate through the Lifeline program.

6 CHAIRMAN JABER: Mr. Twomey.

7 MR. TWOMEY: I have one more question.

8 CHAIRMAN JABER: Last question.

9 CONTINUED CROSS EXAMINATION

10 BY MR. TWOMEY:

11 Q Do you realize, Ms. Lasher, that under Verizon's
12 petition with this Commission that even if all of your clients
13 were to receive Lifeline benefits, that their proposal says
14 that at the end of two years that they will snatch those
15 protections away and will impose the rate increases on their
16 clients -- their customers?

17 A Sir, I don't believe that that's correct. They will
18 still be able to qualify for Lifeline, so that \$13.50, I think,
19 savings, they will still as far as I understand be eligible
20 after two years as long as they still meet those income
21 guidelines. As long as they still meet those income
22 guidelines, they will still be eligible for a reduction of
23 \$13.50.

24 Q That's correct. My point was --

25 A I do know that.

1 CHAIRMAN JABER: Mr. Twomey, that was your last
2 question.

3 MR. TWOMEY: Okay.

4 CHAIRMAN JABER: Ms. Lasher, thank you for your
5 testimony.

6 MS. LASHER: Okay. Thank you.

7 CHAIRMAN JABER: Mr. Beck, as you call your next
8 witness, here are the rules going forward. Mr. Twomey and the
9 parties, all the parties, I will allow questions. Mr. Twomey
10 is absolutely right. This is a formal part of our proceeding
11 where we are taking testimony, and the parties are entitled to
12 ask questions, and I've allowed that flexibility. They need to
13 be questions and not statements of position. I would ask that
14 you extend the same courtesy I've extended you.

15 Mr. Beck, call the next witness.

16 MR. BECK: Yes, Madam Chairman. The next witness is
17 Herbert Lyon, L-Y-O-N.

18 HERBERT LYON

19 was called as a witness on behalf of the Citizens of the State
20 of Florida and, having been duly sworn, testified as follows:

21 DIRECT STATEMENT

22 MR. LYON: Yes, I'm Herbert Lyon. I'm a retired
23 electrical engineer. I still hold a professional engineering
24 license in the state of Texas. And I'm not currently employed
25 in engineering, but in the late '70s my name went forward to

1 the -- from the Legislature to the Governor for a staff -- or
2 for a seat on your Commission, Public Service Commission. I
3 wasn't selected, but I've followed with interest.

4 One of the things that I found that in this hearing,
5 normally there is a notice in the paper that says you can go to
6 such and such a place to see the filing. And normally you'd go
7 to Verizon headquarters and you can see the filing to the
8 Commission, and I didn't see that this time. Therefore, I'm
9 shooting from the hip because normally when I come before these
10 hearings, and I have on several occasions, I know what I'm
11 coming up against. And apparently it's a moving target because
12 they are moving it every day. I read in the paper they changed
13 it.

14 Okay. I think this is pure corporate greed. No
15 more, no less. It's way out of line with the cost of living
16 increases. It is approximately 20 percent the first go-around,
17 another 15 percent after that. I don't make any interstate
18 calls with Verizon because I think you're dumb if you do. You
19 can go to Sam's for three cents a minute. You can make calls
20 anyplace in the country. You can't even call St. Petersburg,
21 you have to pay 25 cents. You know, Verizon still hasn't come
22 into the modern way of thinking that this is a metropolitan
23 area. They have to be dragged kicking and screaming into the
24 fact that I live closer to a lot of places in St. Pete than I
25 do in Tampa. If I want to make a reservation, I have to pay 25

1 cents or use my credit card to go over to a restaurant.

2 Verizon is totally anticompetitive, and I will give
3 you an example. I asked for DSL service from Earthlink, and
4 every time Earthlink would go to Verizon, they have to go
5 through Genuity and all around the horn to get them to get the
6 DSL to me. And every time they come back and Verizon said,
7 it's not our customer; we can't provide the thing. And I went
8 through that for almost six weeks, and I finally mounted a
9 multiprong attack. I'm not without political influence in the
10 city of Tampa, and so I got ahold of a name up in Verizon and
11 got ahold of somebody in the Verizon office. I also went to
12 the Federal Trade Commission and I went to Mr. Beck. And
13 through those three-prong attack, Genuity finally figured out
14 that I was a Verizon customer. This is totally
15 anticompetitive, and they intend to keep it that way. And they
16 still are.

17 My DSL service goes off occasionally because there's
18 continuing bickering about providing service that is required
19 by the FCC and the Federal Trade Commission to provide me DSL
20 service via Verizon. And they're still bickering, and so
21 occasionally they cut off the service. And when you call in,
22 you can't do it. That's another issue.

23 Verizon is not a good Florida corporate citizen.
24 They do not hire within Florida for their -- all of their phone
25 answering is done out of state. Whenever you talk to somebody,

1 you try to get service, it's somebody from out of state. So
2 it's not -- they're not good Florida citizens. They should be
3 using -- we have adequate call answering people here in the
4 state of Florida; Verizon just chooses not to use them. And
5 it's also a safety issue because when you call in to Verizon
6 and try to get -- talk to them, the people do not know what
7 Tampa -- where anything is in Tampa or any of the streets or
8 anything else. They don't know anything about it. They are
9 off up in the Midwest somewhere where they can get cheap rates.

10 Well, also, Verizon is not maintaining their outside
11 plant. They have -- the line down behind my house in the
12 summer every year it goes out because of ants in it. Ants are
13 up in one of the junction boxes. They refuse to replace it;
14 they refuse to do anything about it. They are not providing
15 good service; yet they want this rate increase. And I strongly
16 oppose this rate increase. And I think that -- you know, I'll
17 admit that they are a little bit better than General Tel when
18 you used to get fast busy signals every time you had to call
19 across town. That's improved a little bit. But that's -- and
20 it's better in the Peninsula but not by much.

21 MR. CIAMPORCERO: Thank you.

22 CHAIRMAN JABER: Thank you, sir. Mr. Ciamporcero, I
23 wanted to follow up on just something Mr. Lyon said with regard
24 to customers being able to come in to the Verizon offices and
25 take a look at the petition. I think that's a very good idea.

1 I don't see a problem with having the filing available in an
2 open place in the Verizon Tampa offices. Is that something you
3 can accommodate?

4 MR. CIAMPORCERO: We will take care of that. In
5 fact, let me just huddle with my staff, and we'll figure out
6 the best places to do that. Probably do it in the phone marts
7 which are spread out and easier to get to.

8 CHAIRMAN JABER: Hang on, Mr. Twomey. What I think
9 Mr. Lyon is referring to, with PSC proceedings, primarily in
10 water, the rate case synopsis and the petitions for the water
11 rate increase are readily available if you go to the water
12 facility. Now, this is a different kind of case, and that's
13 why we didn't require that the filing be available, but I think
14 if any customer has requested it --

15 MR. CIAMPORCERO: We'd love to do that. What do you
16 think we should -- we can make copies available here and
17 then --

18 COMMISSIONER DEASON: Let me make a suggestion.

19 CHAIRMAN JABER: Commissioner Deason has a
20 suggestion.

21 COMMISSIONER DEASON: In the past, a procedure that,
22 I think, has worked fairly well is making them available in
23 public libraries.

24 MR. CIAMPORCERO: Great. We will take care of that.
25 May I also just say we have 13,000 employees in the Tampa Bay

1 area, one of the biggest employers, so it's not that we don't
2 hire Florida people.

3 CHAIRMAN JABER: Commissioner Deason, thank you for
4 that suggestion. I'd forgotten, but that's right, in public
5 libraries.

6 Is that what you were going to say, Mr. Twomey?

7 MR. TWOMEY: Yes, ma'am, I was going to suggest the
8 historical practice to the libraries.

9 CHAIRMAN JABER: Thank you.

10 Commissioner Bradley.

11 COMMISSIONER BRADLEY: Mr. Lyon also mentioned some
12 quality of service issues. Mr. Ciamporcero, would you be so
13 kind as to have staff work with him to address those issues
14 also?

15 MR. CIAMPORCERO: I think Debbie is already on her
16 way back there.

17 CHAIRMAN JABER: Mr. Beck, your next witness.

18 MR. BECK: Thank you. The next witness is Brad
19 Jackson.

20 BRAD JACKSON

21 was called as a witness on behalf of the Citizens of the State
22 of Florida and, having been duly sworn, testified as follows:

23 DIRECT STATEMENT

24 MR. JACKSON: Good afternoon, ladies and gentlemen of
25 the Public Service Commission. My name is Brad Jackson; I live

1 at 2804 University Square Drive.

2 CHAIRMAN JABER: Mr. Jackson, let me have you speak
3 right into the microphone.

4 MR. JACKSON: Is that better?

5 CHAIRMAN JABER: Yes.

6 MR. JACKSON: Now, I think that the concept of
7 following your dream is something that Americans understand
8 very well. I think the Americans relate to that. Now, for
9 people like me to follow what they consider their main purpose,
10 their goal in life, a lot of times we have to save a lot of
11 money. And one of the ways that we can do that is to cut down
12 on our utility bills, including the phone bill, which is what I
13 have to do. Now, the only way that I know of that I can
14 actually influence my phone bill is by not making long distance
15 calls, which I have done. So I don't make long distance calls
16 anymore.

17 I can't cut down on the rate by not making local
18 calls, I don't believe that affects the phone bill. So if you
19 are going to ask people like myself who are not making long
20 distance phone calls whether or not we would agree to this kind
21 of rate hike, please keep in mind that from what I understand
22 anyway, if I'm understanding it correctly, this proposed hike
23 will increase the money for the basic rates and decrease the
24 money for the long distance calls, but that is not going to
25 help people like me who are voluntarily sacrificing the long

1 distance calls.

2 So what is the phone bill like for someone like me
3 that does not make long distance calls and also doesn't even
4 want to make and almost never makes calls even across the Bay
5 to St. Petersburg or Clearwater; somebody like me that doesn't
6 even like to make 411 calls? I've forgotten at what point they
7 started charging for them. Now, if you look at my bill, you'll
8 see that just for this basic rate, I have the residence line,
9 which, I think, that's the main charge, which I understand,
10 makes sense, that's \$12.10 and that's fine. That sounds about
11 right, I guess, for somebody that makes maybe ten or maybe I
12 make more than ten calls a month. I probably get less than
13 that, but I don't really use the phone that much. So even
14 that, even \$12.10 seems a little steep probably, but I think
15 that's fair enough.

16 But besides that, we have a -- or I have a Tele
17 Access Act charge, I have a federal subscriber line charge, I
18 have a federal excise tax at 3 percent, I have a local
19 communication service tax, I have a state gross receipts tax, I
20 have a County 911 funding fee and a service Svc provider number
21 portability fee, and I also have a federal universal service
22 fee. Now, again, for somebody like me that only makes maybe
23 ten calls or so a month and receives even less, that seems
24 strange. I don't understand that. I don't understand why we
25 have to have all these taxes and fees for just using very, very

1 basic telephone usage.

2 Now, I must say that when I have called the telephone
3 company before, they have been very polite, and they have been
4 very willing to try and explain what all these fees mean. So I
5 can't really blame them for not wanting to explain it because
6 they really did try to explain it for me. And most of it I
7 could understand, but some of it I really couldn't. We get
8 into areas where you're talking about -- I don't know if you
9 would term it creative accounting or what you would call it,
10 but when they are trying to explain it to me, it's just not in
11 ways I think that the average person can relate to.

12 And, furthermore, if I understood at one point what
13 they were explaining to me, they said that there's a tax on a
14 tax. You have a tax and then the tax is taxed. So, again,
15 we're getting into areas that I think we in Hillsborough County
16 are a little familiar with. You probably are not aware of the
17 public access issue, that is, public access television, that
18 this County had to deal with just recently. But in that issue,
19 we had to deal with the philosophical question as to whether or
20 not a certain fee is a tax or a fee, and it got very
21 complicated and very convoluted. And I think that that might
22 be perhaps a tactic that can be used sometimes to deliberately
23 cloud the issue.

24 As a matter of fact, somehow the telecommunications
25 fee is supposed to be involved with the public access issue. I

1 don't even know whether or not the phone companies have
2 anything to do with the telecommunications fee or not, but I
3 was told, for example, that if you use a cell phone, that
4 somehow that tax money -- or somehow when you use a cell phone,
5 that it goes to public access television. But anyway, that
6 might not have anything to do with you, and I don't want to get
7 too far off the topic.

8 The point is that when you have these taxes of taxes
9 and all these other fees, I think that gets into the area of
10 what they are now calling columnization. I think it used to be
11 called creative accounting, but with the advent of Enron and
12 WorldCom, Global Crossing and all of that, I think they're
13 starting to use the term columnization, which means that if you
14 take some money, you can be philosophical with the money and
15 you can put it under more than one column and say that this
16 money not only applies to this column, but it applies to the
17 other column as well, which goes out of the realm of absolute
18 numbers and into a philosophical realm that can very easily
19 confuse people.

20 You can also take money that is supposed to be in one
21 category and say, no, it's not really in this category, it's
22 over there. Like, for example, when they had the scandals with
23 the businesses, from what I understand, they might have taken
24 money that was supposed to be for investment and they said, no,
25 this wasn't really investment, this was profit, and this is why

1 we're making money. And I think that the public is becoming a
2 little bit more aware of this columnization effect as a result
3 again of the fallout from Enron, WorldCom, et cetera.

4 So to sum up, if you're going to ask people like me
5 whether or not it's a good idea to have even what might be
6 considered a modest increase, from our point of view, look at
7 what we already have to pay. Look at all the fees that I've
8 just described. Maybe we consider that to be too much already,
9 and we don't even understand it. Thank you.

10 CHAIRMAN JABER: Thank you, Mr. Jackson.

11 MR. BECK: The next witness is Janet Hiltz,
12 H-I-L-T-Z.

13 JANET HILTZ

14 was called as a witness on behalf of the Citizens of the State
15 of Florida and, having been duly sworn, testified as follows:

16 DIRECT STATEMENT

17 MS. HILTZ: Good afternoon. My name is Janet Hiltz;
18 I live at 10902 Honeyhill Drive, Tampa, Florida. I thank you
19 for having this meeting today and having the opportunity to
20 speak to you about these changes. We are Verizon customers.
21 My husband is retired; he retired four years ago. We have
22 lived in Hillsborough County. We've been residents since 1971,
23 and we've had the same telephone service continuously, although
24 it was GTE before until just recently. We're on a fixed
25 income. We're senior citizens. As I said, my husband retired

1 four years ago. And I am -- also, somebody had mentioned they
2 were a cancer survivor. I'm also a cancer survivor. About the
3 time that he retired, my cancer was discovered.

4 I don't use a cell phone because I have concerns. I
5 don't think all the answers are in whether or not that could
6 possibly be contributory to cancer and as well as microwaves.
7 We don't know those things yet. Anyway, we also have a
8 developmentally disabled daughter that lives at home with us.
9 She lost a full-time job last November and was on unemployment
10 for three months, and now she has a part-time job with no
11 benefits. She lives with us, and we provide support for her.
12 So in all these things, we've had to try to cut corners and cut
13 down in our expenses. And we had several extra services
14 before, and about four years ago we cut back to the bare bones.
15 We have no extras on our line.

16 Last year one of the bills came in, and it was a
17 little bit higher, and I looked at it. And they had added a
18 charge for a nonpublished listing. Now, when we moved from one
19 house to the another, we decided not to list because it had
20 been listed under both of our names previously, and we had a
21 number of very undesirable phone calls. So we said, well, it's
22 probably best not to list at all. That's what we did. And
23 then last year, even though we've been customers, as I said,
24 since 1971, we got a nonpublished listing fee of \$2.30 above
25 the regular fees. So I called and asked about that, and they

1 said, well, that's what they do. So they have just been adding
2 that fee on ever since then. I don't think that's right to pay
3 for something that you're not getting, and it certainly doesn't
4 stop the marketers from calling us. Somehow they find out our
5 telephone number, and they call us anyway even though I ask
6 them, well, how did you get our telephone number? And I guess
7 there's lists that we're on that we don't know we're on, but
8 they manage to get through to us anyway and disturb usually our
9 dinnertime.

10 I really don't think that it's fair to raise these
11 fees. It doesn't matter what company we're with. It seems
12 like all of them want to raise their fees. Now, we do have our
13 long distance, our out-of-state long distance with Sprint. And
14 they had called us to ask if we would like to have our local
15 calling changed to their company. So I asked them, well, can
16 you do that? They looked it up; they cannot do that. Verizon
17 is the only provider in our area. Verizon also provides for
18 our local, or interstate (sic) I guess you call it, within the
19 state calling. And we make very, very few long distance calls.
20 This last month we had no long distance calls at all either
21 with Sprint out of state or within the state with Verizon; yet
22 we did get some extra charges billing for Sprint. We got a
23 carrier universal service charge, single bill fee, carrier
24 property tax. We don't get the service fee because it's waived
25 because we do have a special discount with USAA as far as

1 Sprint is concerned. We got a local communication service tax
2 and a Florida communication service tax. So with absolutely no
3 calls, we still got an extra total charge for Sprint for \$1.74.
4 And that's on top of what the previous gentleman mentioned were
5 all these monthly services regulated and the regulated service
6 taxes and surcharges. We got all of those charges in addition
7 to our regular \$12.06 bill. So it comes to -- we came to a
8 total of \$25.99, almost \$26, for just basically our local
9 services and all these other additional charges.

10 I can't see how it would help us to have any of these
11 companies as our local billing if they're all going to go up.
12 I don't think this is right. There are a lot of people like we
13 are who are senior citizens who are on a fixed income. And
14 just -- we have to have a phone. We have family here in town;
15 we have emergency situations; we have to have 911. So we can't
16 go completely without a telephone. We don't have, as I said,
17 either a cell phone or computer, so we're just at the
18 bear-bones minimum that we can do, and we do not want to see an
19 increase in these charges. So I thank you very much.

20 CHAIRMAN JABER: Thank you, Ms. Hiltz.

21 MR. BECK: Thank you. The next witness is Eric
22 Green.

23 ERIC GREEN

24 was called as a witness on behalf of the Citizens of the State
25 of Florida and, having been duly sworn, testified as follows:

DIRECT STATEMENT

1
2 MR. GREEN: Good afternoon, Commissioners and state
3 officials. I come to you as someone in the community who is
4 concerned. I'm also a community activist as well as an
5 entrepreneur. And I guess I was sitting back there listening
6 to everyone speak, and one of the thoughts that came to me was
7 what would really be truly fair? And another thing is, I've
8 heard a lot of talk about bills and what they have on their
9 bills and the calls that people get. I know, for instance, I
10 got a phone call not too long ago where someone from Verizon
11 called me to ask me how was my service doing and that they
12 found a way to consolidate all the different services that I
13 was having to somehow get my bill reduced.

14 Do I like bills? No. I get quite a few bills from
15 different people that I'd rather not have, and I'd rather them
16 to be reduced. However, the point is, is that I look more at
17 the future and more at opportunity at this point in my life and
18 for the kids that I service and things like that. And I
19 believe that we -- to open up to free enterprise, by giving the
20 increase, you create that margin. And by creating that margin,
21 you allow others to get involved in entrepreneuing (phonetic)
22 and to communications. So I think it's more of an incentive,
23 and I think it would be more positive than negative to have the
24 increase, personally.

25 I also feel that free enterprise and the Lifeline

1 program is very important as well, and I think that it opens up
2 because of the way they have it set up now, whereas it's going
3 to affect another thousand or a couple of thousand people. And
4 I think it will even affect more people than that because of
5 the different ways that they have set it up. A lot of people
6 will be able to take advantage of it. In fact, I noticed that
7 a lot of people don't even know about Lifeline. And, of
8 course, they've said now that they plan on doing some more
9 advertisement in the communities that supposedly are going to
10 be affected and will not be able to have the services. So I
11 definitely support it as someone in the community who is
12 looking more in the future and for different opportunities for
13 other people to get involved in communications.

14 CHAIRMAN JABER: Thank you, Mr. Green.

15 Mr. Twomey, you have a question. And just so you all
16 know, right after Mr. Green's testimony, we'll take a
17 five-minute break, let our court reporter stand up, stretch her
18 legs a little bit.

19 CROSS EXAMINATION

20 BY MR. TWOMEY:

21 Q Mr. Green, are you a Verizon customer?

22 A Yes, I am, sir.

23 Q Is your bill also \$12.10 a month?

24 A No. In fact, I have what's called the Freedom Plan.

25 As I said, recently they've called me, and they assessed my

1 bills with the different incentives that I had and advised
2 me -- and I didn't call them. They called me to let me know
3 that they could consolidate all these different things that I
4 had to save me money.

5 Q So you have a bundle? Is that what --

6 A Excuse me?

7 Q Do you have a bundle or a package of service --

8 A Freedom Plan, yes.

9 Q Did they tell you whether or not you would get rate
10 increases if you have one of these packages or Freedom Plans?

11 A Did they tell me that --

12 Q Whether these rate increases would be applicable to
13 you if you have that bundle you have now.

14 A Well, no, they haven't. In fact -- but the amount of
15 savings that I've received from getting that Freedom Plan, even
16 if it was a \$5 increase on my bill, it's nowhere near the
17 amount of money that I was paying initially. So it would still
18 be a savings for me.

19 MR. TWOMEY: Thank you.

20 CHAIRMAN JABER: We're going to take a five-minute
21 break and come back and continue with testimony. Thank you.

22 (Brief recess.)

23 CHAIRMAN JABER: We're going to go ahead and get
24 started. And, Mr. Beck, I'll let you call your next witness.

25 MR. BECK: Thank you. The next witness is Gerrit

1 Conover. Is Gerrit Conover here?

2 CHAIRMAN JABER: Repeat the name again, Mr. Beck.

3 MR. BECK: Gerrit Conover from New Port Richey.

4 CHAIRMAN JABER: Let's go to the next one.

5 MR. BECK: All right. John Fox.

6 CHAIRMAN JABER: And just remind me, we'll come back
7 to that right after this.

8 JOHN J. FOX

9 was called as a witness on behalf of the Citizens of the State
10 of Florida and, having been duly sworn, testified as follows:

11 DIRECT STATEMENT

12 MR. FOX: Good afternoon. It seems like it's been
13 longer. I am a concerned customer. My name is John J. Fox; I
14 live at 18945 Dvorak Drive, Springhill, Florida. I have been
15 sworn, of course. I am a retired mechanical engineer. I thank
16 you for giving me time to express my objection to these
17 proposed rate increases. I will not duplicate previous
18 speakers.

19 I need an explanation of how giving the current
20 telephone companies a rate increase will bring in competition.
21 This will only give the current telephone companies more money
22 to stave off any newcomers. This is fuzzy logic. I think any
23 studies you may have made that support this position have
24 exceeded the famous "How To Lie With Statistics" by Darrell
25 Huff. This idea is similar to the selling of the lottery to

1 improve education. That failure is well documented.

2 Looking around the audience, the imbalance between
3 company representatives and consumers is obvious. The company
4 representatives are paid to attend. The media has given the
5 impression to the customers that the hearings are lame duck and
6 of no significance. The rate increase of 40 to 90 percent are
7 unconscionable.

8 Another thing, competition in wireless service is not
9 comparable to landline. The current companies have virtually a
10 lock on land services; i.e., no real competition. Therefore, I
11 object to any rate increases under the guise of increasing
12 competition. If there's no questions, thank you.

13 CHAIRMAN JABER: Thank you, Mr. Fox.

14 MR. BECK: I'm going to try Gerrit Conover one last
15 time.

16 The next witness is Frank Fuchs, F-U-C-H-S.

17 FRANK FUCHS

18 was called as a witness on behalf of the Citizens of the State
19 of Florida and, having been duly sworn, testified as follows:

20 DIRECT STATEMENT

21 MR. FUCHS: Good afternoon. My name is Frank Fuchs;
22 I live in Brandon, 505 South Oakwood Avenue. An earlier
23 speaker, Ana Cruz, spoke about Alexander Graham Bell turning
24 over in his grave, and I think -- I usually take that phrase to
25 mean something derogatory, but I would say instead of him

1 turning over in his grave, I think he would rise out and look
2 at the wonderful things that have happened in communications.
3 I think he would be totally impressed. I think he would say
4 it's amazing that you're able to have all these improvements.
5 And so I feel that he would like all of us to make use of
6 those.

7 Now, I want to give you an image that has come to my
8 mind from what I've been listening to and my purpose and your
9 purpose for being here today. I envision or I see a gold mine.
10 Now, gold mines typically, and at least in my mind, have veins
11 of great wealth, and then they have areas that are petering on
12 down, not so good. Well, in this gold mine, we have on the
13 floor forming or has formed in the past soap, kind of like
14 golden bubbles. Now, these golden bubbles on the floor have
15 been used, and I equate that to being the long -- the service,
16 intrastate service. And I see the bubbles kind of like
17 breaking, and the phone companies own the gold mines. And they
18 see that the bubbles are breaking, that they are going to lose
19 money on these golden bubbles that they've had all along, and
20 they are going to have to get more realistic on that part of
21 the pricing.

22 Now, I see the Public Service Commission, and I see
23 public service and I see that meaning me, I, the citizen of
24 Florida, and I see you people as the Commissioners being
25 representative of me, the citizen of Florida, that you are

1 interested in my interest. And I have to trust that that's
2 what you are interested in. I, fortunately, can pay an
3 increase in phone bills, but I see that in this gold mine
4 that's the communications industry, we have Internet
5 connections, we have wireless, we have special services, Caller
6 ID, Call Waiting, all these little things that are tacked on.
7 Now, I see that's the wealth of the communication industry, and
8 I see also that it's the duty of the Public Service Commission
9 to control or to limit how the wealth is used. I think it's up
10 to the phone companies who own this mine instead of saying,
11 we're mining a poor vein today, we're not getting much out of
12 this, so we're going to have to spread the costs over to
13 somebody else. We're going to say that we're losing money,
14 which maybe they can claim in paperwork, we're losing money in
15 local service, but I think that is the basic rate.

16 The basic rate of wired service within a community
17 should be the very minimum cost regardless of other costs in
18 the system. Why? Because it's a service being performed for
19 the public. It's a monopoly certainly in this county in this
20 area with Verizon. It's a monopoly because there's not any
21 effective wired communication people in competition. And I
22 don't agree that competition as a word is worth considering.
23 We should just throw that word out. And I'm not looking to the
24 future and saying, oh, competition is going to help you. I
25 think the basic thing should be that the Public Service

1 Commission should not recognize any mining of the basic rate;
2 that, in other words, it should be a rate that those people out
3 on the street can afford. There's many hardworking people who
4 can't afford increases. You've heard them today. I'm not one
5 of those, fortunately, but I speak to the idea that within our
6 society, we must have reasonable rates for the poor people.
7 And I don't mean under Lifeline and those special programs, I
8 mean in general. To pull up our society with the
9 communications industry, we should maintain the wired network.

10 Personally, what's going to happen in my household if
11 the rates continue to rise on up on the wire, well, Verizon
12 knows that there's competitors out there in the wireless. The
13 markets are there. The golden bubbles on the floor of this
14 mine are decreasing because most people are no longer worrying
15 about long distance. It's not an issue when they offer
16 thousands of minutes or whatever of long distance free under
17 the basic plan. Free, quote, free. Right. When you pay \$40,
18 \$50, \$60, \$70, \$100 a month, you get free minutes.

19 So my point is, consider that the communications
20 industry has a gold mine. The bubbles may be breaking on the
21 floor right now, the ones that they used to scoop up, and
22 that's the basic rate or intrastate rates. Okay. So some of
23 those bubbles are breaking, and they're going to lose some
24 money. They don't have to shift it to the local market. What
25 they can do is look at their whole income. And I'm talking

1 about every speck of penny that comes in: Internet, wireless.
2 Whatever money is there, let's see the bottom line with
3 somebody letting us all see how much they're actually making,
4 bottom line. And then say, okay, you should be entitled to a
5 fair profit, or let's nationalize the communications industry
6 and take it over and let the government run it because, after
7 all, they're working in a monopoly right now. There's no
8 competition in the wired market.

9 So I urge you, I ask you, I plead with you to please
10 turn down the rate increase as structured. If they come back
11 with something more reasonable that spreads it out, moves it to
12 other areas, but I ask you to protect the basic rate. Thank
13 you very much.

14 CHAIRMAN JABER: Thank you, Mr. Fuchs.

15 MR. BECK: The next witness is Geraldine Gridley.

16 GERALDINE GRIDLEY

17 was called as a witness on behalf of the Citizens of the State
18 of Florida and, having been duly sworn, testified as follows:

19 DIRECT STATEMENT

20 MS. GRIDLEY: Commissioners, Madam Chairman, I'm
21 Geraldine Gridley. I've lived in Tampa since 1978. I live in
22 south Tampa. I'm retired. I want to say, first, I agree with
23 everything Mr. Fox said, and then on this technology business,
24 businesses invest in technology to decrease their cost, not to
25 be kind to consumers. On -- try to -- this long afternoon I've

1 forgotten what I was going to say. That the PSC is here to
2 protect the customers, not to give into the greedy phone
3 companies. I don't have Call Waiting, I don't have Caller ID,
4 I don't have a cell phone because I can't afford them. My
5 basic telephone bill I need. I've had a stroke and a heart
6 attack. I have to be able to reach my doctors in case of an
7 emergency, so I need a phone; otherwise, I would give it up.

8 I don't think the people who think they are going to
9 get lower long distance rates out of this agreement are all
10 wrong. As soon as this -- if this should go through, then the
11 phone companies will raise the long distance rates. They have
12 no guarantee they won't do that. Thank you.

13 CHAIRMAN JABER: Thank you, Ms. Gridley.

14 MR. BECK: The next witness is Ron Poole, P-O-O-L-E.

15 RON POOLE

16 was called as a witness on behalf of the Citizens of the State
17 of Florida and, having been duly sworn, testified as follows:

18 DIRECT STATEMENT

19 MR. POOLE: Good afternoon.

20 CHAIRMAN JABER: Good afternoon, Mr. Poole.

21 MR. POOLE: I appreciate the opportunity to talk
22 today. I hadn't intended to until I read this morning's paper.
23 I've been following the issue every day, but after reading this
24 morning and thinking about it, I have a lot of respect for the
25 Commission here, but I do have to make a statement here.

1 To get an employee, a working person here today or a
2 businessman like myself here today, you couldn't have made it
3 harder if you would have held this meeting on a ship in the
4 middle of Tampa Bay. Now, shame on you for that. I left my
5 business at noon, at noon. I'm in Largo, Florida, the great
6 city of Largo. I drove over here, and I fought the lunch
7 traffic. Why you didn't hold it on the lunch hour so you could
8 get some more people, I have no idea. You hold it at one
9 o'clock in the afternoon so whoever is trying to get here has
10 to go through the lunch-hour traffic. So I did that. Then you
11 get over here and you get across the bridge, and Kennedy goes
12 the other direction, so you've got to find your way around
13 there. I don't live in Tampa. I love Tampa because there's an
14 awful lot to offer here, but I don't live here, so I'm not
15 familiar with where to park and not to park during a Friday
16 afternoon, a business day. But I found a parking spot and I
17 got here on time. Thank God.

18 However, I just made it, so I'm last to talk or one
19 of the last people to talk, so I had to sit here for three and
20 a half hours, which has been enlightening, by the way. So I
21 just scold the Commission greatly for whoever came up with this
22 one o'clock in the afternoon on a Friday on the 26th floor.
23 You might as well held it on the roof. I mean, I just can't
24 believe it.

25 I counted about 65 people in the room. If you remove

1 all of the people who are attorneys and lobbyists and
2 everything else, I'll bet you're going to end up with the same
3 30 people, just like myself, average Joe, who tried to come
4 down here to make some sense out of what you people -- what
5 I've been reading in the paper and what the phone companies are
6 trying to get.

7 I mentioned I'm a businessman. I have a small
8 company over in Largo. It's a picture frame shop. And in my
9 way of doing business -- and, you know, I'm 62 years old.
10 There's nothing new about it. I have a lot of competition too,
11 and I enjoy competition. They're all worthy of their business,
12 and they work hard every day. And they try to compete with me,
13 and I'm successful every year, but the reason I'm successful is
14 I work at it. I don't just raise my prices because my cost
15 goes up. I'd lose my business if I did that. What I do is I
16 find unique ways to cut corners in my shop.

17 I'm a single-line business, for example. I do a lot
18 of business, you know, and I do it on one phone. And I don't
19 have a lot of frills on that phone. I don't have Call Waiting
20 and all that. My customers wait. But they understand and I
21 understand they have a minimal amount of dollar to spend on an
22 item that's not an item that's needed, for Heaven sakes. It's
23 not like gasoline, and it's not like a phone, it's a picture
24 frame. But they come to my place because they know they're
25 going to get good service, they're going to as good a product

1 as they can get anywhere else, and they're going to pay less
2 for it. And I think that the phone companies ought to take a
3 lesson, for God sakes. A 90 percent increase. I mean, if I
4 had seen a 5 percent or a 3 percent increase request, I
5 probably wouldn't have even noticed it, but I'm looking at 35
6 and 90 percent. Why didn't you ask for 100 percent? I'd
7 imagine in the conference meeting one probably looked at the
8 other and said, we can't ask for 100, somebody would notice
9 that. Really, it's that simple.

10 So I don't think that the phone companies have
11 presented a case to me that says that they are losing money. I
12 haven't heard them stand up here and say, we're losing money
13 here, and so we're trying to offset it here. We're losing
14 money there, and we're trying to offset it there. I did hear
15 the one gentleman say that on the phone business -- I forget
16 the name you call it for the people who can't afford their
17 bill.

18 CHAIRMAN JABER: Lifeline.

19 MR. POOLE: What is it?

20 CHAIRMAN JABER: The Lifeline service.

21 MR. POOLE: Lifeline service. I did hear him mention
22 that he loses money on that. Well, I'd like to find out what
23 other items they lose on. For God sakes, you write that off to
24 promotion and advertising, you know.

25 And as far as the technology is concerned, there's

1 several people that come up here, and I think they are
2 confused. They say, well, you know, I'm willing to pay all of
3 this money because think of the technology that's taken place
4 since Graham Bell died. I mean, get real. A lot of technology
5 has happened in the picture framing business too. I have glass
6 that I can put on a person's picture that from across the room
7 and with the sun right on it, you can't even see there's a
8 reflection. You don't even know there's glass there. Well,
9 that's expensive glass, but I don't offer that to everybody. I
10 don't charge it to everybody. I give it to the customer who
11 wants it. And I think that all this technology that you have
12 is fantastic. It's terrific. But it should be paid for by the
13 people who want it and not by everybody just so that those few
14 people can have it. Okay? So, I mean, I think some common
15 sense has to be applied here.

16 As far as the location of the meeting, if you really
17 wanted a lot of people to come up here and tell you what their
18 opinions were and really get a good deal, I live at
19 1892 Paradise Lane. The 12th of this month is Sunday after
20 this Sunday. Show up at my place in the front yard. I
21 guarantee you I'll have more people than you've got here. And
22 don't worry about where their people are going to eat lunch. I
23 live on Paradise Lane. That ought to tell you something. I
24 live in a super neighborhood. They will come with covered
25 dishes just to have you there. And they won't yell and scream

1 at you. We'll all sit around and the phone companies will be
2 there, and we'll say, now, why do you need this increase? And
3 if you guys have a legitimate reason, other than, oh, this is
4 going to make -- give us more competition, which doesn't make
5 sense to me at all. Nobody has explained that to me yet. And
6 I don't mind competition. Competition brings business to my
7 place.

8 If somebody opened up across the street with a frame
9 shop, they are going to bring customers there. They've got to
10 come and check me out. So I don't mind competition. But my
11 gosh, how this is going to bring competition is beyond me. So
12 I don't think you made your case. Maybe you're right. Maybe
13 it will bring competition. Maybe there is going to be a saving
14 someplace. But, boy, you sure haven't sold me. And I haven't
15 found anybody you've sold. The couple people here that have
16 told about, spend the money because, boy, the technology is
17 going to be terrific, I think they are right in that respect,
18 but not give it to everybody, not burden everybody with it.
19 Offer it to people who want it. It's just like a cell phone
20 with -- that takes pictures. Well, you don't want to carry a
21 camera and you want to do that, fine. If you can afford it,
22 fine. Buy it. Offer it to them. But don't just sell that and
23 give it to everybody.

24 I think some common sense has to take place here. So
25 I would invite you to my place and hold a meeting at my place.

1 I don't know what this room cost. It would be free at my
2 place, but I guarantee you there would be a couple hundred
3 people. Then you would really get a discussion. You could sit
4 around, shoot the breeze, and I think you would all walk away
5 with exactly what -- you know, a good clear picture of what
6 this is all about.

7 I'm sorry, phone companies, I don't think you made
8 your case. I know that -- one reason that I'm a single phone
9 businessman is to cut corners. So I'm going to get hit with
10 that price increase, and I don't think it's fair to pass it on
11 to my customers. I think it's wrong. So I'm here saying I
12 wouldn't put it through, and I would reconsider allowing it and
13 have the phone companies come back with a better story. Thank
14 you very much.

15 CHAIRMAN JABER: Thank you, Mr. Poole.

16 MR. BECK: The next witness is Steve Klindt. I may
17 not be pronouncing it right, K-L-I-N-D-T.

18 STEVE KLINDT

19 was called as a witness on behalf of the Citizens of the State
20 of Florida and, having been duly sworn, testified as follows:

21 DIRECT STATEMENT

22 MR. KLINDT: Thank you very much. My name is Steve
23 Klindt, and I'm here today speaking as an individual and a
24 consumer and a resident of Florida for the last two years. And
25 I'm a real big fan of participatory democracy, and so I've

1 really enjoyed today. I think if you would put a notice you
2 were handing out \$100 bills, everybody would have found this
3 room, so I disagree with this previous speaker.

4 This is a really complicated and emotional issue, and
5 I think people are speaking about it from their personal
6 emotions, and I certainly am speaking about it from a personal
7 standpoint as to what it does and will do for me. And in
8 saying that, I have to say, I am a very satisfied Verizon
9 customer. I've lived in New Jersey for two years, came from
10 another state. My service is better, my rates are cheaper, and
11 it's been much -- the company has been much more responsive
12 than my previous service provider. But it being a complicated
13 and emotional issue, I have to say that a lot of people go
14 right to the bottom line. They want to know how is this going
15 to affect them; how is it going to affect their pocketbook.

16 I understand that folks that are on and earning less
17 money, what they describe as fixed incomes that have other
18 costs, this is a big concern to them. But this may be one of
19 the only places where we have a transparent increase in a cost
20 in our lives. Certainly the cost of lettuce, Publix does not
21 hold a hearing about raising their cost of lettuce. And how
22 many of us can remember what it cost to buy gasoline or to park
23 in a Tampa parking garage two years ago today when I moved to
24 town? These things were not discussed. They were part of our
25 lives that we had this type of hearing for.

1 I'm a big technology fan. I don't care what the
2 technology has been since Alexander Graham Bell died. I'm
3 concerned about what kind of technology will we develop from
4 this day going forward. And I think too that we have to invest
5 in that technology. You can't separate out the money that's
6 paid for, the phone service that goes to the new picture cell
7 phone, and what goes to providing quicker 911 response. So you
8 need to spread this cost out over everyone. I believe that the
9 phone service that we receive is of the highest quality in the
10 world at probably the cheapest price. I've got nothing to back
11 that up with other than again my gut emotion.

12 Phone service is the only utility that I use in this
13 town that has not increased its rate in two years, the two
14 years that I've been here. So everything else that I get from
15 cable TV to the cost of the newspaper has increased. And this
16 is the only hearing that I remember being able to come to to
17 talk about that. From what I've read and studied, the phone
18 increase from the last couple of decades has barely kept up
19 with what I would consider either inflation or the cost of
20 living. I just haven't seen that happen. People are concerned
21 about how is this going to benefit them; how is it going to hit
22 them; how is it going to hit in the pocketbook.

23 On the way in today, I saw one of the people who I
24 later saw at this meeting who later spoke. They were
25 extinguishing their cigarettes as they came in. If this is a

1 hardship on them, as they claim it to be, I would encourage
2 them to quit smoking for two days, and that will pay for a
3 month and a half of the increase that they are likely to
4 experience.

5 Thank you for this opportunity. If the increase goes
6 through and we don't get the services, I hope there will be
7 another chance for us to come here and say, I remember speaking
8 in favor of that, and you didn't deliver, and so I'm going to
9 hold the feet to the fire. Thank you very much.

10 CHAIRMAN JABER: Mr. Klindt, Mr. Twomey has a
11 question for you.

12 CROSS EXAMINATION

13 BY MR. TWOMEY:

14 Q Mr. Klindt, are you a business man?

15 A I understand that Verizon provides telephone and
16 communication services in Florida, and that's their prime
17 business, whereas AARP's prime business is being an insurance
18 broker.

19 CHAIRMAN JABER: Mr. Klindt, I do need you to answer
20 the questions. And Mr. Twomey ask questions. But I do need
21 you to answer them.

22 MR. TWOMEY: That was a question, Madam Chairman.

23 CHAIRMAN JABER: Mr. Twomey, you interrupted me.
24 Mr. Klindt, Mr. Twomey does have an opportunity to ask
25 questions, and I'm going to allow them, but I need you to

1 answer them.

2 MR. KLINDT: Okay. Do I have to answer them?

3 CHAIRMAN JABER: Well, as a consumer, I would hope
4 that you want us to fill the record. You don't have to answer
5 them --

6 MR. KLINDT: Okay.

7 CHAIRMAN JABER: -- but let me tell you, the
8 testimony we receive from consumers is going to be evaluated.
9 And whether you are pro the company's petition or not, we need
10 to be able to evaluate it. So you can refuse to answer, but I
11 would ask that you not because it all goes into our record.
12 And I need to read that record, and I need to make an informed
13 decision.

14 MR. KLINDT: Okay. That's fair. I do think that it
15 is a technique to keep people from coming up here and feeling
16 comfortable in a testimony because they are going to be asked a
17 lot of questions that they didn't come here to ask -- to
18 answer. And so I just -- you know, having said that, fire
19 away.

20 BY MR. TWOMEY:

21 Q I wanted to know if you were a businessman, and if
22 you have multiphone --

23 A No, I'm not.

24 Q And lastly, is it your testimony that you're
25 interested in paying -- are you a Verizon customer or Sprint?

1 A I'm a Verizon customer.

2 Q And you're interested in paying \$4.61 more per month
3 in anticipation of receiving better technology?

4 A I think that's two questions. Yes, I am willing to
5 pay \$4.61 additional a month, period. I anticipate that
6 whether or not this goes through that Verizon will continue to
7 provide better technological services. I think that if they
8 have more money to do that and if it comes from this rate
9 increase, then -- that I do expect better technology, yes.
10 Thank you.

11 CHAIRMAN JABER: Thank you, Mr. Klindt.

12 MR. BECK: The next witness is Bill Roberts. Is Bill
13 Roberts here?

14 Renee Benton.

15 RENEE BENTON

16 was called as a witness on behalf of the Citizens of the State
17 of Florida and, having been duly sworn, testified as follows:

18 DIRECT STATEMENT

19 MS. BENTON: Thank you, Commissioners, for allowing
20 me to come forward and speak what I feel is important as a
21 consumer. I'm a Verizon customer right here in Tampa. I
22 believe that over the long term we have to consider what kind
23 of benefits we'll have by allowing rate restructuring. From my
24 perspective, it doesn't appear to be a rate increase. I'm
25 accepting that it is a rate restructuring, and as such I think

1 that all businesses have the right, and I expect that
2 periodically things will be restructured. But if over the long
3 term we have the kind of competition within the residential
4 market that we now have in the long distance market, I think
5 that would certainly be a benefit to me as well as to my mother
6 who is 65 years old who has a brother in New York, a brother in
7 Alabama, and a son in Georgia that she likes to call
8 frequently.

9 I remember the day when calling long distance used to
10 be something special. When we grew up in New York, you'd get a
11 long distance phone call, it was a big deal. Even when I was
12 in high school or in college, you made a long distance call,
13 you expected to pay a lot of money. I believe that the
14 competition in the market has increased such that that has been
15 a good thing. If we get that same kind of thing over time in
16 the residential market, I think that too would be a benefit.
17 So I'm here to speak in favor of that rate increase.

18 The other thing is that I have found Verizon to be a
19 very good corporate citizen. So I'm hoping that over time
20 again we'll see that kind of competition; that Verizon will
21 continue to do the kinds of things like continue the Lifeline
22 service and the kind of community things that they have been
23 involved with for many years now.

24 CHAIRMAN JABER: Ms. Benton, who are some of the
25 independent providers that are in your service territory for

1 residential?

2 MS. BENTON: I'm not even very familiar with the
3 independent ones because for the most part there is Verizon,
4 and I know there was some other very, very small company that
5 was providing or made available telephone service, but it's
6 such a small one and the rates were not really very
7 competitive.

8 CHAIRMAN JABER: So you're really looking at it from
9 a benefit to competition value added to technology that will be
10 enhanced. You haven't really looked at it as a competitive
11 framework for other providers coming into your territory?

12 MS. BENTON: More so for myself to have choices.

13 CHAIRMAN JABER: And products or --

14 MS. BENTON: And products, exactly.

15 CHAIRMAN JABER: Okay.

16 CROSS EXAMINATION

17 BY MR. TWOMEY:

18 Q Ms. Benton, you mentioned the toll calling practices
19 of your family like your mother. Are you aware that the toll
20 reductions mandated by this law are just for in-state toll?

21 A I don't know the particulars of it, but if over time
22 again we still realize a reduction such that we can have again
23 choices -- again, my telephone, my long distance rates now
24 almost drive me to the point of saying I too may just consider
25 having only a cell phone. So if again we get over time those

1 kind of same benefits within the residential market, I'd like
2 to see that.

3 CHAIRMAN JABER: Thank you, Ms. Benton.

4 MS. BENTON: Thank you.

5 MR. BECK: Thank you. The next witness is David
6 Falwell.

7 DAVID FALWELL

8 was called as a witness on behalf of the Citizens of the State
9 of Florida and, having been duly sworn, testified as follows:

10 DIRECT STATEMENT

11 MR. FALWELL: Thank you for being here. I too came
12 from across the Bay to be here. I left my business and my dog
13 at noon. And actually, I've taken out about three pages of my
14 notes because some of the other speakers who are not in favor
15 of this rate voiced that for me. I'm not an AARP member, but
16 I'm very familiar with them, and I agree with their position as
17 do many of my other middle-aged friends.

18 I don't see how this rate hike can be justified.
19 There's nearly a monopoly in service already, and the
20 corporations are writing their own laws for us. My telephone
21 service will neither improve nor will it be more affordable and
22 nor will the increases, if they are allowed, will the profits
23 guarantee any new technology. I have a feeling new technology,
24 the funds come from other sources. And I don't see how any way
25 in today's global corporate atmosphere that a rate hike would

1 even remotely stimulate any kind of local competition.

2 One other factor in this rate hike proposal is in the
3 amounts that our bills will increase. People have mentioned
4 the \$12.10 a month current local service. Mine is also, but
5 when you add up the regulated services, taxes and surcharges,
6 that's another \$11.45, so basically my real monthly service fee
7 is already \$23.55. If they raise the basic service fee, then
8 the regulated fees will also increase a similar percentage.

9 One issue that -- on some of those regulated
10 services, years ago I contacted -- well, as many phone numbers
11 I had to call and keep getting other phone numbers, but
12 considering the SVs provider number portability fee, and I was
13 told by a Congressman that to change that or do away with that
14 it would literally take an act of Congress. The phone
15 companies had lobbied our politicians to put that in effect.
16 And they explained to me that it was in case another small
17 company came in the area and I wanted to continue using my same
18 phone number that at that time I could. In the meantime, all
19 of us are paying this fee totalling millions of dollars and who
20 knows where the money goes. And over the years, the only other
21 small company to come into the area was when Verizon bought out
22 my GTE service. And actually, I did get to keep my telephone
23 number. But I don't see where -- the PSC does not have to
24 approve this raise hike, and I don't think they should. Thank
25 you.

1 CHAIRMAN JABER: Thank you, Mr. Falwell.

2 MR. FALWELL: Oh, I did have kind of some concerns or
3 questions.

4 CHAIRMAN JABER: Go ahead.

5 MR. FALWELL: I wondered if some of these
6 corporations are also raising the rates in the other states
7 that they service.

8 CHAIRMAN JABER: Let me let Mr. Ciamporcero address
9 that for his company, and then maybe I can give you a flavor
10 for what's happening around the country and other areas.

11 MR. CIAMPORCERO: In most states where we operate,
12 this rebalancing or restructuring has already been
13 accomplished. So generally you have local rates more in the
14 \$20 range than here we have 12 going to, say, 15 and a half.
15 But it's -- Florida is very on the very low end of the rates.
16 And after we're finished with this, if we're permitted to do
17 it, it will be around the middle.

18 CHAIRMAN JABER: It's important to emphasize that the
19 PSC has not made a decision yet. This is only the third public
20 hearing in a total of 14. We got the revised petitions. I
21 think yesterday was -- the Verizon petition was refiled
22 yesterday, and BellSouth filed theirs Tuesday and I think
23 Sprint Wednesday. So we're taking a look at it all.

24 But what is different about Florida is the
25 Legislature just this last session gave the PSC jurisdiction

1 back to take a look at what those access charges are, what the
2 local company charges to the long distance company, and that's
3 something new that we are going to review and that's unique to
4 our state. Other states have had that authority at the PSC.
5 So I think the answer to your question is other states have
6 dealt with it because they legally could. We have not been
7 able to until this year.

8 MR. FALWELL: Thank you.

9 CHAIRMAN JABER: And I appreciate your testimony.

10 MR. FALWELL: One other thing, would this affect any
11 of the government municipality phone lines, you know, all the
12 numbers that are in the blue pages for the public to be able to
13 call and contact anybody?

14 CHAIRMAN JABER: No. Your government services
15 shouldn't be affected by that.

16 Mr. Ciamporcero, do you have anything to add?

17 MR. CIAMPORCERO: It just depends on how the
18 government agency buys its service. If it's a big contract,
19 these particular changes wouldn't affect it at all. So there
20 may be small government offices that buy normal business lines,
21 in which case they would be affected, a little bit.

22 MR. FALWELL: Thank you.

23 CHAIRMAN JABER: Thank you, sir.

24 Commissioner Deason, go ahead.

25 COMMISSIONER DEASON: Well, I guess maybe a comment

1 and maybe I can be corrected, but while it may not affect local
2 governments, their basic rates, the fact that there could be a
3 reduction in intrastate toll and to the extent that government
4 agency incurs calls intrastate, it would have an affect, would
5 it not?

6 MR. CIAMPORCERO: That's absolutely right. I was
7 only thinking of the one side of the adjustment.

8 MR. BECK: The next witness is Al Estes.

9 AL ESTES

10 was called as a witness on behalf of the Citizens of the State
11 of Florida and, having been duly sworn, testified as follows:

12 DIRECT STATEMENT

13 MR. ESTES: Good afternoon.

14 CHAIRMAN JABER: Good afternoon, Mr. Estes.

15 MR. ESTES: I would like to thank this Commission for
16 their situation that they did Tuesday in stopping this rate
17 increase that these phone companies were trying to pass, even
18 though it was on a technical part of the law, and now we're in
19 another facet here where the people are against this and it's
20 not needed. Has our service improved with these phone
21 companies? I don't think so. As a matter of fact, no.

22 And as someone mentioned before, have these companies
23 shown that they've taken any cost-cutting measures or any of
24 that sort of thing? And with the added knowledge that we have
25 in our world today, why doesn't some of these things replace

1 some of the costs that you have? And they have also mentioned
2 that you've got DSL lines and all of these sort of things,
3 where is the money -- where does it show in your financial
4 statement or anything where that money is being used as income
5 also?

6 These proposals were drawn up by the phone companies
7 themselves which would be like letting the wolf in the hen
8 house, so to speak. And just today, I went to my house, and I
9 see -- I got a notice just today. I just opened it up. Sprint
10 is filing theirs now since the Commission blocked them. It's
11 right here. Brand new. I haven't even had a chance to look at
12 it. And I'm a -- I don't have a Master's degree or any of
13 these type of situations, so I have an accountant do my
14 business. I have about 15 lines that I pay for, about 15 of
15 them. And, of course, that's counting three that I have in my
16 house. And I do yellow pages. I've done yellow pages.

17 I can remember going to a Commission meeting like
18 this some 35 years ago in St. Petersburg. And the main
19 argument at that time was the telephone company was charging
20 the people in St. Petersburg 25 cents to make a call to
21 Clearwater. And if anyone knows this region at all, Clearwater
22 is just a hop, skip, and a jump north. That was defeated. And
23 I'm hoping that I bring good luck to these people out here and
24 that you folks don't approve this because you have the power.
25 Even though the Governor and the Legislature didn't want to

1 really get into it this time and they fluffed it off, so to
2 speak, on this Commission, you all don't have to pass this.
3 You don't have to pass it at all. It says so right here, that
4 Governor Jeb Bush or the Legislature said that the PSC does not
5 have to raise these rates. It's up to your discretion to do
6 that. And I got that out of the St. Petersburg Times. So
7 that's my source of it.

8 I haven't said what kind of business I'm in, but I
9 don't mind. I'm in the bail bond business. And I do a
10 lot of -- of course, I do my business at the jails. So anyone
11 that's incarcerated in that jail that wants to call out of
12 there, they have to call collect, and that fee for me is \$2.25
13 for someone to call out of that jail. Needless to say, they
14 are in there and they need help, and a lot of people have
15 blocks on their lines and all that sort of thing, but I think
16 that's terrible when you have the jail overcrowding and
17 everything that you have. They shouldn't have to pay that kind
18 of a fee to do business on the outside to get out where they
19 can be productive back in society again until their case is
20 over with. But that's what's happening. It's happening in
21 Clearwater, it's happening in Tampa, and it's catching on like
22 a disease in the rest of the state. So that could be something
23 to look at.

24 You call New Port Richey from St. Petersburg right
25 now and you have to dial 1-727 and the person's phone number in

1 New Port Richey, and it's a long distance call, but it's still
2 the same area code. I've never been able to figure that out.
3 Why, if someone is in the same area code you are, you have to
4 pay a fee for that. If you dial Tampa, then it's expected
5 because it's 813. I have an office in Tampa also. So it's
6 just -- it just doesn't seem fair. And I don't think -- as a
7 matter of fact, I know, in my opinion, and that's what I'm
8 voicing now, is that the phone companies have not presented a
9 case that's good enough to raise these rates on people. They
10 just haven't done it. So I'll wind my deal up.

11 But I drove over here like some of these other people
12 and the traffic is atrocious, 26 floors up. I commandeered my
13 son and said, take me down there and drop me off because I
14 wasn't going to mess with any parking situation, and that's
15 what he did. So now, when I leave here, I've got to find a way
16 to get back to my office, but I think it was worth it. Thank
17 you.

18 CHAIRMAN JABER: Thank you, sir, for being here.

19 MR. BECK: The next witness is Dorothy Royal,
20 R-O-Y-A-L.

21 DOROTHY ROYAL

22 was called as a witness on behalf of the Citizens of the State
23 of Florida and, having been duly sworn, testified as follows:

24 DIRECT STATEMENT

25 MS. ROYAL: Good afternoon. My name is Dorothy

1 Royal. Can you hear me? And I thank you, Honorable ladies and
2 gentlemen, for letting me be here.

3 CHAIRMAN JABER: Thank you.

4 MS. ROYAL: I'm not in favor of the increase, and
5 everyone who's practically been up here has already voiced
6 that, so I'm not going to say it again. There are a few things
7 I would like to say, however. I live in St. Petersburg, and I
8 decided I was coming over here. And before I came, I found out
9 that you are going to have a meeting in St. Petersburg, and I
10 would just like to ask you to pick a place, a time that is
11 convenient for the people in the community. I live in south
12 St. Pete and -- well, wherever you are in St. Pete, you may
13 want to go in two or three different areas, but everybody can't
14 drive over here -- or drive to someplace.

15 Now, my car is parked in the garage. Hopefully I'll
16 be able to afford it when I leave here. I've been here since
17 about 12:30, quarter to 1:00. But that's one of the things
18 that I wanted you to hopefully consider when you -- I
19 understand that you've already made a decision as to where it
20 will be. Well, hopefully it will be someplace that will be
21 convenient for people who are not real mobile can get to. And
22 the time is very important. One o'clock in the day on a
23 weekday is good for -- I'm retired so it's good for me and
24 probably a lot of other people, but there are a lot of people
25 who work that would like to be there also.

1 A few things I still would like to say. I think a
2 gentleman before me discussed a portability fee. I never did
3 understand that because I feel like if you want to keep the
4 phone, you are the person who should have pay for it. I
5 shouldn't be paying for you to keep a number because, you know,
6 I would like to keep mine too, and I probably would be willing
7 to pay for it. But why is everybody paying for this? This
8 never made sense. In the last few months since you've been
9 talking about this increase, at first I looked at it, and I
10 said, they have got to be kidding. Do they expect us to
11 believe that they are really going to decrease something after
12 getting an increase over here? And then after listening today,
13 some people really think we believe that but most know that
14 there's not going to be any advantage to those of us who have
15 to pay the bill each month.

16 I live on a fixed income also. And I have some
17 extras on my phone, and it may come to the point, well, I'll
18 use a wireless. I like having my wired phone. You know,
19 wireless phones work and sometimes they don't work, so I like
20 that stability. But if it's going to cost me a good percentage
21 of my income each month, then I may have to go. In fact, I was
22 thinking about going back to smoke signals. It seems like that
23 would probably be the better way. You know, lights and
24 everything else, I said kerosene lamps. It's like everything
25 in my life is going up. I get a few cents raise each year and

1 then along comes this that goes up. So I don't realize it.
2 I'm not getting it. You know, I'm running in place and so are
3 a lot of other people. In fact, I know there are a lot worse
4 off than I am. And think about those people who can't afford
5 to buy food and medicines. You know, that's really, really
6 sad. And a local phone service is necessary; long distance is
7 not. You can buy cards, you can do a lot of things, you know,
8 for long distance, but most people need local service. So
9 please keep it affordable. I'd appreciate that. Thank you.

10 CHAIRMAN JABER: Thank you, Ms. Royal. Let me answer
11 a couple of your questions. Let me start with your question on
12 the number portability charge. You're absolutely right, some
13 of these charges get to be confusing. A lot of them are
14 federally imposed or relate to local and state taxes. Because
15 of that, we came up with, the PSC came up with a very concise
16 explanation of a lot of those charges. And I'd encourage you
17 to pick one of these up -- for those in the audience, you can
18 do the same -- "Navigating The Phone Bill."

19 But basically the number portability charge, the FCC
20 allowed the companies to collect, recognizing that the ability
21 to allow a customer to take that phone number requires that the
22 infrastructure and facilities always be available, and that
23 infrastructure has a cost, that there's always that cost to
24 make that service.

25 MS. ROYAL: How many times do we have to pay for it?

1 What I'm saying is, once they set the infrastructure, do they
2 have to continually redo something, or is it once it's there,
3 it's there?

4 CHAIRMAN JABER: It's both. The answer to your
5 question is both. Once the infrastructure is in place and the
6 ability to do it, that remains, but the technology that's
7 associated with allowing the number to be carried --

8 MS. ROYAL: So every month 72 cents from all the
9 millions of customers has got to be paid to maintain that?

10 CHAIRMAN JABER: Yes, ma'am.

11 MS. ROYAL: That doesn't make a lot of mathematical
12 sense to me.

13 CHAIRMAN JABER: The second question --

14 COMMISSIONER DEASON: I'm sorry, but there's a period
15 of time when that charge will disappear; is that correct?

16 CHAIRMAN JABER: Do you recall what that is off the
17 top of your -- for Verizon, Mr. Ciamporcero.

18 UNIDENTIFIED SPEAKER: (Inaudible.)

19 MS. ROYAL: If that goes down, maybe I'll agree with
20 the increase. No, not really.

21 CHAIRMAN JABER: I need Mr. Ciamporcero to answer
22 that for you because he has a microphone, and I'd remind people
23 in the audience again to not speak without a microphone.

24 MR. CIAMPORCERO: Can I check with my person in the
25 audience?

1 CHAIRMAN JABER: Yes. It's our understanding that
2 it's five years. Now, that's going to vary company to company
3 because I don't know when they implemented it. It is an FCC
4 charge, but we'll let Mr. Ciamporcero --

5 MR. CIAMPORCERO: I believe five years is the sunset.

6 MS. ROYAL: And when did we start? When it did it
7 begin? It's been about three years; right?

8 MR. CIAMPORCERO: Excuse me, one second.

9 CHAIRMAN JABER: While they are doing that,
10 Ms. Royal, let me answer your second question related to
11 St. Petersburg. It is absolutely an evening hearing. We were
12 still in the process of looking for locations. That's why it
13 wasn't announced until yesterday, the day before. And it is on
14 October 23rd. It will be at 6:00 p.m. and it's at the City
15 Council Chambers. And the way we do that is we look for
16 governmental facilities for the convenience of the consumers.
17 We try to pick days and times that we know are going to be
18 convenient. Fridays we really do target the morning or the
19 afternoon, obviously, for the convenience of the consumers. It
20 is a Friday, we recognize that. You know, it's one of those
21 things if you pick a time, it will be inconvenient for some,
22 more convenient for others. But I certainly appreciate your
23 comments and your feedback on the location.

24 MR. CIAMPORCERO: Madam Chairman, I understand that
25 it expires in March of 2004 for Verizon customers.

1 MS. ROYAL: Oh, I have something to look forward to.
2 Okay. Thank you very much.

3 CHAIRMAN JABER: Thank you, Ms. Royal.

4 MR. BECK: Thank you. The next witness is Martin
5 Altner. Is Martin Altner here?

6 Jim Turtle.

7 JIM TURTLE

8 was called as a witness on behalf of the Citizens of the State
9 of Florida and, having been duly sworn, testified as follows:

10 DIRECT STATEMENT

11 COMMISSIONER BRADLEY: Jim?

12 MR. TURTLE: Turtle, just like the kind that crawl
13 and snap. I'm president of the TAT Civic Association. TAT
14 stands for Tahitian Homes, Aloha Gardens, and Tiki Village. It
15 consists of 2,287 homes. Residents are diverse in incomes,
16 ranging from financially stable to others that live their lives
17 in quiet desperation. They don't have enough money to make it
18 every month. They need not only a phone for emergency
19 911 service but also to communicate with their children, their
20 parents and friends and doctors, et cetera. Most of our
21 residents cannot afford rate increases requested by these
22 providers.

23 Seniors are splitting their drug tablets. We've
24 heard that over and over again. Young people are buying their
25 clothes at Goodwill instead of Sears because they can't afford

DIRECT STATEMENT

1
2 MR. PERRY: Madam Chairperson, ladies and gentlemen
3 on the Commission, ladies and gentlemen in the audience, my
4 name is Wilford Perry. I reside at 2574 Frisco Drive,
5 Clearwater, Florida. I spent the better part of an hour
6 getting over here, and I do thank you for giving me the
7 opportunity to speak to you today.

8 As I have followed this saga through the media for
9 the last several months, I was reminded of senator -- the late
10 Senator Everette Dirkson when he was commenting on one of
11 Lyndon Johnson's budgets. In one of the statements he made
12 was, "A billion here, a billion there, pretty soon you're
13 talking about real money." And I think that's kind of what
14 we're dealing with here with the phone company with the
15 35 percent to 90 percent request for basic phone rate
16 increases.

17 I'd like to ask the Commission a question. You've
18 been asking about competition that we might have been solicited
19 for or by here in this area. How many landline local service
20 competitors have gone into territories like Verizon here in the
21 state of Florida over the last ten years? And I'm talking
22 about competition, I'm not talking about takeovers.

23 CHAIRMAN JABER: We have -- statewide I can tell you
24 that we have over 400 small companies that have received
25 certificates from the PSC to operate in the state of Florida.

1 Now, that's statewide. How many of them have chosen to operate
2 in the Verizon territory, I can't answer that for you today.
3 I'd be glad though to have someone give you a list later on.

4 MR. PERRY: Well, perhaps the Verizon representative
5 can answer that question. I'm sure he's up on this sort of
6 thing.

7 MR. CIAMPORCERO: I can't tell you exactly, but there
8 are, I think, at least 40 or 50. None of them, however, go
9 into the neighborhoods. There are very few of them at this
10 point that go into the residential neighborhoods, which is
11 really what this is all about.

12 MR. PERRY: Yes, it is. Right. And I think that
13 speaks volumes because it is ludicrous to expect anybody to
14 come in and duplicate the infrastructure that is now in place
15 and has been in place for a goodly number of years. So that
16 argument should be tossed out the window, that it will enhance
17 competition for we who are the residential customers. All this
18 is is a money grab by Verizon and the other phone companies.

19 One of the things that I think you should be
20 particularly careful about is the possibility for the law of
21 unintended consequences to enter in here. If Verizon and
22 BellSouth, some of the other biggies in the phone industry, the
23 telecommunications industry get their way with this, what's to
24 keep Florida Progress from coming to you and saying, hey, we
25 need a 20 percent increase in our rate to our residential

1 customers so that we can foster some competition out there? I
2 mean, isn't that the next logical step? And for every other
3 industry that you recommend -- or that you oversee here? That
4 is one of the real possibilities that I think you should
5 consider and consider carefully because remember the old adage,
6 "What's sauce for the goose is sauce for the gander."

7 Now, one last question. We keep hearing so much
8 about how this is supposed to foster competition. I'd like
9 somebody to give me an educated guess on when I could expect
10 this so-called competition to arrive in my neighborhood given
11 the statement made by the Verizon representative a few minutes
12 ago.

13 MR. CIAMPORCERO: And you live in again Clearwater?

14 MR. PERRY: Yes, I do.

15 MR. CIAMPORCERO: I think that that is covered by
16 Nology (phonetic), the company that just bought the old cable
17 system that was there, the overbuilt cable system. And I think
18 their intention is to start -- and they said, in light of the
19 legislation, their intention is to start offering residential
20 service I think in --

21 MR. PERRY: Phone service?

22 MR. CIAMPORCERO: Yes, phone, Internet, and cable
23 together in 2004. I also believe that Brighthouse has talked
24 about, and partly in light of this, starting to offer voice
25 over Internet protocol, that is, telephone service over their

1 Internet connection, I think as early as next year.

2 MR. PERRY: What about for those folks who don't have
3 computers?

4 MR. CIAMPORCERO: There are also 20 or 30 other
5 companies that I think are on the edge of going out beyond
6 downtown St. Petersburg and the suburbs of St. Petersburg and
7 will get, I hope, very quickly into the neighborhoods.

8 MR. PERRY: That will be interesting. I've been a
9 resident of Clearwater, Florida, now for 25 years, and I have
10 seen no meaningful competition to first GTE and now Verizon in
11 my 25 years of residence here. And should I be lucky enough to
12 live for another 25 years, I seriously doubt that we will see
13 any competition any further in this regard. I thank you for
14 taking my comments and appreciate your being here today.

15 CHAIRMAN JABER: Thank you, sir.

16 MR. BECK: The next witness is Ralph Madison. Is
17 Ralph Madison here?

18 Mike Meidel, M-E-I-D-E-L.

19 MIKE MEIDEL

20 was called as a witness on behalf of the Citizens of the State
21 of Florida and, having been duly sworn, testified as follows:

22 DIRECT STATEMENT

23 MR. MEIDEL: Good afternoon. I do want to thank you
24 for the opportunity to speak to you this morning. In listening
25 to a previous speaker about the picture frame analogy, I think

1 they've got a little bit. It's not a perfect analogy, but it
2 might help some people understand the competition situation
3 here.

4 Imagine a world in which there was only one frame
5 shop in all of Tampa Bay and the government set the prices for
6 every frame they offer; not only that, the government wants to
7 make sure everybody can afford a picture frame. And so they
8 say that for a simple black frame with no mat and no glass,
9 you're going to get a good cost on a picture frame. And it
10 turns out that the cost for the labor and materials for that
11 frame is less than it costs for the guy to put it together, but
12 the government allows him to charge more to the other customers
13 that come into the shop that want fancy frames and more mats
14 and glass and everything else.

15 And so that all works fine for a while, but then the
16 rules change, and we allow other frames shops to open in the
17 Tampa Bay. But the new frame shops don't have to offer those
18 simple little frames anymore, and they don't have to sell their
19 product at a loss. They can pick the customers they want to
20 serve. And they'll serve the ones with the fancy frames, and
21 they offer even better frames and more options to this new --
22 to the high-end customers because they can afford to do that.
23 They're not taking a loss on the little things. And that's
24 kind of the world we've got now, and we're trying to switch
25 from one world to another and in order to -- and to try and

1 create competition. And a lot of the previous speakers did
2 talk about the fact we don't have any competition in Tampa Bay
3 now. That's the problem. That why we're here. We're trying
4 to develop some competition to be able to have some choices.

5 I've looked at the business world and looked at all
6 the options and choices they have for their phone service, for
7 Internet, for any kind of communications. There are a myriad
8 of companies out there competing for your dollars. They're
9 mailing you and e-mailing you and trying to contact you every
10 day with a new offer, a new package, a way to save money. We
11 don't see that in a new residential market, and we don't see it
12 because there's that little requirement that they're going to
13 lose money if you offer it.

14 And this little bit of a rate increase -- now, I do
15 agree, another caveat here is that we've got to take care of
16 the fixed income, low-end economy people. I mean, there is no
17 doubt about that. The Commission knows that; the Legislature
18 knows that. I can't imagine either body allowing people on low
19 income to be hurt by this, especially for emergency service.
20 But for the rest of the world, we're limited now to a black
21 picture frame with no glass and no mat. And we aren't going to
22 have any other company going to come in here and offer us
23 anything else. And until we can fix that problem, we're really
24 hobnailed here, and it's just not anyway we can operate.

25 And I fear for the future of this area competitively

1 and for the ability to attract people who -- you know, creative
2 young people who like to have that Internet service, have all
3 those new high tech options. And in order to bring those
4 people into this area, get them interested in living here so
5 that we can have quality jobs and employers, we can have good
6 services provided to the fixed income residents, somebody has
7 got to be around to provide services to everybody else. And
8 that's what we're looking here. Just look at the broader
9 market, the people that want some choices for the first time in
10 their lives. And they look at the choices businesses have and
11 they come back and say, hey, you know, we want to have the same
12 options at the residential level.

13 And if you look at what you've asked us to address
14 today, the extent of competition in the local area, practically
15 nothing. The idea of this small rate increase does everything
16 that -- those four items that you've asked for. It makes it
17 more attractive for other companies to come into the area. It
18 makes it -- induces new market entry, new companies to come to
19 the area. It is revenue neutral by definition. It's up to you
20 to make sure it stays revenue neutral. And then as far as
21 making parity between intrastate and interstate long distance,
22 again that's by definition what we're trying to do here. So
23 all of those things are met in the legislation. I would just
24 urge you to go ahead and proceed with this and give the world
25 some choices beyond the business world or everyday consumer.

1 So thank you very much.

2 CROSS EXAMINATION

3 BY MR. TWOMEY:

4 Q Mr. Meidel, are you a phone company employee or
5 married to one or --

6 A No.

7 Q -- a member of the Chamber of Commerce?

8 A I am a president of the Clearwater Regional Chamber
9 of Commerce, but I do not speak on behalf of that today because
10 our board has not made a stand on this issue. I'm entirely
11 here as a private resident.

12 MR. TWOMEY: Thank you.

13 MR. MEIDEL: Thank you.

14 MR. BECK: I'd like to ask just one more time for
15 some of the people who didn't show up earlier. Gerrit Conover,
16 Martin Altner, or Ralph Madison.

17 MR. ALTNER: I had to go out and feed the meter.

18 MR. BECK: Okay. So come on up.

19 MARTIN ALTNER

20 was called as a witness on behalf of the Citizens of the State
21 of Florida and, having been duly sworn, testified as follows:

22 DIRECT STATEMENT

23 MR. ALTNER: Hi. I also came today -- Martin Altner
24 of Safety Harbor, Florida -- with no intention to speak, but I
25 have been following the situation in the newspapers,

1 specifically in the St. Pete Times. And I appreciate their
2 reporting. I do want to -- I guess the Chair -- we lost the
3 Chair today. Okay. No, I'm just noting someone not here.
4 Sorry I had to leave and come back, but again this location --

5 COMMISSIONER BRADLEY: Excuse me, sir. Would you
6 spell your last name, please.

7 MR. ALTNER: A-L-T-N-E-R. The gentleman who made the
8 point about the picture frame also made the point about this
9 meeting site, this area and this time and this day. And I've
10 been out four times feeding the meters. There's also no
11 parking here in the area. And I'm sure that has dissuaded
12 anybody of moderate to low income basically from being here,
13 outside of the few that have come. So I'm sure the Commission
14 intends to have hearings that are available to all, and I'm
15 glad to hear there's going to be another hearing in
16 St. Petersburg, and I hope it will be at a better time and
17 location for people to be able to come.

18 At the same point, I've read some information in the
19 St. Pete Times, and I don't want to credit myself with this
20 information, but my understanding is, is that we're supposed to
21 be making this decision -- or actually, you, of course, are
22 supposed to be making this decision based on the certain
23 grounds that are specifically spelled out in the law that was
24 passed by the Legislature. And also from what I understand,
25 and I'm hearing it today, I'm hearing a lot of supposition, but

1 the grounds simply have not been proven. And I don't quite
2 understand how we could even proceed to consider this without
3 these grounds proven.

4 I understand one point is that the law states the
5 customers must benefit from a rate hike, but there is
6 absolutely no proof of this. In fact, many customers, as other
7 people have stated, actually will be hurt. The only time a
8 customer breaks even under this rate hike is if he or she makes
9 a lot of in-state long distance calls using a home telephone.
10 Those who use cell phones, those that don't make long distance
11 calls, or those who mostly call out of state get nothing. So
12 I'm lost here on that, number one.

13 I'm hearing that local service, according to Verizon
14 and the other suppliers, is some kind of money loser, but
15 mirroring the gentleman who mentioned creative accounting but
16 wasn't specific, I do understand that besides the fact that we
17 don't actually get to see all of their financials, they don't
18 include in the financials in regard to residential customer
19 service the money that they make off customers from Caller ID,
20 Call Waiting or all of the other services that they bundle. So
21 they're leaving out a rather large part these days, from what I
22 understand, of how they make money on residential customers and
23 that, frankly, is distorted. So their figures are distorted.

24 The promise of lower in-state long distance rates, I
25 understand that there's no guarantee. Please correct me if I'm

1 wrong. Nothing in the law prevents in-state long distance
2 companies from giving, let's say, per the newspaper, 99 percent
3 of the rate break to business customers while leaving the
4 residential customers with nothing. Is that information
5 incorrect? I guess not.

6 The rate hike will not necessarily increase local
7 competition. I mean, I'm listening to people. I've heard this
8 before, and I think a lot of us have been hearing it,
9 especially in the past four years, competition being the answer
10 to everything. And I like competition. I also am a small
11 businessman, and I think competition generally works. But
12 there is no guarantee again of any competition.

13 We're hearing even from the gentleman from Verizon
14 now vaguely just now in answer to prior questions there's a
15 company in Clearwater that he thinks is maybe -- he's heard
16 that -- well, how about, you know, getting some letters of
17 intent here from 10 or 12 or 15 companies that are going to
18 say, we're going to come in, and if you guys raise these rates,
19 absolutely, we'll see profitability here? We'll come in and
20 we'll give competition. I haven't heard that from one company.
21 I haven't read it from one company. So what is this really all
22 about?

23 The only concrete thing that I am hearing here -- and
24 again, I just came at this point from the point of view of
25 being a simple businessman consumer who, yes, like others, is

1 being hit again and again lately over the head with insurance
2 increases and electricity increases and increases from
3 everybody, but just try to keep an eye on this. And also
4 having some sympathy -- yes, my business happens to be
5 apartment buildings in lower, middle income in working class
6 areas, and I share at times the reality of what people in the
7 lower income brackets deal with, not only the elderly. God
8 bless them. But there is plenty of working people working two
9 and three jobs right now trying to survive.

10 I don't know if again some of the people who
11 testified who have another point of view realize what's going
12 on out there economically for a lot of people these days and
13 who cannot afford these increases in phone services. And
14 again, of course the elderly, of course those who are
15 chronically in need. But we also happen to be in a bit of a
16 nonrecession recession for people who again are on the lower
17 income brackets. And I don't believe that they can easily
18 absorb these kinds of increases that again are based on
19 promises of what? Things that aren't going to benefit them and
20 other things that may or may not happen.

21 In a couple of years from now, you're hoping, again
22 assuming you pass it, and I hope that will not be the case,
23 that we'll all forget about it. The rates will be in place.
24 We won't have gotten competition in Clearwater. We won't see a
25 big lowering of our long distance situation. Even Lifeline,

1 the gentleman from AARP mentioning within two years they will
2 be free to raise those rates. So we're giving them kudos for
3 providing a service that should be provided to those who are in
4 need with a \$13 discount. If I understood from some of the
5 older people here, the minimum that you pay is \$27. So they're
6 still paying \$14 a month. Now we'll add the increases in two
7 years, and these poor people won't be able to afford the
8 Lifeline program. Again, are there any guarantees that those
9 rates will be held, that those increases will be held to
10 certain levels? I don't believe so. I'm sure the gentleman
11 from Verizon would be jumping up and telling me I'm incorrect
12 if I was incorrect.

13 I just -- I guess like others, I'm looking at this
14 and I see a pig in a poke. And I see the little guy, yeah, the
15 little guy, and, boy, is that what's been going on lately. And
16 I'm not a member of either political party. I'm just a guy who
17 tries to keep an eye on what's going on. We live in a great
18 country. And lately it's just the little guy who winds up with
19 the increased bill for everything, the increased bill for
20 everything. And this is just another case of that from what I
21 see with a bunch of promises that if they don't happen --
22 again, if you are going to make promises to the public -- and I
23 don't mean to go on about this -- and this is to Verizon and
24 any other big corporation, put it in writing. You put that
25 bill in to the Legislature, from what I understand. Phone

1 companies, I understand, wrote that bill. That's been reported
2 again and again in the newspapers for the past year, and no one
3 has gotten up and said, no, you're wrong; no, you're wrong
4 St. Pete Times; no, you're wrong, Orlando Sentinel. We'll
5 prove to you that that wasn't what was happening. That's what
6 happened. These guys wrote the bill. You guys know that.
7 They wrote the bill, and somehow there's no guarantees for any
8 one of these things in the bill. Well, big surprise. Big
9 surprise.

10 Finally, just a couple of real quickies. I'm sorry
11 to go on and on. I also question, as the gentleman from AARP
12 did -- that I'm a member of AARP. I'm older than I look, and I
13 thank you for your representation here on the part of all of
14 us. I also question some of the people who came up, their
15 motives for speaking in favor of this or at least their real
16 knowledge of the issue in any way, shape, or form. It was
17 interesting that they are going to save money, but they can't
18 reply how they are going to save money or how much they are
19 going to save. So again, what are they basing their testimony
20 on? Although, of course, in a democracy they are more than
21 entitled to their opinion.

22 But I would like to say that my understanding of
23 technology in this world, forgetting poor Alexander Graham
24 Bell, is that it lowers costs. I don't pay the same amount of
25 money for a computer today. I don't pay the same amount of

1 money for a phone, cell phone. I don't pay the same amount of
2 money for my calculator. Lord, when I bought my first one back
3 in '70s, it cost me \$180. What do they cost now, a dollar in
4 the stores? I mean, the bottom line here is we're supposed to
5 get lower costs to consumers and, yes, more competition from
6 increased technology. And here we're being told that somehow
7 or other because they're going to make more money, we're going
8 to get even better technology. Well, guess what? Verizon
9 doesn't even make the technology, folks. It's made by Nokia
10 and Ericsson and Motorola. What should we be doing for them?
11 Should they be coming in and asking for a consumer tax, which
12 they spend money on their own products to make money for their
13 companies and their shareholders? Well, God bless them.
14 That's the American way.

15 We as consumers do not have to subsidize that.
16 Verizon is in business with these people. And there's nothing
17 to say. We have no idea what their profit margins are in
18 relation to the Motorola phones that they buy. I just don't
19 see how that's relevant. I don't see why we are here to
20 subsidize the technological increases that should be lowering
21 consumer costs as they do in just about -- I think in literally
22 every other technological consumer industry.

23 Finally, I just want to reiterate that the initial
24 gentleman and ladies who spoke pointing out that this rate
25 increase is then taxed must also be emphasized. We're taxed to

1 death on our phones. And very frankly, phones to me -- I mean,
2 there's a reason -- another gentleman came up and said, well,
3 how would you feel if there was controls on your lettuce costs?
4 There's a reason that the progressive movement in this country
5 in the early twentieth century under a Republican president
6 Teddy Roosevelt established things like PSCs, FTCs, and FCCs.
7 That was to protect consumers on essential situations and have
8 government get involved to create fairness where there had been
9 none. And I'm sure that you all have some knowledge of that
10 period of history. The reason that you exist as a body is
11 because phone service, yes, is one of those pretty much these
12 days essential services. Absolutely. And you have a full
13 right not only to regulate it, unlike lettuce or whatever else
14 the gentleman was referring to, but you are doing it in the
15 interest of the people to make sure that we get the right
16 service for the right price.

17 Yes, Verizon, you are in a unique business. You
18 chose to be in it. If you don't want to be in it, sell your
19 interest to somebody else and go into the hotel business.
20 That's the bottom line, folks. So as much as I don't want to
21 stand here refuting prior speakers, I admit that I felt the
22 need to do so. And I hope you understand my point. I'll look
23 forward to your decision.

24 And I will point out just one last thing that I
25 understand that again one very important part of this bill was

1 Governor Bush, all the legislators who support it swearing up
2 and down that the bill did not require you to raise the rates.
3 It was your decision. Exercise your judgment and don't raise
4 the rates. Thank you.

5 CHAIRMAN JABER: Thank you, sir.

6 MR. BECK: Thank you. The next witness is Stuart
7 Rogel, R-O-G-E-L.

8 STUART ROGEL

9 was called as a witness on behalf of the Citizens of the State
10 of Florida and, having been duly sworn, testified as follows:

11 DIRECT STATEMENT

12 MR. ROGEL: Thank you very much. I want to share one
13 thing that perhaps hasn't been covered too much today and that
14 is that telecommunications is a very important piece of this
15 economy in the Tampa Bay region, and it is a very important
16 deciding factor in where businesses locate and how businesses
17 locate. Quality of service and the ability to continue to
18 invest into the telecommunications structure and provide the
19 needs and services of residents and businesses in the community
20 alike is very, very important. Having the kind of robust
21 technology, having the kind of robust telecommunications that
22 we have been able to have in the Tampa Bay area has benefited
23 us in our economy and our economic development. So it's
24 important to make sure that we find ways to provide investments
25 back into infrastructure and in the telecommunications in our

1 community.

2 If indeed this -- if this petition does provide that
3 kind of opportunity to provide the investment back into the
4 telecommunications structure, I believe that's a very important
5 piece of what we need in our community to continue to grow.
6 And I might tell you that Verizon has been a good corporate
7 citizen. It has created a number of jobs in the Tampa Bay
8 region, and it has been a company that has been involved in the
9 community in a variety of different ways through their
10 employees and through their resources. And so it is, I think,
11 very important to continue to make sure that we have
12 competition, we have investment back in, and that we have
13 companies that invest back into the telecommunications of your
14 region. Thank you very much.

15 CROSS EXAMINATION

16 BY MR. TWOMEY:

17 Q Let me ask you the same question I asked Mr. Meidel,
18 if I may. Are you a phone company employee, married to one --

19 A No, sir, I'm not.

20 Q -- a Chamber member or a large business
21 representative?

22 A I'm not a Chamber member. Tampa Bay Partnership is
23 my employee (sic). I'm president and CEO, but our organization
24 has not taken this issue up. I'm speaking as an individual
25 today and as a resident of the Tampa Bay area.

1 MR. TWOMEY: Thank you.

2 MR. ROGEL: Thank you.

3 CHAIRMAN JABER: Thank you, Mr. Rogel.

4 MR. BECK: The next witness is Paul McClintock.

5 PAUL McCLINTOCK

6 was called as a witness on behalf of the Citizens of the State
7 of Florida and, having been duly sworn, testified as follows:

8 DIRECT STATEMENT

9 MR. McCLINTOCK: Good afternoon, all. Thank you very
10 much also for this opportunity to speak before you today. My
11 name is Paul McClintock. I live at 4557 Ontario Drive in the
12 city of New Port Richey, actually outside the city limits in
13 New Port Richey. Anything that I say here today should not be
14 taken in any way as being derogatory to this Commission or the
15 work that it does. I thank you and appreciate fully the
16 pressure that you're under and the talent that it takes to deal
17 with it the way you are. We appreciate it.

18 First of all, I would make a recommendation that as
19 long as everybody is sworn in, that you might take a lesson
20 from this past Legislature. And when they started dealing with
21 the people -- dealing with medical malpractice hearings, that
22 they had them swear in and asked them, will you gain or lose
23 from this, and that would pretty much cover that. I am not a
24 telephone company employee nor do I own any telephone company
25 stocks. I will not gain in any way from the passage of this

1 bill. I am not in favor of the bill.

2 Mr. Turtle, who spoke just before me, his association
3 is one of -- I represent the Pasco County Council of
4 Neighborhood Associations. It's a group of 135 or more now
5 civic and homeowner's groups who represents a total of over
6 40,000 residents in Pasco County. Collectively they have
7 stated through their association representative to us, CONA,
8 Council of Neighborhood Associations, their objection to these
9 proposed rate hikes. That's 40,000 people in Pasco County, and
10 they collectively have come together to say this.

11 You have seen the graphs. You know exactly what --
12 this is nothing but -- in their opinion and mine also, I can
13 speak for myself on this one, that it is sheer greed, greed,
14 greed. And where do you go? You go where the money is. Just
15 like who was it? Dillinger. Why do you hold up banks?
16 Because that's where the money is. Well, I appreciate --
17 again, and I don't mean to insult any of you in any way because
18 I know you all know your duties and responsibilities, but you
19 are charged as a Commission to protect the interest of
20 Florida's residents. Similar to the way the insurance
21 commission -- your obligation is primarily to the consumers,
22 and I hope you don't mind if I read from my notes here, then to
23 the companies to assure that they operate within the parameters
24 of reason so that they, the companies, can make a reasonable
25 profit and still maintain a standard quality of service.

1 I have to refer to my notes because I was an AARP
2 chapter president 15 years ago, so do the math, and for those
3 that know. The competition, I just came into the world of
4 competition or the awareness of competition just recently, and
5 that is that several power companies can transmit through the
6 same power line and several gas companies can transmit through
7 the same gas line and also with water. And I presume that they
8 can do the same thing pretty much with telephones except for
9 the switching, and as I'm sure there are ways to get around
10 that. So competition should be available, and it should be
11 good, if that is about the same way.

12 Sorry for the break.

13 CHAIRMAN JABER: That's okay. Take your time.

14 MR. McCLINTOCK: I also utilize the wonderful
15 services that are available, but I pay extra for it. If I want
16 photographs or Internet capability for my cell phone, I'm
17 willing to pay for it. And as several other speakers have
18 said, we're fortunate we're able to pay for it. But basic
19 phone service, for those that can't pay the difference, I hate
20 to say this, but I'm going to say it, I think that the Lifeline
21 is probably a help. And I'm sure that there's a means test to
22 get on that. And if that means test could be expanded -- and I
23 know this is a very, very sensitive area. People don't want to
24 submit a copy of their IRS reports or their stockholdings to
25 prove that they can't afford an increase, but certainly we know

1 that there are many in our communities that cannot.

2 I realize -- when I say this ahead of time, I'm going
3 to qualify this. I realize that the date is 2003. We are in
4 the twenty-first century. I'm really surprised -- I think we
5 ought to come into the twentieth century and put those postings
6 on-line. Is there anybody here that can't access a computer
7 and just say, okay, I can see these posting, these petitions?
8 I mean, it's so easy to do. We can get any copy of state law
9 or any -- I think that's a brainer as opposed to a no-brainer.

10

11 CHAIRMAN JABER: Mr. McClintock, you've given me an
12 excellent opportunity to give our Web site again.

13 MR. McCLINTOCK: Thank you. Do that.

14 CHAIRMAN JABER: Okay. It's floridapsc.com, and
15 that's Florida spelled out psc.com. And you can access these
16 petitions on-line, and all of the notices are on the PSC Web
17 site as well. If you have any trouble using that Web site,
18 just give us a call.

19 MR. McCLINTOCK: Thank you. I navigate fairly well.
20 Thank you.

21 And as far as expenses for things that we don't need
22 or use, for those of you that may remember, when they came up
23 with unleaded gas, they charged us more for something they
24 didn't do. They charged us more for unleaded gasoline. So
25 that's the same thing as we're not going to put your name in

1 the phone book, but we're going to charge you extra for that.
2 And those -- some things just appear ludicrous to the consumer
3 and I am one of them.

4 I think I got it all. The portability fee I think
5 should have been placed on a per case basis. If I want to
6 carry my portability, I'll pay \$50 or \$100 to take that with
7 me. And I don't think that I should be paying -- if I'm in the
8 same residence for 40 years, I don't think I should be paying
9 for somebody who does move. Anyway, that's that one.

10 As far as your venue, you did the very best you can,
11 and I fully appreciate the opportunity to have this meeting
12 here. There are other more convenient places to get to, but I
13 appreciate the effort that you put to it. And I know how
14 difficult it is to put a meeting together and make it click.
15 You've done very well.

16 I will close. And I speak for my friends in Pasco
17 County and for myself when quote from David Horowitz, "I'm mad
18 as Hell, and I'm not going to take it anymore." Please fix it.

19 CHAIRMAN JABER: Thank you, Mr. McClintock.

20 MR. BECK: Thank you. The next witness is Marilyn
21 Smith.

22 MARILYN SMITH
23 was called as a witness on behalf of the Citizens of the State
24 of Florida and, having been duly sworn, testified as follows:

25 DIRECT STATEMENT

1 MS. SMITH: Good afternoon.

2 CHAIRMAN JABER: Good afternoon, Ms. Smith.

3 MS. SMITH: I've been here for a while. I thought I
4 might have another birthday while I was here. As a member, I'm
5 used to dealing with government, and it does take a long time
6 to get through. Let me just open with this. I am the
7 grandmother-at-large for Hillsborough County. And Mr. Rudy
8 Bradley knows very well who I am because he's seen me address
9 some of my legislative delegation. And my legislative
10 delegation I would notably say three of the four senators in
11 Hillsborough County delegation voted no on this. And I don't
12 think Tom Lee is a stupid man. He's voted no every time
13 somebody thought it was a good idea. He said, how is that
14 going to help my people? Tom is right, it isn't.

15 This is robbery without a gun or a mask. And this
16 whole thing about competition, well, let me tell you something
17 about Brighthouse. They're going to come out with this and
18 that. Wonderful, wonderful, wonderful. It used to be Time
19 Warner and before that it had several other names. They have a
20 virtual monopoly. Don't mistake that. There's a little
21 company running around, but they don't cover the whole area of
22 Hillsborough County either. They don't have the facilities,
23 and they can't afford to put them in. They don't have the
24 infrastructure. That infrastructure is a really key word
25 whether you all know it or not.

1 Now, picture that this is a pot of stew that you have
2 here, a Ragu, if you will. Tell me how the price of that Ragu
3 is going to go down if you are raising the price of the
4 ingredients. Now, that's bottom line. We're talking about
5 food here. We don't have to talk about big technology. It's a
6 really good comparison though. You've got a little lamb, you
7 got a little onion, tomato, a little basil. And some guy wants
8 to raise the price of that basil like 8 percent -- 800 percent.
9 Is that going to make that pot of stew go down? The answer is
10 no. Any second grade child that can add can tell you that.
11 It's not rocket science, but it is robbery.

12 Accessibility. When people can't get to their
13 government, that's not accessible, and that's unfortunate.
14 Now, you're called the Public Service Commission, just in case
15 you forget what your name is. The first word is public. That
16 could be confused with pandering from the other side. Okay?
17 People are very mistrustful of any government right now. We're
18 seeing what's going on. We've been lied to big time. Here's
19 your chance to look like a champion. You do not have to pass
20 this. You do not have to pass it. You have the power to say,
21 you know what? People have had all the fun they can stand.

22 And as far as the comparison to the frames, well, if
23 you want to have something framed and matted and done up in a
24 nice way, then you go to a professional to do it. If you just
25 want to frame a picture, there's plenty of competition. Go to

1 Target, go to Kmart. You can go anywhere you want for a frame.
2 That's ludicrous to bring that up. Maybe he's not aware of
3 that. You know, where's the beef? Where's the benefit? Where
4 is the benefit of this? Those that are in my age bracket who
5 are not going out to get another job -- even though you
6 probably think I could whip lots of people with my mouth,
7 you're right, I could, but I can't do like I used to do. I
8 made my living being able to talk, but it's difficult to
9 sustain over a long period of time.

10 Now, let's see here. Oh, yeah, about the extras. I
11 got slammed by Verizon. Get this. I bought into and I had a
12 package and I moved from one part of Tampa -- actually,
13 unincorporated Hillsborough County down to Bay Shore area. And
14 because I had their package that included Caller ID and some
15 other stuff in it that I really never used -- and I think there
16 was Call Waiting, but I don't care about that anyway. Anyway,
17 I had this little package, and it was maybe \$30 a month,
18 whatever was all included. So when I moved they said, oh,
19 well, you're a good customer. We're not going to charge you to
20 re-set you up. I got a new phone number. I didn't ask for the
21 same phone number. I was clear across the county. That's
22 silly, you know, to do that.

23 So I did move. And then I'm getting a bill, a notice
24 that they're going to charge me \$3 more a month because I'm
25 getting a service, and if I don't do that, they're going to

1 charge me \$3 anyway. Anyway, that, in my mind, was slamming.
2 I called them up and I said, now, wait a minute, Verizon. You
3 see, I used to be an LD operator. I am not an idiot when it
4 comes to the phone company. I was with Pac Bell many years
5 ago. I was in the first office and did the first direct
6 distance dial board. So don't tell me about how the phone
7 company works. The big pull cords. I did Mexico calls. Okay.
8 Habla. So, you know, you're not talking to dumb people when
9 you're talking to those of us with gray hair. That's called
10 the little gray cells.

11 So here we go. I call them up, and I said, you want
12 to explain this to me while I'm getting -- I got this in the
13 mail. It came out of the Las Calinas office outside of Dallas,
14 near the stadium. I used to live there, so I know all about
15 GTE and Southwestern Bell also.

16 Well, you know, for \$3 you're being undercharged. I
17 said, excuse me? Yes. And, well, if you don't do this -- I
18 mean, they were really pushing the point. And the local people
19 here had hands off about this. Oh, we -- that's (inaudible).
20 And I said, oh, I'm glad you all work together. You got the
21 same logo called Verizon. So they didn't realize they were
22 talking to a person that knew about the phone companies, from
23 coast to coast, the phone companies, the monopolies. So then
24 they were saying to me, well, you know, we have to do this
25 because we have been charging you illegally not enough money.

1 Well, you know, that lit my fire. I said, tell you what I'm
2 going to do, Verizon, you take everything out of that package.
3 You give me the basic phone rate.

4 Well, months went by and they kept sticking me with
5 calls that I did not make. And I made them explain. I said,
6 now, explain this one, explain this one. Who is this and who
7 is this? And pretty soon they quit doing it. But they were
8 sticking me with everything they could. Outrageous garbage. I
9 wasn't utilizing it. I was using my telephone when I wanted
10 to, but I wasn't doing any LD calling anyway. I know who I
11 call. I am not stupid when it comes to the utilization of that
12 little thing that hangs on the wall that they call a telephone.

13 We do not need another \$5 on there to make
14 competition because there ain't nobody going to go out there
15 and invest in infrastructure at the rates that we have today.
16 What? Do you think we're stupid? If you don't know what it
17 costs to go out there and plant that infrastructure, you better
18 find out before you raise the rates. Because just as soon as
19 you raise the rates, you're going to have another bunch of
20 horses up in Tallahassee writing more bills. They're called
21 lobbyists, and they're paid real well.

22 In fact, you just had one here a few minutes ago. I
23 had to step out to go to the bathroom, and that man there
24 represents a downtown partnership, Mr. Rogel. I remember him
25 chiding one of my commissioners, local commissioner because she

1 had the unmitigated gall to ask Tampa Bay Water questions. And
2 if you all know anything about Tampa Bay Water, we're getting
3 raped and robbed without a gun there too. We're getting a
4 reservoir that's unstable, and we're getting no desal, that
5 doesn't work. But we were promised and he had -- oh, you
6 should never question that well. We have the science, and we
7 told him it wasn't going to work. So there you go. You've got
8 to start listening to us public. We're not stupid and we're
9 not wrong. And if you want to call intrastate to your buddies
10 over in St. Lucie, that's your privilege, pay for it, but don't
11 straddle people who cannot withstand another increase with the
12 taxes and the pertinent cents that go with it, which won't be
13 \$4 or \$5. By the time the smoke clears, it will be another
14 \$7 or \$8. Do the math. I presume some of you went to college.
15 Thank you.

16 CHAIRMAN JABER: Thank you, Ms. Smith.

17 MR. BECK: The next witness is Glenn Marks.

18 GLENN MARKS

19 was called as a witness on behalf of the Citizens of the State
20 of Florida and, having been duly sworn, testified as follows:

21 DIRECT STATEMENT

22 MR. MARKS: Good afternoon. There appears to me to
23 be two areas of this proposal. One is offsetting the lost
24 access fee revenue with an increase in local monthly phone
25 rates, and the other is attracting competition of the local

1 telephone company. Well, the first one obviously is giving
2 businesses lower local -- or intrastate phone service at the
3 expense of the local company residential people. I don't think
4 that this is a good idea. There's other ways through the
5 systems of rates and tariffs phones companies come up with
6 their services, cost for services. I think that's the best way
7 to handle that, not by giving business people money at the
8 expense.

9 Secondly, the competition that everybody seems to be
10 concerned about, I doubt if that will ever occur because the
11 telephone company has what's known as a natural monopoly, the
12 same as your power companies. And any way you cut it, whenever
13 investments are made in local plant equipment, there's no way
14 anyone else is going to come in and duplicate that or overlap
15 it and provide services. It's impossible to do. So there's
16 little chance of any competition occurring in local rate.
17 That's my comments. Thank you.

18 CHAIRMAN JABER: Thank you, sir.

19 MR. BECK: Dr. Ann Dolgin, D-O-L-G-I-N.

20 ANN DOLGIN

21 was called as a witness on behalf of the Citizens of the State
22 of Florida and, having been duly sworn, testified as follows:

23 DIRECT STATEMENT

24 MS. DOLGIN: Good afternoon, members of the
25 Commission and fellow guests. I'd like to address two issues

1 today; one I've been hearing a great deal about, Lifeline. And
2 I have a cousin who is in her 80s. She's on Medicaid at a
3 senior assisted living housing complex in Tampa. And so I've
4 become quite familiar with Lifeline. Lifeline has changed as
5 far as some of its rules and regulations since she
6 first started many years ago. My cousin is in her 80s. She is
7 on Medicaid. She turns over her little over \$500 to the
8 residence, and also the state and local governments pay an
9 additional fee for her room and board. And she is given \$54 a
10 month for her personal spending. So her room and board is
11 taken care of, but \$54 is used for her personal necessities.

12 In working with Lifeline, I have found the following,
13 and I could be wrong. First of all, she would have to pay a
14 little over \$6 a month, but she is permitted one call a day;
15 otherwise, it's extra. Long distance would be extra, and I
16 could be wrong, so you could please correct me on this. So I
17 told them that she doesn't make long distance calls, and we
18 didn't want the extra part of this bill. And also, she would
19 receive free a lockout where somebody who would come into her
20 room would not use her phone. And she would also receive free
21 if somebody called these 900 numbers, you know, with excessive
22 charges.

23 But the thing that surprised me the most was this one
24 call a day when she has to talk to doctors or call me and the
25 hookup charge, which is about \$50. Nobody has to go to the

1 institution in person to do the hookup. I was told by the
2 phone company who took the order that somebody will do it from
3 a distance, and I felt that the \$50 was an excessive fee. So I
4 wanted to raise this as an issue since this is one of the proud
5 features that your company uses. And it is -- it still can be
6 improved, in my opinion.

7 The second issue I would like to address is the rate
8 increase itself. I am a stockholder of a telephone company;
9 yet I oppose the rate increase for a number of reasons. One,
10 as we sit here and see people of all different ages, all
11 different socioeconomic circumstances, this rate increase would
12 be a hardship for them. Secondly, I view telephone companies
13 as regulated monopolies whose rates can increase based on their
14 earnings. And I don't see this particular comparison in this
15 particular law. I just see the likelihood, this is the way to
16 increase competition. So I -- and I'm sure throughout your
17 other 13 or 14 meetings you will see a number of people who
18 can't afford it. I would offer you the following compromise to
19 consider. Why don't we exempt certain groups of people who
20 cannot afford this rate increase and allow those who will
21 benefit from the rate increase to pay the additional sums of
22 money?

23 People have come up here and talked about economic
24 development. I have worked with a number of economic
25 development offices based on my previous employment. Florida,

1 on the basis of its economy, tends to attract tourism and
2 encourages many retired people to come and live in our state.
3 As a result, we have a big service industry. Many of these
4 people are now elderly, and they cannot afford these rates. So
5 if they pay these rates, then other parts of our economy might
6 stall. When people talk about economic development and say it
7 will bring more companies and we have to maintain the jobs, I
8 agree, but yet if you compare the state of Florida to
9 Northeastern communities where I grew up in, I took a pay cut
10 when I moved to Florida, but on the other hand, the utilities
11 such as electricity and telephone were less. So when previous
12 guests here talk about that they are paying less, there's a
13 reason for that. It bears -- it's in relationship to the
14 economy that we have. Thank you.

15 CHAIRMAN JABER: Thank you. It's Dr. Dolgin?

16 MS. DOLGIN: Yes.

17 CHAIRMAN JABER: Let me ask our staff, the Lifeline
18 discount is a discount on the monthly bill for local service.
19 It sounds like, Ms. Keating or Ms. Salak, it sounds like
20 Dr. Dolgin's cousin may have some sort of special program that
21 actually restricts certain kinds of calls as well. Does any of
22 that sound familiar? I know Lifeline does not limit the amount
23 of calls per day. That's what triggered my attention, but if
24 you have your cousin's bill or any sort of --

25 MS. DOLGIN: I'm in the process of getting this for

1 her. And in speaking to the operator, they said, do you want
2 this? This is an extra charge, et cetera. And then they said,
3 you know, she can only make one local call a day.

4 CHAIRMAN JABER: Okay. It sounds like they were
5 offering certain services --

6 MS. DOLGIN: Yes.

7 CHAIRMAN JABER: -- and one of those services may
8 have tried to limit the calls per day to maintain a certain
9 monthly charge that she would pay. What's the company? We
10 haven't talked about the company yet. Which --

11 MS. DOLGIN: It's Verizon.

12 CHAIRMAN JABER: It is Verizon?

13 MS. DOLGIN: Yes.

14 CHAIRMAN JABER: Okay. Mr. Durbin.

15 MR. DURBIN: Commissioners, I believe that it sounds
16 to me like she may have what some companies call the Small Talk
17 Plan, that the customer is limited to 30 calls per month. I
18 believe that Verizon still offers that plan. I'd be more than
19 glad to get with Dr. Dolgin and provide her with more
20 information on Lifeline so that it may be a better plan for
21 her.

22 CHAIRMAN JABER: Dr. Dolgin, this is Dick Durbin,
23 he's with out consumer affairs staff. And we do -- I know that
24 Verizon has some folks here too that are willing to help you.
25 But if you could talk to him about what you think she's got on

1 her plan and maybe try to work with the company and our staff
2 to tailor a plan that's helpful for her.

3 MS. DOLGIN: The reason I raise this issue is because
4 this one group of people living in assisted living centers and
5 who are on Lifeline, they have not been represented here today.
6 Thank you.

7 CHAIRMAN JABER: Thank you, ma'am.

8 Mr. Beck.

9 MR. BECK: Thank you. The next witness is Gary
10 Dolgin.

11 GARY DOLGIN

12 was called as a witness on behalf of the Citizens of the State
13 of Florida and, having been duly sworn, testified as follows:

14 DIRECT STATEMENT

15 MR. DOLGIN: Good afternoon. My name is Gary Dolgin.
16 I'm an attorney in downtown Tampa, but I'm not here
17 representing anyone today except myself and speaking in
18 agreement with most of the people who have spoken here today.
19 I was -- and this is my mother, but we didn't come down here
20 together. It was just a coincidence. And I had decided I was
21 going to take a well deserved day off today. I went to my
22 five-year-old twins' school to read to the class. I was
23 expecting to spend the afternoon playing with them, but when I
24 got home, I remembered Howard Troxler's column on Tuesday that
25 said, come on down and speak up. And I'm here. And then I

1 turned on Channel 22 and saw my mother sitting behind the
2 Attorney General and I said, well, then I better get down
3 there. And my kids, instead of watching the Disney Channel,
4 are watching Channel 22 this afternoon with their mother at
5 home because they want to see Dad and Grandma speak.

6 In any event, I have some questions here, and I
7 wonder maybe if the Verizon representative -- I guess everyone
8 was put under oath today, and someone had alluded to before
9 that we really did get to the bottom of things when we had that
10 medical malpractice testimony. It's amazing when you had some
11 of the insurance companies come forth and say, well, we really
12 are very profitable here in Florida, and there is no crisis.
13 And I guess what I -- the thing that really bugged me is that
14 my understanding is that the phone companies wrote this
15 legislation, individual legislators did not; is that correct?
16 Oh, you're the Verizon rep.

17 MR. CIAMPORCERO: You're asking Verizon. It's a
18 legislative process, that there were hearings, and we certainly
19 input into the process. We appeared at the hearings. We made
20 suggestions about what we thought would be the way to do this,
21 and the legislators write the bill. We don't write the bills.

22 MR. DOLGIN: I read in the paper that the
23 legislators -- I mean, that the representatives of Verizon or
24 your lobbyists or your lawyers actually wrote the bill, that a
25 specific legislator did not write the bill, that you got a

1 legislator to sponsor the bill, but that you guys wrote it.

2 And I'm curious, am I incorrect on that?

3 MR. CIAMPORCERO: We certainly made suggestions about
4 particular pieces of it with respect to language, but the
5 Legislature -- the legislative committee, in fact, sits down
6 and puts this all together and comes out with a bill.

7 MR. DOLGIN: My other question is, how much in
8 political campaign contributions did Verizon make to
9 legislators and the Governor during the past year?

10 MR. CIAMPORCERO: You know, I don't know offhand. I
11 would have to look. It's pretty much in keeping with any major
12 corporation in the state. And last year, the year before,
13 every year is pretty much the same. We are supporters of the
14 process. We support the democratic process like everybody
15 else. We support good policy.

16 MR. DOLGIN: Well, good policy that favors Verizon I
17 would imagine; correct?

18 MR. CIAMPORCERO: We support -- we believe that if
19 the right policy is chosen, we will be able as to compete and
20 succeed, yeah. What we don't like is policies that make an
21 uneven playing field, and we do argue against that.

22 MR. DOLGIN: Well, I guess when you're talking about
23 uneven playing field, you are the only company that I can use
24 for local service here in Tampa. Am I correct on that?

25 MR. CIAMPORCERO: Certainly not for your business.

1 MR. DOLGIN: I'm talking about residential because
2 you're raising the rates -- or you're wanting to raise the
3 rates on residential customers. So do we have a choice on who
4 we can use for residential service besides Verizon?

5 MR. CIAMPORCERO: At this point you have four or five
6 wireless companies, but in terms of landline, we expect there
7 will be choices very soon and as a result of this activity, but
8 right now, not a lot, no.

9 CHAIRMAN JABER: Mr. Dolgin, if I could interrupt for
10 a second and ask you some questions in that regard. Do you
11 feel like you've got choices in your service territory for
12 local providers?

13 MR. DOLGIN: No, I don't. Now, what I do have a
14 choice on is long distance. And, for example, I had -- I do
15 have at my office, and I'm a solo practitioner, and I do
16 have -- Verizon did when I was switching my service, they said
17 that they could save me money over AT&T long distance. And so
18 I'm trying out the Verizon long distance to see if I'm saving
19 money, and I'm going to compare on that.

20 But as far as at home, I do not. And with AT&T, the
21 long distance at home, I looked at the bill and I said, you
22 know what? With my cell phone, since I get free long distance
23 calls on the weekend and 300 minutes a month, I'm going to make
24 my long distance calls with my cell phone. So I, like many
25 other people in my age group, may be more likely to use cell

1 phones than maybe senior citizens who are the majority of
2 people here in making my long distance calls there. But guess
3 what? AT&T is still sending me a bill. Last month, we made
4 one long distance phone call on a regular phone for 50 cents,
5 but the bill was like for \$6 or \$7. All these extra taxes are
6 on there. The \$4 to \$5 a month that you're saying you want to
7 increase is not going to affect me, fortunately, but it will
8 affect my cousin, as my mother was talking about, and it will
9 affect any seniors and people who are barely getting by.

10 And in my work experience, I've had the experience of
11 working with people who barely get by, whether it's in a family
12 law practice or whether when I was a public defender and worked
13 with indigent people and even as a former prosecutor when I
14 would deal with domestic violence victims who would come into
15 the office, and obviously, most of them, it seemed like, were
16 from lower socioeconomic backgrounds and barely getting by. So
17 it won't affect me as far as, you know, where's my next meal
18 coming from, but it still bothers me because it doesn't make
19 sense to me that this is going to be a good deal for the
20 consumer. It is going to be a good deal for the phone company.

21 Now, if you talk about these phone companies, they're
22 going to come in and compete with you for local service, why
23 don't we come back and do this after we have competition?
24 Because then we, as consumers, can choose between you and what
25 other phone company is there. I get the choice on the long

1 distance, and I went with you over AT&T because it seemed to me
2 that I was going to get a better deal there. But you're a
3 monopoly with regard to local service, and you make a lot of
4 extra money from Call Waiting, from Caller ID, from Internet
5 service. Why not raise your rates in those areas? Then people
6 can choose whether or not they want to pay for that. With
7 local phone service, that's a necessity. So you have to keep
8 in mind the people who can barely afford that.

9 And there was someone up here earlier that was
10 talking about the -- I was looking at my phone bill today
11 because it just keeps going up and up every month, and I keep
12 wondering why. Twelve dollars, it's the basic rate, but
13 obviously our phone bills are like -- my phone bill this month
14 was almost \$30. Now, I do have Call Waiting, but if I subtract
15 that, it's about \$25. So all of these taxes -- and what I find
16 very interesting -- and this bill was passed by -- this isn't a
17 Democratic or Republican party thing because I was shocked to
18 see the legislators that voted for this. There were Democrats
19 who I like and who I have voted for who were supposed to stand
20 for the little people, they voted for this bill. There are
21 also Republicans who voted for the bill who stand up all day
22 long and say, no new taxes, read my lips. Well, this is to me
23 like a tax and even because it affected all the other taxes
24 that get added on to that. And we need transparency here.

25 If a political official wants to raise your taxes,

1 and none of them admit that they want to, let them come out and
2 explain the reason for it. If a phone company, a monopoly
3 wants to raise your phone rate, let them come out and tell us
4 why there needs to be a raise in the phone rate. Don't talk
5 about this revenue neutral. Why would you have spent -- and
6 I'm assuming the campaign contributions were in millions of
7 dollars. Why would you have spent millions of dollars to put
8 in political candidates' campaign contribution accounts if you
9 guys were not going to make money on it? There's no problem
10 with you making money. I'm a telephone stockholder as well.
11 And I certainly hope that the stock price of the telephone
12 company goes up because I'll do better. But if you need a
13 phone rate increase, come before the people, come before the
14 Legislature and say, here is our profit and loss statement;
15 this is why we need an increase. And then obviously exempt
16 some of the people who can barely afford to get by. But don't
17 tell us about this -- the long distance rates because for
18 someone like me who uses a cell phone, I'm not going to benefit
19 from that. Just focus on the local rates, on why you need an
20 increase there. Make it simple for people to understand why,
21 and then they may be willing to support it.

22 But it sounds kind of fishy. When you look last
23 year, you tried to get this bill through, and the Governor
24 vetoed it last year. At the time everybody said that's a great
25 decision that the Governor made. This year when I see him sign

1 it, I have to ask myself, did he veto it last year because last
2 year was an election year and he was focussed on his
3 reelection? And now he's been reelected he doesn't have the
4 face the Florida voters at least for the job of Governor again.
5 Is that why he signed it this year? And the legislators of
6 both parties who passed this bill, I mean, I'm just shocked
7 that they would do that when they're supposed to be out there
8 representing people. And I have to believe that it's because
9 they rely on campaign contributions. And Verizon is probably
10 one of their best contributors.

11 Let me just review my notes and see if there's any
12 other points that I want to make. A lot of people covered and
13 made very good points today. I was curious, my understanding
14 is that phone companies and utilities come before Public
15 Service Commissions. Sometimes they're supposed to either ask
16 for a rate increase, and aren't they also sometimes supposed to
17 come in if maybe they're getting too much money and ask for a
18 rate reduction; is that correct?

19 CHAIRMAN JABER: Mr. Dolgin, let me take a stab at
20 that. Actually, in 1995 the Florida Legislature did deregulate
21 the companies to some extent. They placed price caps on the
22 companies. And, no, the answer to your question is, there is
23 no earnings review or audit procedure as it relates to what the
24 PSC can do with the telecommunications companies. This came
25 before the PSC because the Legislature passed a law that gave

1 jurisdiction over the access charges, and that's why we are
2 taking a look at the rates for that purpose. I hope that
3 answers your question.

4 MR. DOLGIN: Well, I think maybe there ought to be.
5 But in any event, I will close by reminding the Public Service
6 Commission on what at least two or three other people said
7 today, and that's the first word of your title is public, and
8 you represent the public. And, you know, I looked at each of
9 your biographies. It seems that, I think, all of you were
10 appointed by Governor Bush, maybe one of you was appointed by
11 Governor Chiles, and Governor Bush signed this bill, and maybe
12 there's some political pressure on you to follow along since
13 that's why you have your jobs, and you probably owe some
14 allegiance to him. But you represent the public. And there's
15 a lot of cynicism out there in the public as we've heard today.
16 And the people you've heard from today, multiply it by ten or a
17 hundred because all the people that couldn't come here today
18 because they work during the day -- and please have meetings at
19 night in the future for people who can make it here. But
20 wouldn't it be great if people wake up and read the paper and
21 one day see, hey, the Public Service Commission actually sided
22 with the people. That would be great. That would restore some
23 faith in government.

24 And I really wouldn't feel that sorry for Verizon.
25 They're going to make their millions of dollars, and I'm going

1 to get my dividend check, although it's with BellSouth, not
2 Verizon, but I considered buying Verizon stock. That would be
3 great. And I hope that the Public Service Commission will vote
4 as the majority of the people who took the time to come down
5 here today have asked them to. Thank you.

6 CHAIRMAN JABER: Thank you, sir.

7 MR. BECK: The last witness who signed up is Bentley
8 Lipscomb.

9 BENTLEY LIPSCOMB

10 was called as a witness on behalf of the Citizens of the State
11 of Florida and, having been duly sworn, testified as follows:

12 DIRECT STATEMENT

13 MR. LIPSCOMB: Madam Chairperson, thank you, members
14 of the Commission. I did not intend to speak today, but
15 because of a misstatement was made because one of Verizon's
16 witnesses earlier, I felt the need to clarify the record. The
17 AARP does not sell insurance. We do not function as a broker
18 for insurance, and I'd like the record to reflect that, please.

19 CHAIRMAN JABER: Thank you, sir.

20 MR. BECK: Madam Chairman, Mr. Lipscomb is the last
21 person who signed up.

22 CHAIRMAN JABER: Let me just make sure. Is there
23 anyone in the audience who did not sign up to speak but would
24 like to speak at this point before we adjourn?

25 Let me close by thanking everyone for hanging in

1 there. I know it's been a long day, but the testimony is very,
2 very helpful to our process. Again, this is only the third
3 public hearing in 14, and you can access the Web site at the
4 PSC to keep up with the time line for this proceeding at
5 floridapsc.com. And with that, we'll adjourn this public
6 hearing.

7 (Service Hearing concluded at 5:20 p.m.)

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1 STATE OF FLORIDA)

2 : CERTIFICATE OF REPORTER

3 COUNTY OF LEON)

4

5 I, TRICIA DeMARTE, RPR, Official Commission Reporter, do
6 hereby certify that the foregoing proceeding was heard at the
7 time and place herein stated.

8

9 IT IS FURTHER CERTIFIED that I stenographically
10 reported the said proceedings; that the same has been
11 transcribed under my direct supervision; and that this
12 transcript constitutes a true transcription of my notes of said
13 proceedings.

14

15 I FURTHER CERTIFY that I am not a relative, employee,
16 attorney or counsel of any of the parties, nor am I a relative
17 or employee of any of the parties' attorneys or counsel
18 connected with the action, nor am I financially interested in
19 the action.

20

21 DATED THIS 15th DAY OF OCTOBER, 2003.

22

23

24 *Tricia DeMarte*
25 _____
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