

BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

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.

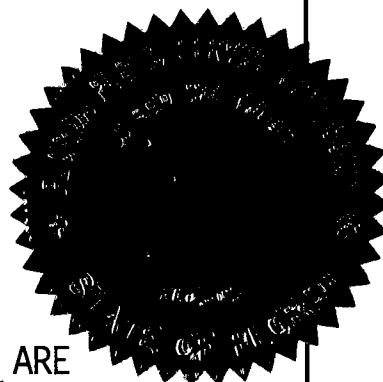
DOCKET NO. 030867-TL

-----  
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



ELECTRONIC VERSIONS OF THIS TRANSCRIPT ARE  
A CONVENIENCE COPY ONLY AND ARE NOT  
THE OFFICIAL TRANSCRIPT OF THE HEARING,  
THE .PDF VERSION INCLUDES PREFILED TESTIMONY.

PROCEEDINGS: FT. LAUDERDALE SERVICE HEARING

BEFORE: COMMISSIONER BRAULIO L. BAEZ  
COMMISSIONER CHARLES M. DAVIDSON

DATE: Wednesday, October 8, 2003

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

TIME: Commenced at 6:30 p.m.  
Concluded at 8:30 p.m.

PLACE: Broward County Governmental Center  
Commission Chambers - Room 422  
115 S. Andrews Avenue  
Fort Lauderdale, Florida

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

## 1 APPEARANCES:

2 CHARLES BECK, ESQUIRE, Office of Public Counsel,  
3 c/o The Florida Legislature, 111 West Madison Street, Room 812,  
4 Tallahassee, Florida, 32399-1400, appearing on behalf of the  
5 Office of Public Counsel.

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 NANCY WHITE, ESQUIRE, and MARSHALL CRISER, III,  
10 V.P.-Regulatory, BellSouth Telecommunications, Inc., c/o Ms.  
11 Nancy H. Sims, 150 South Monroe Street, Suite 400, Tallahassee,  
12 Florida 32301-1556, appearing on behalf of BellSouth  
13 Telecommunications, Inc.

14 PATRICIA CHRISTENSEN, ESQUIRE, FPSC General Counsel's  
15 Office, 2540 Shumard Oak Boulevard, Tallahassee, Florida  
16 32399-0850, appearing on behalf of the Commission Staff.

17

18

19

20

21

22

23

24

25

	I N D E X	
	WITNESSES	
	NAME:	PAGE NO.
1		
2		
3		
4		
5	PATTY CHRISTENSEN	
6	Opening Statement	9
7	MARSHALL CRISER	
8	Opening Statement	13
9	REPRESENTATIVE IRV SLOSBERG	
10	Opening Statement	15
11	ATTORNEY GENERAL CHARLIE CRIST	
12	Opening Statement	18
13	CHARLIE BECK	
14	Opening Statement	19
15	MICHAEL TWOMEY	
16	Opening Statement	20
17	SIOBHAN EDWARDS	
18	Direct Statement	24
19	Cross Examination by Mr. Twomey	26
20	DOUGLAS EVERILL	
21	Direct Statement	26
22	Cross Examination by Mr. Twomey	28
23	HERMAN COHEN	
24	Direct Statement	31
25	Cross Examination by Mr. Twomey	32

## I N D E X (Continued)

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
	NAME:																							
		EDWARD FIORENZA																						
		Direct Statement																						
		STAN SMITH																						
		Direct Statement																						
		Cross Examination by Mr. Twomey																						
		FRANKLIN SANDS																						
		Direct Statement																						
		RITA WARREN																						
		Direct Statement																						
		BRUCE QUAILEY																						
		Direct Statement																						
		Cross Examination by Mr. Twomey																						
		DON DALTON																						
		Direct Statement																						
		Cross Examination by Mr. Twomey																						
		N. SAKHNOVSKY																						
		Direct Statement																						
		BARBARA LAXON																						
		Direct Statement																						
		GAIL PERRY																						
		Direct Statement																						
		Cross Examination by Mr. Twomey																						

## I N D E X (Continued)

1	NAME:	PAGE NO.
2		
3		
4	JOHN AURELIUS	
5	Direct Statement	72
6	Cross Examination by Mr. Twomey	75
7	MARJORIE MICHELLY	
8	Direct Statement	77
9	JEAN ROSS	
10	Direct Statement	81
11		
12		
13		
14		
15		
16		
17	CERTIFICATE OF REPORTER	84
18		
19		
20		
21		
22		
23		
24		
25		

## P R O C E E D I N G S

1  
2 COMMISSIONER BAEZ: Let me begin by welcoming  
3 everyone this evening and thanking you all for taking time out  
4 of your busy schedules to be here. It shows your interest in  
5 the petitions that are before this Commission.

6 I want to go briefly and introduce to my left  
7 Commissioner Charles Davidson. My name is Braulio Baez. We  
8 are with the Florida Public Service Commission. And as the  
9 evening goes on, you'll hear introductions from the different  
10 representatives of the companies, elected officials and  
11 otherwise other people that are here. Again, thank you for  
12 being here.

13 We're here tonight because we want to hear from you,  
14 the customers. We want to listen to your comments on the  
15 filings made by, by the three telephone companies, in this case  
16 in this area by BellSouth, pursuant to new law enacted this  
17 past legislative session.

18 The Legislature has attempted to give the Florida  
19 Public Service Commission the tools it needs to remove any  
20 remaining barriers to market entry in the local market.  
21 Currently Florida's local phone market is dominated primarily  
22 by three large companies: That would be BellSouth, Verizon and  
23 Sprint.

24 One of the issues that the Commissioners will have to  
25 address in these pending petitions which I mentioned is whether

1 removing subsidies in the local rates will enhance market  
2 entry. The companies have asked the Commission to allow local  
3 rate increases in conjunction with lowering the charges made to  
4 long distance providers for the use of their networks. The  
5 actual increases each company has requested are shown on the  
6 yellow handout which you were given when you came into the room  
7 this evening. Staff is -- in a bit staff is going to make a  
8 presentation and is going to go into the particulars of the  
9 legislation so that you can better understand it.

10 Now as I said, we're here to, we're here to take  
11 testimony from the, from the customers. In order to speak  
12 tonight, please -- I hope you've all signed in on the sign-in  
13 sheets that are at the entrance to the meeting room. If you  
14 haven't already, you can go out and do that now. Your name is  
15 going to be called by Mr. Beck here of the Office of Public  
16 Counsel when the time comes, when it's your turn to speak.

17 Let me mention at this time that if you do have  
18 comments that you do want to make but you don't want to get up  
19 and give live testimony, this yellow report that you all  
20 received has on the last page, on the inside of the last page  
21 has a space for you all to make written comments, and you can  
22 either mail them or fax them to the offices of the Public  
23 Service Commission and they'll be entered into the file.

24 The way we're going to do it is this: We're going to  
25 hear, as I said, the brief presentation by Ms. Salak from the



1 PSC staff, we've got a couple of your elected officials here  
2 that want to give some brief comments, and also Attorney  
3 General Crist is also going to have some brief comments, and  
4 then we're going to go in order, BellSouth, the Petitioner,  
5 Mr. Beck from the Office of Public Counsel, and Mr. Twomey from  
6 AARP. With that said, I'll ask the, I'll ask the staff counsel  
7 to read the notice.

8 MS. CHRISTENSEN: By notice issued September 23rd,  
9 2003, this time and place has been set for a hearing in Docket  
10 Numbers 030867-TL, petition by Verizon Florida; 030868-TL,  
11 petition by Sprint-Florida, Incorporated; and 030869-TL,  
12 petition by BellSouth Florida. The purpose of this hearing is  
13 as set forth in the notice.

14 COMMISSIONER BAEZ: Thank you, Ms. Christensen.

15 MS. SALAK: She's going to do the presentation.

16 COMMISSIONER BAEZ: Oh, I'm sorry. Okay. You can go  
17 on ahead with your presentation.

18 MS. CHRISTENSEN: Thank you, Commissioner.

19 Staff has prepared today a presentation to give an  
20 overview of the legislation that was enacted. As noted in this  
21 first slide, three petitions have been filed, and those are  
22 petitions by Verizon Florida and a petition by Sprint-Florida  
23 and a petition by BellSouth, and three separate dockets have  
24 been opened to address those. They are all being addressed at  
25 the same time.

1           We note that the companies have filed revised  
2 petitions, and BellSouth's revised petition was filed on  
3 September 30th, 2003.

4           Section 364.164 is entitled, "Competitive Market  
5 Enhancement." This section allows local telephone companies to  
6 decrease the rates charged to long distance companies for  
7 access to its network in a revenue-neutral manner.

8           The Florida Public Service Commission must consider  
9 four criteria in reaching its decision on each company's  
10 request. The Commission must consider whether saying yes to  
11 the petition would, one, remove current supports for basic  
12 local telecommunications service that prevents the creation of  
13 a more attractive competitive local exchange market for the  
14 benefit of residential customers; two, whether those petitions  
15 will induce enhanced market entry; three, whether the petitions  
16 will require interstate switched access, switched network  
17 access rate reductions to parity over a period of not less than  
18 two years or more than four years.

19           Parity means that the intrastate access rates will  
20 equal those of the interstate access rates. In other words,  
21 the rates for in-state toll calls will equal those for making  
22 state-to-state calls.

23           And, fourth, whether those petitions will be revenue  
24 neutral. Revenue neutrality is defined as a change in access  
25 revenues offset by equal changes in local rates.

1           As noted earlier, we're here for customer hearings,  
2 and the purpose of those hearings is to receive testimony from  
3 the customers regarding what -- first, to what extent there is  
4 competition in your area for basic local telephone service and  
5 what types of competition you would like to see; second, your  
6 comments on the extent of competition that already exist in  
7 your area; third, whether you believe there are other options  
8 available to you for local telephone service; and, fourth,  
9 whether you would like more options or services than are  
10 currently available to you and what those types of services  
11 might be. Most importantly, the Commission would like to hear  
12 from you, the customer, regarding these petitions.

13           Just a brief overview of the Commission's process.  
14 First, the request has been filed by the local telephone  
15 companies and, as previously noted, they have filed revised  
16 petitions. Second, the process must be completed in 90 days,  
17 particularly for BellSouth. Since its refiled petition was  
18 filed on September 29th, 2003, a final order must be issued by  
19 December 29th, 2003. Third, the Commission is holding public  
20 hearings throughout the state to receive customer testimony.  
21 Fourth, technical hearings will be held in Tallahassee  
22 December 10th through 12th on each of the companies' petitions.  
23 Fifth, during the technical hearings the companies and opposing  
24 parties will present evidence to litigate the issues, and those  
25 issues relate to the four criteria that we discussed earlier.

1           For the technical hearings each party will be  
2 responsible for filing testimony, conducting depositions,  
3 attending a prehearing conference to be held in Tallahassee,  
4 putting on witnesses and conducting cross-examination. After  
5 the hearing, Commission staff will prepare a recommendation  
6 based on the testimony given at the technical hearings, as well  
7 as those testimonies received from the customers in the  
8 customer hearings held throughout the state. When the staff is  
9 providing its recommendation, there will be no participation  
10 from the utility or from the customers. A final vote will be  
11 had and an order will be issued, and any party may seek review  
12 of the decision to the Florida Supreme Court.

13           In conclusion, we would love to hear from the  
14 customers and receive that testimony, and that is the purpose  
15 of why we're here tonight.

16           COMMISSIONER BAEZ: Thank you, Ms. Christensen. Real  
17 quickly let's take appearances for the record. Starting to my  
18 right, please.

19           MR. CRISER: Marshall Criser, with me is Nancy White,  
20 representing BellSouth.

21           MR. TWOMEY: Ladies and gentlemen, good evening. I'm  
22 Mike Twomey on behalf of the AARP.

23           MR. BECK: And my name is Charlie Beck. I'm with the  
24 Office of Public Counsel.

25           MS. CHRISTENSEN: Patricia Christensen on behalf of

1 the Commission. Ms. Salak is also here with the Commission.  
2 Mr. Bloom is with the Commission and he may be in back. And  
3 Ms. Hoyle is also with the Commission, and she's manning our  
4 consumer affairs table out front.

5 COMMISSIONER BAEZ: Great. Thank you. Now I'm going  
6 to ask those that intend on giving testimony today to please  
7 stand up so you can be sworn. Please stand. In this -- raise  
8 your right hand, please.

9 (Witnesses collectively sworn.)

10 COMMISSIONER BAEZ: Thank you. All right. Mr. Beck,  
11 you want to -- I'm sorry. That's right. Ms. White or  
12 Mr. Criser, you have first-ups.

13 MR. CRISER: Thank you. Good evening. Again, I'm  
14 Marshall Criser. I'm here tonight representing BellSouth. As  
15 you have heard, BellSouth recently revised its proposal  
16 following a decision by the Florida Public Service Commission.  
17 I would like to take just a moment to summarize the changes in  
18 our proposals for you.

19 Specifically we have proposed to reduce the in-state  
20 toll access charges in three 12-month increments instead of the  
21 two increments previously requested. These reductions will  
22 reduce the amount that BellSouth charges to long distance  
23 companies for in-state calls to the same amount as we charge  
24 them for interstate calls. Implementation of this proposal  
25 will require the long distance companies to reduce their

1 in-state toll charges, including elimination of the in-state  
2 connection charge which is on many Florida customers' bills.

3 By law, the amounts of these reductions must be equal  
4 to the reductions that the long distance companies receive, and  
5 that calculation is subject to verification by the Florida  
6 Public Service Commission. This is an area that has caused  
7 some confusion in discussing this proposal, and I guess to be  
8 clear I'd like to say that the access charge reduction will  
9 apply to calls made through 800 numbers, prepaid cards, such as  
10 Sam's cards, 10/10 numbers, as well as to the calls that you  
11 make from your, through your local service, your local long  
12 distance telephone provider.

13 If our proposal is approved, we plan to offset the  
14 reduction by adjusting the charges for certain services.  
15 First, we plan to simplify the charges for business single-line  
16 service by reducing the current 12 different rate groups we  
17 have statewide to three rate groups over two years.

18 In addition, we have modified our previous proposal  
19 to adjust the charge for residential basic service in three  
20 increments. Under our new proposal the adjustment in  
21 residential basic service would be \$1.25 in 2004 and 2005 and  
22 about \$1.00 in 2006. However, we have continued our voluntary  
23 commitment to exempt Lifeline customers from these rate changes  
24 for the full four years that could be allowed under the law.

25 We also plan to adjust our nonrecurring charges for

1 services such as service installation by approximately  
2 17 percent over the same period as the residential basic  
3 service adjustments. Again, all of these adjustments are  
4 subject to verification by the Public Service Commission to  
5 ensure that they are revenue neutral to BellSouth.

6 BellSouth continues to pursue this effort because we  
7 believe the objectives of competition and a strong economic  
8 foundation are essential to the well-being of Florida and its  
9 telephone customers. I thank you for your time tonight and  
10 look forward to listening to your comments. Thank you.

11 COMMISSIONER BAEZ: Thank you, Mr. Criser. And now I  
12 have Representative Slosberg has some comments to make. And is  
13 Representative Smith here? No. Okay.

14 REPRESENTATIVE SLOSBERG: I don't think so.

15 COMMISSIONER BAEZ: All right. Welcome,  
16 Representative.

17 REPRESENTATIVE SLOSBERG: Thank you. It's -- is my  
18 mike working okay? Okay. Good.

19 Good evening, Commissioners. I'd like to thank  
20 Commissioner Davidson and Commissioner Baez and the staff for  
21 coming to Broward County and hearing our comments tonight.

22 I'm Representative Irv Slosberg, and I represent the  
23 citizens of District 90 and also I represent the citizens of  
24 the State of Florida. District 90 covers Deerfield Beach,  
25 Coconut Creek, Delray Beach and western Boca Raton.

1           Although I accepted \$6,000 from the telephone  
2 lobbyists for my reelection campaign, I just want to let  
3 everyone know that I voted against raising the telephone rates.  
4 I represent the people, not the lobbyists.

5           My district includes two Century Villages and one  
6 Kings Point, or the Trifecta. It's the most senior-dense  
7 district in the state and in the country and probably in the  
8 world. The average voter in my district is 79 years old. The  
9 average constituent, including three-year-olds, 68 years old.  
10 I love representing the seniors and I love my district and I'm  
11 just happy that I'm the representative out there.

12           As most people know, senior citizens live on a fixed  
13 income. As we get older, we retire and often move away from  
14 the loved ones up north where the winters are very harsh and we  
15 come down here to beautiful, warm, inviting Florida. Our  
16 bodies slow down; we can't get around as well as we used to get  
17 around. Telephones are so critical for our senior citizens.

18           I love representing the senior citizens, and really  
19 what this is, this is a regressive tax from our phone  
20 companies. Rather than paying the government, we're just  
21 paying big business.

22           The phone companies plan to milk us for \$651 million  
23 over a three-year period. The bill was passed without  
24 consideration for the people who can afford this the least.  
25 The phone companies, they claim consumers are going to recoup



1 the differences in the rate increases through reduced in-state  
2 long distance calls. What they don't mention, the in-state  
3 long distance calls are the least used services. In reality,  
4 most Floridians cannot utilize the so-called offset. The phone  
5 companies know this; otherwise, there would be no reason to  
6 raise one rate and lower the other rate. The only entities  
7 that benefit out of this increase are big businesses. This is  
8 the opposite of Robin Hood. When did it become okay to steal  
9 from the poor and give to the rich?

10           You know, my senior citizens, they're getting hit.  
11 Their insurance rates keep rising, whether it's home health  
12 care, whether it's their condo insurance, whether it's their  
13 automobile insurance. I mean, their health insurance, it's  
14 going through the sky. The pharmaceutical companies, they're  
15 making a fortune off of the senior citizens' misfortune. Gas  
16 prices, sky high.

17           As a representative of the people, we're counting on  
18 you, the Public Service Commission, to keep big business from  
19 picking their pockets. You guys here, you're the goal line  
20 stand. You -- the Public Service Commission has the final say  
21 on the rate hike.

22           The public, the public as defined by the American  
23 Heritage Dictionary is "connected with or acting on behalf of  
24 the people, community or government." Let me go over what the  
25 dictionary says "public." You're acting on behalf of the

1 people, the community or the government.

2 We need the Public Service Commission to protect the  
3 people. If the Commission fails to do its duty, I will  
4 introduce new legislation eliminating the increase. I hate to  
5 borrow a Wal-Mart expression, but we need to "roll back the  
6 prices." Thank you.

7 COMMISSIONER BAEZ: Thank you, Representative. Next  
8 we have Attorney General Crist.

9 ATTORNEY GENERAL CRIST: Thank you, Commissioner. I  
10 appreciate the opportunity to speak before you, and I  
11 appreciate the fact that you have come to Broward County. It  
12 is certainly, I think, commendable to have the Public Service  
13 Commission come and listen to the people and hear their  
14 concerns about this legislation and any legislation.

15 I wanted to also let you gentlemen know that, if you  
16 weren't aware, Jack Shreeve has joined our office. He sits  
17 with me here, and, as you know, served as Public Counsel  
18 extremely admirably, in my humble opinion, a great public  
19 servant. And really it's a tremendous credit to the Attorney  
20 General's Office, Jack, that you would join us, and I  
21 appreciate that very much.

22 Our purpose here today, both Mr. Shreeve and myself,  
23 is to monitor these hearings, listen to the people. This is  
24 for them. It is their opportunity. I will be very brief and,  
25 when I finish, sit down in the back of the room and listen.

1 And I look forward to doing that.

2 I noted at the top of the page it talked about that  
3 fees would be in a revenue-neutral manner. And as my, my  
4 friend Representative Slosberg said, it is important that the  
5 people are represented and that they don't have to incur fees  
6 that would be difficult for them to be able to continue to use  
7 phone service which they count on so dearly. So thank you  
8 again very, very much for being here, and I look forward to  
9 listening to the people. Thanks.

10 COMMISSIONER BAEZ: Thank you, Mr. Crist.

11 Mr. Beck.

12 MR. BECK: Thank you, Commissioner Baez. My name is  
13 Charlie Beck. I'm with the Office of Public Counsel. If  
14 you're not familiar with our office, we appear as a party in  
15 proceedings before the Florida Public Service Commission and  
16 advocate on behalf of the public. We litigate just the same as  
17 any other party and have the rights to appeal orders of the  
18 Commission to the courts just like any other party.

19 This is the second petition that BellSouth has filed.  
20 The first petition was filed in late August and asked for two  
21 increases 12 months apart. Our office moved to dismiss those  
22 petitions because the statute allowing them states that the  
23 increases must take place over a period of no less than two  
24 years. We felt they had violated those provisions of the  
25 statute. One week ago the Commission granted those motions or

1 our motion to dismiss and BellSouth refiled later that same  
2 day, now having three increases that are 24 months in total  
3 apart.

4           The Commission's decision to dismiss the cases, I  
5 think, shows their broad authority to either grant or deny the  
6 petitions filed by the companies, which makes your testimony  
7 very important here tonight because everything you have to say  
8 are things the Commission will rely on when they decide whether  
9 to grant or deny this latest petition by BellSouth. So we look  
10 forward to your testimony here this evening. Thank you.

11           COMMISSIONER BAEZ: Thank you, Mr. Beck. Mr. Twomey.

12           MR. TWOMEY: Thank you, Mr. Chairman. Ladies and  
13 gentlemen, I'm Mike Twomey. I'm here representing the  
14 AARP this evening, who has intervened in these cases  
15 representing its 2.6 million members in the State of Florida.  
16 I'm going to time myself, try and be brief, but there's  
17 important things that the AARP would like you to be aware of in  
18 these cases.

19           First of all, these petitions of these three  
20 companies were filed as a result of a really horrible law that  
21 the AARP opposed. The Legislature, we think, was asleep at the  
22 switch when they passed this law. And if the good  
23 Representative files a bill to repeal, I'm confident that  
24 AARP will support it.

25           The law had two relatively absurd theories, ladies

1 and gentlemen. These companies, BellSouth for y'all, but the  
2 other three as well said, we want to raise our rates so that  
3 competition will come in so we can lose our customers. We want  
4 to lose our customers and the revenue associated with them so  
5 that we achieve competition. It doesn't make sense for any  
6 business, especially near monopolies, to say that.

7           The other theory that they sold the Legislature on  
8 was that we, the customers, should pay for competition, pay  
9 more for competition. It turns the traditional arguments about  
10 competition on its head. Those arguments that most of us are  
11 experienced with say that competition brings us better quality  
12 and more goods and services at cheaper prices. These petitions  
13 will give us higher prices and in the end allow the companies  
14 to take away the Public Service Commission's authority to  
15 quality, to regulate quality of service.

16           The company and even the PSC likes to argue that  
17 these cases will be revenue neutral. It's just flat not true.  
18 It may be true in the snapshot sense of the word. BellSouth  
19 will have to reduce its access fees by the same amount that it  
20 raises your local rates. That's true. The reason they're  
21 doing it, AARP maintains, is because BellSouth was losing its  
22 corporate shirt in what's called access fees. We believe that  
23 access fees were going down 9 or 10 percent per year. A lot of  
24 money. And amazingly enough they were losing that money from  
25 the competition from cell phones, Internet messages, that type

1 of thing. So instead of suffering the consequences of  
2 competition, like the Governor said he wanted them to, what  
3 they're doing is they're transferring collectively \$355 million  
4 a year in monies that were in the weak access pot and they're  
5 putting it on the backs of their customers; and not just all  
6 their customers, but residential people and small businesses  
7 that have just one line.

8           The big businesses that have two or more lines, they  
9 get, they get a free lunch out of this deal. They don't pay  
10 any rate increases at all. But it's AARP's theory and fear  
11 that those customers, the big business people, will get the  
12 bulk of the in-state access fee reductions. And we'll probably  
13 see a number of chamber of commerce types here tonight saying  
14 we support this because it's good for big business.

15           Now the residential customers are going to see their  
16 rates go up 35 to 90 percent, ladies and gentlemen. If these,  
17 if these rate increases aren't approved by the Public Service  
18 Commission, the law provides, the current law provides that  
19 rates can only go up by the rate of inflation minus one  
20 percent. For the last couple of years with our low rate of  
21 inflation that means your rates could go up, local rates, less  
22 than one percent. If these petitions are approved, they'll go  
23 up 35 to 90 percent depending upon where you live. And  
24 immediately after that, within two years and one day, they can  
25 raise the rates, the local companies, raise the rates by

1 20 percent per year and they don't even have to ask their  
2 permission.

3           Additionally, they can come in and they can say, we  
4 don't want you to regulate the quality of our service any  
5 longer. That's important. They can try and take it back.  
6 They can say, we don't want you to do that any longer.

7           Under current law Lifeline participants are protected  
8 from rate increases. Notwithstanding what Mr. Criser said,  
9 once parity is reached, Lifeline participants will not be  
10 protected from the rate increases. The AARP fears that tens of  
11 thousands of people will lose their service.

12           The -- Mr. Criser says that he thinks that  
13 residential people can have a chance of breaking even on their  
14 bill, which is what we think they have to prove to this  
15 Commission, that residential and single-line business customers  
16 have to have net financial savings on their monthly bill. That  
17 is, the savings they receive through making in-state calls at  
18 lower rates have to exceed the increases in their, their  
19 monthly local rates. We don't think the companies can prove  
20 that in part because the long distance companies aren't part of  
21 this case.

22           Now I've been going around saying, and he's  
23 challenged me, saying that if you're residential, you can't get  
24 these in-state call lower rates, first of all, if you don't  
25 make in-state calls; two, if you're using cell phones; and

1 until he shows me differently, 800 calls or the Sam's cards.  
2 So we don't think residential can save.

3 That's it. Ladies and gentlemen, I would encourage  
4 you to testify. Don't be concerned about the fact that you're  
5 under oath. The oath is required because the Public Service  
6 Commission is going to use your testimony as part of this  
7 official record and it will be used in making their decision.  
8 Thank you.

9 COMMISSIONER BAEZ: Thank you, Mr. Twomey.

10 Mr. Beck, are we ready to call our first witness?

11 MR. BECK: Yes, sir. I'm going to call in the order  
12 that everybody signed up on the sign-in sheets when you signed  
13 in this evening. And if you indicated you wished to speak,  
14 I'll call you from there.

15 Our first witness is Mr. (sic.) Siobhan Edwards of  
16 the Greater Plantation Chamber of Commerce.

17 MS. EDWARDS: That was close.

18 MR. BECK: And I apologize both to you, ma'am, and to  
19 anybody else whose name I mispronounce.

20 SIOBHAN EDWARDS

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. EDWARDS: No problem. I'm one of those chamber  
25 of commerce types.



1           Good evening, Commissioners. My name is Siobhan  
2 Edwards, and I'm the president of the Greater Plantation  
3 Chamber of Commerce.

4           We at the chamber support the proposal from BellSouth  
5 to encourage competition and choices. Florida and Broward  
6 County need telephone rates that are cost-based to attract new  
7 communications services. With this new pricing schedule there  
8 will be an opportunity for new companies to make a profit. In  
9 this economy we can no longer expect the small business owners  
10 to underwrite the majority of home phone service costs.

11           The proposal, as I understand it, will be revenue  
12 neutral for BellSouth. BellSouth will voluntarily protect its  
13 customers receiving Lifeline assistance benefits from increases  
14 for the full four-year implementation period. BellSouth will  
15 reduce over a three-year period the interstate switched access  
16 rates they charge as long distance carriers to the interstate  
17 levels that were in effect as of January 1, 2003.

18           As a chamber of commerce we support BellSouth's  
19 transitioning single-business lines to a simplified rate  
20 structure comprised of three rate categories with a maximum  
21 adjustment of \$1.75 in any rate group for the first year and a  
22 proposed range from zero to \$2.70 in the second year.

23           We feel the Tele-competition Innovation and  
24 Infrastructure Act of 2003 is a necessary next step for  
25 creating a competitive telecommunications market in Florida.

1 Thank you.

2 COMMISSIONER BAEZ: Thank you, Ms. Edwards.

3 CROSS EXAMINATION

4 BY MR. TWOMEY:

5 Q Ms. Edwards -- excuse me. I have an opportunity to  
6 ask you just a few questions, if I may.

7 The, the bulk of your members, are they, are they --

8 A Small business. The Greater Plantation Chamber of  
9 Commerce is primarily made up of about 80 percent of small  
10 businesses, which is a business of one to ten employees.

11 Q Okay. Do you know how many phones they would have?

12 A No, I would not.

13 Q So you wouldn't know if they were subject to the rate  
14 increases or not, would that be true?

15 A I would not. No.

16 Q Okay. Is BellSouth a member of your chamber?

17 A Of course, yes.

18 Q Okay. Thank you.

19 COMMISSIONER BAEZ: Thank you, Ms. Edwards.

20 MR. BECK: The next witness is Douglas Everill of the  
21 Pompano Beach Chamber of Commerce.

22 DOUGLAS EVERILL

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 MR. EVERILL: I'm another one of those chamber types,  
2 but I'm also a member of AARP. I'm the president of the  
3 Pompano Beach Chamber of Commerce and the Pompano Economic  
4 Group.

5 We would like to encourage, as a private citizen as  
6 well as owners of small business, that the proposals before you  
7 for BellSouth be recommended for acceptance and approval.

8 First of all, it's a very modest increase phased in  
9 over a three-year period. If granted, this would be the first  
10 increase in residential basic telephone service that I'm aware  
11 of in the 11 years I've lived in the State of Florida.

12 At present the typical small business pays about  
13 three times the same, for the same service that I as a resident  
14 pay. Common sense tells me, and I'm sure it tells you, that  
15 business helps subsidize me as a resident for my same service.  
16 Common sense tells me it doesn't cost any more for the  
17 telecommunications company to run a line into my place of  
18 business as it does to run a line into my home, yet I pay about  
19 three times the rate for the same service.

20 Therefore, we realize that over the years business  
21 has helped to subsidize we as homeowners in the  
22 telecommunications business, and we as business are willing to  
23 do that up to a point. But we think that it now needs to be a  
24 little more fair.

25 We believe that the rate increase will attract more

1 competition into the residential market, thereby allowing  
2 customers more choice of service and competitive prices for  
3 services, and we think there will possibly be a great savings  
4 in the future from that competition.

5 My final point is that whether we are employed  
6 full-time in a job, whether we're retired or on a fixed income,  
7 and I think most of us are on a fixed income of some type or  
8 other, there's usually an annual cost of living allowance that  
9 is considered in our wages each year. Most of the fixed income  
10 certainly get a cost of living allowance increase in their, the  
11 payments that they receive.

12 We're proposing that this is simply a cost of living  
13 allowance that is way past due in the telecommunications  
14 industry. If we expect the telecommunications industry to keep  
15 up with the most modern-day technology available, to give us  
16 the best service possible, then we also have to allow those  
17 companies, in this case our support is BellSouth, to make a  
18 competitive return on their investment, and we think that they  
19 need to be given incentive to make that capital investment for  
20 a very modest return on their investment. Thank you.

21 CROSS EXAMINATION

22 BY MR. TWOMEY:

23 Q I'll be brief, sir. The -- you mentioned that -- I  
24 think you said that the, this was the first rate increase  
25 you've been aware of in your 11 years.

1 A Yes.

2 Q Okay. Were you at all aware, sir, that telephone  
3 rates were, were going down for close to a decade prior to 1995  
4 when the telephone companies got the Legislature to pass a law  
5 that froze them?

6 A Was I aware that they were going down?

7 Q Yes, sir. The -- were you aware that telephone rates  
8 were decreasing for most of the decade prior to 1995 because  
9 the industry was a declining cost, and that that only stopped  
10 when the industry got the Legislature to pass a bill that, or  
11 law that froze the rates?

12 A Well, we would hope that they would continue to go  
13 down at some point if given the opportunity. I don't think  
14 that they were going down as far as business was concerned.  
15 I'm not sure about the residential end of it. As I said, I've  
16 only been here 11 years, and 1995 was right after I got here.

17 Q Yes, sir. The second question, you said that, that  
18 you believe that the business lines subsidize residential.

19 A Well, I mean, common sense just tells me that, sir.  
20 If one costs you \$50 and the other one costs you \$20 and you  
21 get the same service on both lines, something tells me there's  
22 a little something off there, but.

23 Q Okay. And my question is, are you aware or were you  
24 aware that the, until the Public Service Commission lost  
25 jurisdiction over setting rates in 1995 that, that telephone

1 rates were set and the differential between business and  
2 residential was set based upon a theory called value of service  
3 that attempted to measure which entity gained the most  
4 advantage or value from the instrument?

5 A No, I was not aware.

6 Q Okay. And lastly, you spoke about the fact, I think,  
7 that even retirees on fixed incomes get cost of living  
8 increases. And what I want to ask you is, and I'll keep it to  
9 the BellSouth rates, theirs are the lowest, but my statement or  
10 calculation to you in my opening statement, I think, was that  
11 BellSouth's rates will increase from a minimum of 35 percent to  
12 a maximum of 51 percent if the Public Service Commission  
13 approves these petitions. And my question to you is if that's  
14 true, are you aware of any senior citizens that get increases  
15 at that level?

16 A No, I'm not -- to answer your question, no. But I'm  
17 not aware either that there's a 50-percent increase in the  
18 rates.

19 Q Okay. Thank you. Lastly, I'm sorry, is BellSouth a  
20 member of your chamber?

21 A Yes, sir. Oh, yes, very much so.

22 COMMISSIONER BAEZ: Commissioner, any questions? No?  
23 Thank you, Mr. Everill.

24 Mr. Twomey?

25 MR. TWOMEY: Yes, sir.

1 COMMISSIONER BAEZ: Just a brief request. Can you  
2 check with me? I know you're raring to go get into asking the  
3 questions, but if you can check with the Chair first.

4 MR. TWOMEY: Yes, sir.

5 COMMISSIONER BAEZ: Thank you.

6 MR. TWOMEY: Sorry.

7 COMMISSIONER BAEZ: Mr. Beck, call your next witness.

8 MR. BECK: Thank you. The next witness is Herman  
9 Cohen of Jewish Community Services.

10 HERMAN COHEN

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

13 DIRECT STATEMENT

14 MR. COHEN: I'm not one of those chamber people.  
15 Sorry.

16 Good evening. My name is Herman Cohen. I'm here  
17 tonight as an individual, although I do work for Jewish  
18 Community Services. I've been working with the elderly and  
19 seniors for many years. I do support this from a small  
20 business point of view for BellSouth. I do think that there  
21 will be open competition in the future proposing this. And I  
22 believe I related to cell phones today, and I think competition  
23 is healthy and we're going to have an opportunity in the future  
24 to have more choices for our business. As a business manager,  
25 we are paying higher rates right now, and I do think that that





1 the Lifeline assistance.

2 Q Yes, sir. And were you aware or did BellSouth tell  
3 you that, that they had agreed to the 125-percent level of  
4 federal poverty prior to this legislation even becoming a law  
5 and due, in fact, to Mr. Jack Shreeve getting a settlement with  
6 them prior to the legislation?

7 A I was not aware of when that went into effect, no.

8 Q Okay. And then secondly, if, if the, if the  
9 protection that, that BellSouth says it wants to extend to its  
10 Lifeline customers from receiving the rate increases, if they  
11 want to extend that to four years and, in fact, are allowed to  
12 do that by law, would you agree with me that there is a problem  
13 at the end of four years if those people don't get anymore  
14 money but receive the higher rates eventually?

15 A I would agree that there's a need in the community to  
16 continue to keep the costs down as best as possible.

17 Q Okay. Thank you.

18 A Thank you.

19 COMMISSIONER BAEZ: Thank you, Mr. Cohen.

20 Mr. Beck.

21 MR. BECK: Thank you. The next witness is Edward  
22 Fiorenza.

23 EDWARD FIORENZA

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. FIORENZA: Good evening. My name is Ed Fiorenza,  
3 and I'm in the commercial painting contracting business. And  
4 there's a question that I wanted to ask BellSouth: If the  
5 rates of Supra would be going up if this increase happens to  
6 be? In other words, I'm with Supra, and I guess that's part of  
7 BellSouth.

8 MR. CRISER: Our --

9 MR. FIORENZA: Would their rates be increased because  
10 of this increase?

11 MR. CRISER: I can't speak to what Supra would do. I  
12 can say that the proposal we have has nothing to do with the  
13 charges that we charge to Supra.

14 MR. FIORENZA: So I'm really not sure about that  
15 because I have Supra on all my phones, and I was just wondering  
16 if that, if that would be increased, also.

17 MR. CRISER: You'd have to ask Supra what their plans  
18 are.

19 COMMISSIONER BAEZ: Mr. Fiorenza, the law that's  
20 being -- how shall I say this? The petitions that have been  
21 filed are specific to the rates that BellSouth in this case  
22 charges its retail customers. It has nothing to do with the  
23 rates or whatever agreements it has to provide service to other  
24 companies for them to provide service to other customers.

25 MR. FIORENZA: I thought that Supra was part of

1 BellSouth.

2 COMMISSIONER BAEZ: No, they are not.

3 MR. CRISER: Supra is a competitor of ours.

4 MR. FIORENZA: Oh, I see. I'm sorry. Thank you.

5 COMMISSIONER BAEZ: That's all right. Thank you for  
6 coming.

7 MR. BECK: The next witness is Stan Smith.

8 STAN SMITH

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. SMITH: Good evening, and thank you for this  
13 opportunity. I thank the PSC and the other elected officials.

14 My name is Stan Smith, and I'm here on behalf of a  
15 company that I'm one of the founders of called P.R. VOIP  
16 Communications. For those of you who have, maybe aren't  
17 familiar with the term "VOIP," V-O-I-P, it stands for voice  
18 over Internet protocol. And we've been working over the past  
19 year to develop delivering services like high-speed Internet  
20 broadband as well as voice services over the Internet.

21 I can tell you that our services, we've been working  
22 on them for a while in beta testing because we wanted to make  
23 sure we knew what we were doing, that our product worked and  
24 that we could service our customers when they, when they sign  
25 up with us. I know it works because it's in my house, it's in

1 my business, and it works extremely well.

2 I would like to comment about the law we're here  
3 discussing today in the sense that it gives companies like us,  
4 P.R. VOIP, a chance to come in and offer alternative forms of  
5 telecommunications for hopefully a lower price. We wouldn't  
6 expect that any customer would take a chance on a new company  
7 if we couldn't save them money. We think we can save them  
8 money now, much less when the rates are raised.

9 So this legislation offers the opportunity to raise  
10 rates. We're a competitor, we're the hungry little guys, so  
11 that's okay with us. If these rates are going to be raised, we  
12 think that's one of our opportunities to step in and prove  
13 ourself and hopefully please customers.

14 That's what allows young companies like ours to  
15 create jobs, and that's what this economy is all about. When  
16 others raise their rates, we have room to find new customers.

17 I would simply say to the gentleman from the AARP,  
18 nothing would please us more than to have a chance to talk to  
19 your over 2 million members and sign them up. That would be  
20 great news.

21 New technology jobs, especially here in South  
22 Florida, is what's going to allow young people as well as older  
23 people a quality of life by always creating new jobs. And  
24 hopefully if we can provide these services at a lower price,  
25 then we'll be around many years from now.

1           That pretty much sums up my remarks. I'll be happy  
2 to take any questions.

3           COMMISSIONER BAEZ: Mr. Twomey.

4           MR. TWOMEY: Thank you, Mr. Chairman.

5                           CROSS EXAMINATION

6 BY MR. TWOMEY:

7           Q     Mr. Smith, when you said that you want to provide  
8 service, and I think you said at lower prices --

9           A     Absolutely.

10          Q     -- my question to you is do you mean lower prices or  
11 rates than they are now or lower than they will be after the  
12 increases?

13          A     Our hopes are they'll be lower than they are now. I  
14 mean, it works in my business, it works at my home right now.  
15 I must say I called BellSouth to cancel the service in my house  
16 with a certain irony that I wasn't using their line to cancel  
17 their service, if you follow me.

18          Q     I do. But you can, you can -- you could, you could  
19 try and beat their current rates without them having the  
20 ability to actually raise theirs by 35 or 51 percent if -- I  
21 mean, if this Commission finds that, that AARP members and  
22 other residential and single-line business customers don't  
23 receive any net financial benefits and denies their rate  
24 increases outright, you can still compete.

25          A     Sure. And that's the only way we're going to win

1 business is to be competitive just like you defined. But I  
2 think what's important here is, if I understand the law that  
3 we're discussing, it was this legislation that created the  
4 freedom for alternative forms of telecommunications  
5 specifically like ours over the Internet. It was this law that  
6 allows us to do that without overly, you know, burdensome  
7 regulatory activities.

8 Q Yes, sir. I think that's correct. And I --

9 A So if this law is cancelled, I have no assurance that  
10 we'll still be in business.

11 Q May I clarify something, Mr. Chairman? We're not  
12 trying to get the law canceled.

13 A I understand.

14 Q And I think the reality would be, and Mr. Criser and  
15 the industry can correct me if I'm wrong, but the, the, your  
16 benefits to be gained by the law are there irrespective of  
17 whether they get a rate increase. I think that's the case.

18 A Well, our, again, our goal is to simply come in and  
19 save people money and build a business.

20 COMMISSIONER BAEZ: Thank you, Mr. Smith.

21 A question, Commissioner Davidson?

22 COMMISSIONER DAVIDSON: Thanks. Does, does your  
23 company offer any business products? I mean, what markets are  
24 you penetrating? Is it just the homeowner or --

25 MR. SMITH: That's a good question because there are

1 a number of different people around the country and even in  
2 Florida going at this market delivering voice services over the  
3 Internet, different approaches.

4 Our feeling is that our business will be best built  
5 focusing on the business market first simply because it's  
6 easier to service.

7 But we are experimenting right now. Like I said,  
8 it's in my home, it's in several of our employees' homes and  
9 we're beta testing it in small businesses. You can realize the  
10 benefits of using voice over Internet products whether you're  
11 calling one individual homeowner to another one across the  
12 country making long distance free, or if you're a small  
13 business and you want to get started and you can't afford the  
14 charges that it takes to set up three or four lines in a PBX  
15 system.

16 So the benefits are, I think, equal for businesses  
17 and for homeowners, renters. I suspect that our focus  
18 initially to build our share in the market will be among small  
19 businesses.

20 COMMISSIONER DAVIDSON: This next question you  
21 probably can't answer. It may call for you to sort of rely  
22 upon your proprietary business analysis of the market. But I'm  
23 curious if there's some point at which you know you're really  
24 going to be able to fiercely compete, if at all, with the local  
25 phone companies in terms of providing service. I'm trying to

1 ask what impact will there be on your business if companies,  
2 phone companies across the state try and raise the rates too  
3 high?

4 I want to ask at what price point are you really  
5 going to go in and do that, but I know you probably can't  
6 answer that.

7 MR. SMITH: The more margin, the better we have to  
8 operate with. In other words, the higher they raise their  
9 rates, the better for us. That notwithstanding, there are so  
10 many benefits.

11 COMMISSIONER DAVIDSON: Because you're going to beat  
12 their rates or because you're going to raise your rates, too?

13 MR. SMITH: Have to beat their rates. No. Have to  
14 beat their rates. Would have to beat them today, have to beat  
15 them tomorrow, have to beat them next year.

16 The point is when we begin to understand how voice  
17 over Internet products work, the add-on features that people  
18 pay more now with their phone company get, caller ID, call  
19 waiting, call transfer, you know, getting five, six customers  
20 or associates on the line at the same time, all these things  
21 become so much more manageable, so much cheaper, more  
22 affordable when you're using a voice over Internet product or  
23 voice over product over the Internet.

24 And, you know, to take a static snapshot right now  
25 for where we are in technology, especially when combined with



1 entrepreneurship, would be misleading to both sides of this  
2 debate because in the past year since we've been working on it  
3 it's evolved. It evolves every day. And I think no matter  
4 what the PSC or the Legislature does, this technology will, in  
5 fact, continue to evolve. You know, we also are employed by,  
6 by businesses to use security cameras to protect the businesses  
7 at night using the cameras over the Internet again. So I think  
8 you're going to see lots of small businesses attack this  
9 market. Is that all? Thank you.

10 COMMISSIONER BAEZ: Thank you. Mr. Beck?

11 MR. BECK: The next witness is Franklin Sands,  
12 S-A-N-D-S.

13 FRANKLIN SANDS

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 MR. SANDS: My name is Franklin Sands. I'm a senior  
18 citizen and I live in Broward County. Commissioner Baez, on  
19 behalf of all of us, I want to welcome you back to your  
20 hometown of South Florida.

21 COMMISSIONER BAEZ: Thank you.

22 MR. SANDS: I think you'll find there have been some  
23 changes since you attended Nova University.

24 COMMISSIONER BAEZ: Yes, there have been many.

25 MR. SANDS: And, Commissioner Davidson from New York,

1 welcome to South Florida.

2 COMMISSIONER DAVIDSON: Thank you.

3 MR. SANDS: A very warm South Florida welcome.

4 COMMISSIONER DAVIDSON: Thank you.

5 MR. SANDS: Go Marlins!

6 This November will mark the 20 years since my wife  
7 Leslie and I relocated to South Florida. And I thank you  
8 seriously for coming and for giving us the opportunity to  
9 express our views.

10 While the telephone companies provide one of the  
11 necessities of life, I understand they must also make a profit,  
12 but as a public utility. In the spirit of full disclosure, I  
13 want to say that I am a shareholder in AT&T, BellSouth, Verizon  
14 and Sprint. I'm also a member of the Plantation Chamber of  
15 Commerce.

16 House Bill 1903 and Senate Bill 654 passed the  
17 Legislature and represent the largest telephone rate hike in  
18 the history of the State of Florida. Governor Bush, while  
19 running for reelection said it provided, and I quote, no  
20 economic benefit to consumers, and he vetoed it in 2000. In  
21 the final weeks of the last session it was reintroduced, of the  
22 first last session it was reintroduced, quickly passed and  
23 signed by a reelected Governor Bush. What a difference an  
24 election makes.

25 Previously rate hikes were limited to one percent

1 less than the rate of inflation. You, the Public Service  
2 Commission, made the determination as to whether the increase  
3 was warranted. Under the law just passed and signed, our local  
4 telephone rate will almost double for basic service over the  
5 next three years, and will increase by an additional 20 percent  
6 per year per telephone line thereafter unless you do something  
7 to protect especially the working families and senior citizens  
8 on fixed incomes. If you don't act for the first three years,  
9 this will mean as much as \$651 million in additional revenue  
10 for BellSouth, Verizon and Sprint. Now this begs the question  
11 of how much in total dollars are the phone companies giving up  
12 in reduced access fees to long distance carriers in what is  
13 admittedly a declining market?

14           The offset to the rate increases is that the phone  
15 companies must reduce the access rate they charge long distance  
16 carriers by amounts equal to the basic telephone increases.  
17 This means a dollar increase in the basic line rate requires a  
18 dollar decrease in the long distance access rate. Again, I ask  
19 the question: What are the total dollars involved on each side  
20 of the equation?

21           The long distance carriers must pass on lower costs  
22 for intrastate calls, which are long distance calls made  
23 between cities within Florida only. These long distance  
24 carriers do not have to pass on, according to my understanding,  
25 the lower rates to residential customers if they give them to

1 business customers. And even if they do pass them on to both,  
2 it's my understanding that they can take back these savings on  
3 the intrastate rates after one month.

4 I was under the impression that if you used a phone  
5 card or a cell phone or make out-of-state long distance calls,  
6 there's no savings. But I've heard today that there is a  
7 savings if you use phone cards. It's my understanding that  
8 after the first round of increases or, as the folks in the  
9 telecom business like to call them, rate adjustments over the  
10 next three years, the telephone companies can ask you, the  
11 Public Service Commission, to give up your oversight of basic  
12 rates, repair times and quality of phone service. I guess the  
13 phone companies would then regulate, monitor and supervise  
14 themselves in these areas. Bad idea. Please don't give up  
15 your oversight role.

16 There are between 800,000 and a million citizens in  
17 Florida who are eligible for the Lifeline program where these  
18 folks are living below or up to 125 percent of the federal  
19 poverty level. These folks receive discounted phone service,  
20 and that is a good thing. The telephone companies have agreed  
21 to freeze these phone rates previously for the next two years,  
22 and I heard today it will be for four years, and that's a good  
23 thing, too.

24 The problem is that so far the phone companies have  
25 been unwilling to advertise this program to tell people who are

1 in this category about the Lifeline program or to automatically  
2 sign them up as they do in Texas, the former state of President  
3 Bush and our Governor, his brother. It is through the failure  
4 of the telephone companies that approximately only 2,000 people  
5 out of the 800,000 to a million are signed up so far. You have  
6 the power or at least the influence to force the telephone  
7 companies to dramatically increase public awareness of the  
8 Lifeline program.

9           The question I ask you to consider is what will  
10 happen to these good folks after the two- or four-year  
11 extension?

12           Legislation must also pass the smell test. Clearly  
13 this legislation does not. I'm not talking about the 150  
14 lobbyists reportedly hired to visit with the 160 legislators.  
15 Lobbyists are a very valuable and important part of the  
16 process. I'm not talking about the fact that the  
17 telecommunications industry reportedly drafted the bill. As a  
18 stakeholder they have every right to be a part of the process.  
19 I'd just ask the phone company, please don't insult our  
20 intelligence by telling us that you proposed this bill to  
21 increase competition against yourself. No one believes that.

22           I'm talking about the committees of continuing  
23 existence. Florida is the only state with this law. This  
24 state law written over 30 years ago was intended to allow trade  
25 groups with hundreds of members to not have to list every

1 individual donation. The laws of unintended consequence has  
2 now taken over and dozens of committees of continuing existence  
3 now exist. The net result is that when the telephone company  
4 or individual make a contribution to this type of committee,  
5 the name of the telephone company or individual does not have  
6 to be reported. There is also no limit on the amount of money  
7 that can be contributed. I'm disturbed that through committees  
8 of continuing existence funded in part by the telephone  
9 companies vast sums of money changed hands during the  
10 legislative process.

11           The reason this legislation does not pass the smell  
12 test is because, according to the "Gainesville Sun," and I'm  
13 quoting now, Florida's three largest phone companies and AT&T  
14 were generous donors to these accounts at a time the  
15 telecommunications industry was pushing legislation that could  
16 increase local phone rates. Donors associated with long  
17 distance giants as well as Verizon, Sprint and BellSouth have  
18 given nearly \$150,000 to committees tied to or controlled by  
19 legislators, close quotes.

20           For purposes of this hearing, while I clearly reject  
21 the law which would seemingly permit the phone companies to  
22 make these outrageous increases, I find the entire procedure  
23 offensive. As people least able to afford the rates were kept  
24 out of the process, I find this offensive to the process. Does  
25 this send a signal to others that Florida has the best

1 legislators that money can buy? I hope not.

2 Another reason this legislation does not pass the  
3 smell test is because my understanding is that the Office of  
4 Public Counsel, which was set up by the Legislature to  
5 represent the public's interest before the Public Service  
6 Commission, were never consulted or asked to review this bill.  
7 Why not? Why was the consumer advocate not allowed a seat at  
8 the table during the process?

9 The question to be answered is one of basic fairness,  
10 and you, the Public Service Commission, must accept your role  
11 as the protector of the public. I'm not saying that the phone  
12 companies do not deserve warranted increases. Of course they  
13 do.

14 There are 2.9 million senior citizens in Florida.  
15 Many are on fixed incomes. This increase could result in a  
16 lifestyle change for the most vulnerable. Families living just  
17 above the Lifeline trigger figure would also be adversely  
18 affected. Increases tied to the cost of living make much more  
19 sense than doubling basic phone rates of consumers and small  
20 businesses and then compounding a 20-percent rate increase each  
21 year thereafter.

22 How many workers in our state will see their incomes  
23 go up by 90 percent over the next few years and then have their  
24 incomes again compounded 20 percent each successive year  
25 thereafter? How will seniors who just missed the Lifeline

1 cutoff but face the everyday question of purchasing food or  
2 medicine cope with this gigantic telephone increase? Seniors  
3 are the people who built, fought and sacrificed for this  
4 country. How much of a raise have the teachers of Broward  
5 County received this year? Zero. What have the phone  
6 companies done to demonstrate a need to warrant this  
7 unprecedented rate increase?

8           While it's true that the Governor has appointed you  
9 to your position, you're keenly aware that you have a fiduciary  
10 responsibility to the over 16 million citizens of Florida.  
11 Please do the right thing for the citizens of Florida when you  
12 make your decision in December. Do the right thing so that all  
13 Floridians can have a happy holiday. Thank you very much.

14           COMMISSIONER BAEZ: Thank you, Mr. Sands.

15           MR. CRISER: Commissioner?

16           COMMISSIONER BAEZ: Mr. Criser.

17           MR. CRISER: Mr. Sands, I don't have a question, but  
18 I did want to make an offer to you. We have about 100,000  
19 Lifeline customers, but we also have a commitment to the Office  
20 of Public Counsel that we will do education on Lifeline in  
21 Florida. And if you don't mind giving your contact information  
22 to either Mr. Beck, or I'd be happy to take it, we'll make sure  
23 that the folks that are doing that education program get in  
24 touch with you. Because we are looking for contacts in each  
25 community so that we can continue that effort. I'd appreciate



1 it.

2 MR. SANDS: I'll be very happy to do that. Thank  
3 you.

4 COMMISSIONER BAEZ: Mr. Beck. Thank you, Mr. Sands.

5 MR. BECK: The next witness is Rita Warren.

6 RITA WARREN

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 MS. WARREN: Good evening, Commissioners. I am here,  
11 I don't represent any chamber, I'm just a plain old citizen. I  
12 am the treasurer of a very small, modest, little condominium  
13 complex. I represent 210 senior citizens of very modest  
14 income.

15 I want to take my hat off to BellSouth because if  
16 that company is nothing, they are consistent and persistent.  
17 It seems to me that every Monday and Wednesday they are in  
18 Tallahassee looking for a rate increase. The last time I  
19 recall I was in Tallahassee when BellSouth was looking for a  
20 50 percent rate increase, and they had the audacity to say that  
21 they had a profit margin of 25 percent. Any decent corporation  
22 in the United States would be pleased to tell their  
23 stockholders that they were showing a 10 or 12 percent profit  
24 margin.

25 This company is without end. They send an army of

1 lobbyists into Tallahassee always looking for a rate increase.  
2 At what point does this company say we are making enough? At  
3 what point does the CEO say my salary of millions of dollars a  
4 year plus very, very outrageous bonuses is enough? It seems to  
5 me it is never enough.

6           They talk about the Lifeline for those people living  
7 under the poverty level, but what about the poor people that  
8 are right in the middle? They don't get subsidies from the  
9 government, they don't get subsidies from BellSouth and they  
10 work two jobs to try to make ends meet. And I speak not only  
11 for the senior citizens. I'm speaking for the single parent  
12 mother who is working and trying to feed her children.

13           Where does this company come off trying to get rate  
14 increase after rate increase after rate increase with  
15 absolutely no concern for the welfare of the people that they  
16 supposedly are serving? A telephone company is a public  
17 utility. That means they're doing something for the benefit of  
18 the public. If they raise their rates, if you people allow  
19 them to get a rate increase under any pretense, do you know  
20 what it does to the senior population who are living on income  
21 where the banks are paying one-half of one percent interest?  
22 How do these people, how are they going to manage?

23           I would suggest that BellSouth, if they want to  
24 increase their profit margin, that they save the money that  
25 they spend on the army of lobbyists that they send to

1 Tallahassee and the money that they have handing out to all  
2 our, God bless them, all our Representatives in Tallahassee, I  
3 would suggest they try to run their company much more  
4 efficiently, cut Joe Lacka's (phonetic) salary a little bit by  
5 a few million, and run a company that is showing a profit and  
6 not having to come to Tallahassee constantly before the Public  
7 Service Commission and constantly asking for rate increase  
8 after rate increase that is not warranted and certainly not  
9 deserved.

10           And you talk about rate increase, this increase going  
11 to bring competition. Let me tell you, there was a little  
12 company called Supra that came on the scene, and as soon as  
13 Supra started to show signs of success, BellSouth stepped in  
14 and tried to kill this little kid. They didn't succeed. But  
15 it bothers BellSouth that between 250,000 and 500,000 customers  
16 left BellSouth to go to a company like Supra who is offering  
17 excellent service at much lower rates than BellSouth ever did.  
18 And Supra offers honest, nonfraudulent billing to their  
19 customers. I hope BellSouth gets the innuendo there.

20           My request to you, ladies and gentlemen, is consider  
21 the reality. The reality is you have a company here that is  
22 showing a huge profit margin, and therefore simply logic says  
23 there is no reason to add to their profit margin. They are a  
24 healthy company doing very well, paying their officers  
25 extremely well, and there is no reason on earth to grant this

1 company an increase.

2 I would also suggest that one pet peeve that sticks  
3 in my throat is allowing them to charge \$1.85 when a customer  
4 calls and asks for information of a telephone number, a simple  
5 operation. If I asked you for a telephone number, you're my  
6 telephone company, I'm going to use that telephone to make that  
7 call. Why on earth would you allow them to charge a  
8 customer \$1.85 for one piece of telephone information? This  
9 has always been a service and a courtesy offered to the  
10 customers. And I suggest to you, ladies and gentlemen, that we  
11 go back to this, back to the future, and give the customer the  
12 courtesy of offering them the information of a telephone number  
13 when I'm going to use your company telephone to make that call  
14 after you furnish me with that telephone number. This is only  
15 another example of how BellSouth never stops trying to rip off  
16 the people of this state, and it's up to you as public servants  
17 to see that this does not happen this time. Thank you.

18 COMMISSIONER BAEZ: Thank you for your comments,  
19 Ms. Warren.

20 MR. BECK: The next witness is Bruce Quaily.

21 BRUCE QUAILEY

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 MR. QUAILEY: Good evening, Commissioners. Thank you

1 for giving me the opportunity to speak this evening. My name  
2 is Bruce Quailey. I come representing my company, Florida Bond  
3 and Mortgage, which is, I believe, the oldest commercial  
4 mortgage banking company in South Florida, and also on my own  
5 behalf. I've been a partner in the firm now for 30 years.

6 I believe by granting the rate increase this creates  
7 an environment which I believe creates quite a bit of  
8 competition, and I certainly appreciate this as a businessman.  
9 If I raise my particular brokerage fees in my own business,  
10 this opens up the door basically for a lot of other companies  
11 to come in and compete for my clients, compete for my business.  
12 Generally speaking, price and service wins this business.

13 The same I feel has applied for cell phone companies  
14 over the years. Rates have come down considerably. We have a  
15 number of companies competing. Service has also improved.

16 Circuit City, Best Buy, BrandsMart, these are some  
17 companies I think we all know. They compete for our dollars  
18 when we buy electronics, TVs, so on and so forth. Prices also  
19 have improved, service has improved in this area.

20 My company a number of years ago bought a new PBX  
21 system. There was a number of options we had and we took  
22 advantage of that pricewise. Neiman Marcus, Saks 5th Avenue,  
23 these types of companies, I believe, have created opportunities  
24 for Wal-Mart, Target and some of the outlet malls where we all  
25 shop today.



1 Q Okay. Thank you.

2 A Thank you. Any other questions?

3 COMMISSIONER BAEZ: Thank you, Mr. Quailey.

4 MR. BECK: Thank you. The next witness is Don Dalton  
5 of the Hollywood Chamber of Commerce.

6 DON DALTON

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. DALTON: Commissioners, my name is Don Dalton.  
11 I'm the executive director of the Greater Hollywood Chamber of  
12 Commerce, and I'm here to tell you that I love big business, I  
13 love medium size businesses, I love small businesses. And the  
14 reason that I do is because they provide the jobs that made  
15 this country the greatest country in the history of this earth  
16 because they provide those retirement benefits to the retirees  
17 that are able to live a standard of living that is equal to no  
18 retiree in any country that I can think of, and that's why I  
19 like business.

20 But I'm here to talk about particular -- and  
21 BellSouth is a member of our chamber of commerce. No question  
22 about it. They probably belong to every chamber in the State  
23 of Florida. So do a lot of other businesses. But I'm not here  
24 representing BellSouth. I'm here representing the small  
25 businesses that make up 90 percent of our chamber membership.





1 Q Yes, sir. Mr. Dalton, you, you used the phrase  
2 "market forces will prevail."

3 A Yes, sir.

4 Q And by that did -- with respect to price, do you mean  
5 that you expect price to come down?

6 A I do. I think, I think that, I think the telephone  
7 service will follow the lead. I think we can make a very, very  
8 good comparison to cell service.

9 Q So if, if that's the case and BellSouth is seeking to  
10 raise the local rates, residential rates, mind you, and  
11 single-line business rates by \$3.86 a month, which they are,  
12 which on a yearly basis is, for someone like some of our  
13 retiree friends, \$46.32, is it your expectation, Mr. Dalton,  
14 that, that after competition ensues that rates will come down  
15 \$3.86 or part of that or do you have an expectation?

16 A Based on some 25 years in the chamber, in chamber of  
17 commerce work, I think that competition works and I think that  
18 competition will bring prices down. And if it's not, if it's  
19 not the prices coming down, it'll be the service and the  
20 quality going up or new products that none of us sitting here  
21 or standing here have ever even heard of before. But certainly  
22 having that entrance into the marketplace is good for those  
23 small companies competing, or larger companies competing  
24 against or with BellSouth. So that's --

25 Q Last question, Mr. Chairman. With respect to the

1 quality of service, did you hear the, the testimony or the  
2 statements to the effect that the law will allow BellSouth and  
3 Verizon and Sprint to, to dispossess the Florida Public Service  
4 Commission of its jurisdiction to control their quality of  
5 service?

6 A I'm not aware of that.

7 Q If that's true, isn't that, doesn't that run counter  
8 to what you're saying in terms of increased quality?

9 A I can't speak to it. I'm not aware of it.

10 Q Okay. Thank you.

11 A Thank you.

12 COMMISSIONER BAEZ: Thank you, Mr. Dalton.

13 MR. BECK: The next witness is Judy High.

14 UNIDENTIFIED SPEAKER: She left.

15 MR. BECK: Sheryl Stolzenberg.

16 COMMISSIONER BAEZ: Ms. Stolzenberg?

17 MR. BECK: The next witness is N. Sakhnovsky.

18 MR. SAKHNOVSKY: Sakhnovsky.

19 MR. BECK: Pardon me.

20 N. SAKHNOVSKY

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. SAKHNOVSKY: It's my handwriting. It's not your  
25 fault.

1           Good evening. Thank you for coming down to South  
2 Florida. I sort of actually found out about this by reading  
3 the newspapers and having friends who have been following PSC  
4 activity over the years. And it's only by happenstance I wear  
5 a couple of hats. I happen to be a member of AARP because my  
6 wife is over 50, but she also has a small business, and then I  
7 have a home phone as well. So I can speak to a couple of  
8 things that have come up.

9           One, it's my understanding that the way this will  
10 work is if a long distance user is a reasonably heavy long  
11 distance user, there may be a chance for this to balance out  
12 because what's going to be compensated for in a reduction in  
13 long distance access fees will be kind of, you know, balanced  
14 out by the increase in the local. However -- and I -- if I  
15 may, I might ask the Chair a couple of questions, if maybe the  
16 information is available.

17           COMMISSIONER BAEZ: I'll do my best to answer them or  
18 to --

19           MR. SAKHNOVSKY: What percentage of the actual  
20 subscribers in the state actually use the long distance as a,  
21 you know, have a presubscribed long distance carrier? That is,  
22 I know we don't. We choose not to have a long distance carrier  
23 and, therefore, we currently pay for access that we don't  
24 actually use. How many of us --

25           COMMISSIONER BAEZ: Mr. Sakhnovsky, I don't have an

1 answer for you. I'm not sure that anybody has that answer  
2 right now.

3 MR. SAKHNOVSKY: Okay. Well, I imagine that might be  
4 available at some point.

5 COMMISSIONER BAEZ: But I see your point.

6 MR. SAKHNOVSKY: Because what I'm saying is there are  
7 many of us who choose to use a prepaid card, we're not active  
8 users, and you haven't been hearing from the little people as  
9 much who actually are small, really small business, not even  
10 chamber of commerce members, that we would have to actually pay  
11 a significant amount of money for a service that we wouldn't  
12 even take advantage of, it sounds like.

13 COMMISSIONER BAEZ: Mr. Sakhnovsky, and I think Mr.  
14 Criser might be able to correct me if I'm wrong, but I think  
15 the company did mention that, that the access charge  
16 reductions, which I think you've stated you don't use, for  
17 instance, because you use a card, that actually would apply  
18 across the board for services. So that access charges to  
19 companies that provide, for instance, the calling cards that,  
20 that you use would also see a reduction in their access charges  
21 so that the savings would be available. I mean, I'm not going  
22 to --

23 MR. SAKHNOVSKY: Yeah, I understand. You don't want  
24 to belabor it. But let me just give an example though. I buy  
25 my long distance access card at Wal-Mart and it's already so

1 low -- I mean, we're paying less than 4 cents a minute now. I  
2 don't know how much of an impact this change will actually make  
3 in terms of how AT&T markets on a national basis. It's rather  
4 minimal.

5 COMMISSIONER BAEZ: And, again, I see your point.

6 MR. SAKHNOVSKY: Yeah. Okay. Another point I would  
7 like to raise because I have friends who are using Lifeline,  
8 Lifeline is a great service. But, of course, the FCC mandates  
9 that to some extent. Is BellSouth going to do a, let's say,  
10 better job of getting people to participate in Lifeline who are  
11 eligible? I, again, I don't expect you to know the answer to  
12 this, but I would assume that many people, just like general,  
13 you know, a lot of welfare services or food stamps -- for  
14 example, the government statistics on food stamps, for example,  
15 show that many more people are eligible for them than actually,  
16 than actually use them. And so how many more people are  
17 eligible for Lifeline who don't actually take advantage of it?  
18 What's BellSouth doing to encourage people, other than simply  
19 putting stuff in the phone bill? I know many older people who  
20 don't even read the inserts in the phone bill. But, for  
21 example, I would encourage the company to work with the  
22 Department of Elder Services to actually get more people to  
23 actually take advantage of that. Because it's, it's nice to  
24 say we're voluntarily going to not raise it on Lifeline people.  
25 But if you're not doing anything to get all the people who are

1 eligible for Lifeline to use it, then it's a little hollow.

2 COMMISSIONER BAEZ: Mr. Criser -- I'm sorry, Mr.  
3 Sakhnovsky. Mr. Criser, I think this is a good opportunity  
4 to -- there's a question in there somewhere. If you can just  
5 fill in what --

6 MR. SAKHNOVSKY: Yeah. I didn't want to -- I knew  
7 that we couldn't directly ask questions. That's why I'm  
8 directing it to you.

9 COMMISSIONER BAEZ: I'm sorry. If you don't mind,  
10 then I'll be glad to pass it down.

11 MR. SAKHNOVSKY: Thank you.

12 MR. CRISER: And without turning it into a long  
13 conversation, I guess I'll say simply we have a commitment with  
14 the Office of Public Counsel to do Lifeline education in  
15 Florida. That's being implemented through a program called  
16 "Linking Solutions." That program is going into the local  
17 community working with senior centers, other places where  
18 potential Lifeline customers would be found to create what they  
19 call alliance partners, which are individuals who will become  
20 trained in how to enroll people in Lifeline and to work through  
21 that project. I'll make the same offer. If you'd like either  
22 Mr. Beck's office or someone in my office to follow up with you  
23 to make sure that they are contacting you, for example, if you  
24 know of some places where we need to be coming in this  
25 community, we'd be happy to have that information.

1 MR. SAKHNOVSKY: Yeah. I mean, I can give examples.  
2 The Ft. Lauderdale Housing Authority, I know people that are  
3 residents there. They don't -- many of them don't know about  
4 it. The people who are at the Department of Elderly Affairs,  
5 when they get, when they go through the process -- here's what  
6 I'm recommending. When they go through the process of  
7 obtaining food stamps, that they get an application right then  
8 and there. I mean, just an information sheet that people  
9 follow. Sometimes it's not even in a language they can  
10 understand, as an example.

11 Okay. And my last point is about when you talk about  
12 revenue neutrality. As I pointed out earlier, to some extent  
13 it's not going to be -- it might be revenue neutral to  
14 BellSouth, but it may not be revenue neutral to the actual  
15 consumer, end consumer.

16 And in connection with that, does revenue neutrality  
17 include when the FCC increases the FCC authorized charge that  
18 it passes on? That is, for example, this year it went up, I  
19 think, 50 cents. How does that enter into, quote, revenue  
20 neutrality? Because that is actually an increase in revenue  
21 that is outside the purview of the PSC.

22 COMMISSIONER BAEZ: I don't believe that the, that  
23 those types of charges are contemplated within, within the  
24 legislation and, therefore, within the petitions.

25 MR. SAKHNOVSKY: Okay.

1           COMMISSIONER BAEZ: That's my understanding. And I  
2 think, you know, if there's clarification by Public Counsel --

3           MR. SAKHNOVSKY: But I think we would all agree that  
4 actually that is increased revenue when those, when those  
5 access, FCC authorized charges increase. So I would recommend  
6 that one look into that, whether it is intended. Because if  
7 it's not, then that's certainly something that should be  
8 reviewed at least from a legislative point of view. Because  
9 I've been doing some research on that FCC issue, and I do urge  
10 the PSC in general to review -- because the only information  
11 BellSouth has been able to provide to me is an order that's 20  
12 years old as to what even authorizes the explanation on the  
13 bill for those charges. But when I talked to the FCC, it says  
14 that the subscriber line charge was instituted to cover the  
15 costs of the local phone network. And yet the PSC order of 20  
16 years ago talks about that the charge is to be a charge for  
17 interstate toll access, which again is very confusing to the  
18 consumer. And when -- I think it's actually confusing to the  
19 Legislature because if indeed it's questionable that we don't  
20 even know whether these increases in charges are considered  
21 part of the revenue-neutrality issue, then it probably bears  
22 some further research, and I encourage you to do that. Maybe  
23 at the end of the month when you come back we'll have some  
24 answers on that. So thank you very much for your time.

25           COMMISSIONER BAEZ: Thank you, Mr. Sakhnovsky.



1 COMMISSIONER DAVIDSON: Chairman.

2 COMMISSIONER BAEZ: Oh, I'm sorry, Commissioner  
3 Davidson.

4 COMMISSIONER DAVIDSON: No. No. Not a question,  
5 just a comment for any long distance companies that may be  
6 listening. I would hope that at some point in this proceeding  
7 the long distance companies would get involved and perhaps help  
8 educate us on how any proposed access charge reduction would be  
9 passed on to different consumers, users, constituent groups so  
10 that we would have a better feel as to that aspect what will  
11 occur.

12 I note here that the Petitioners, I think, at best  
13 can speculate as to what will occur, but they can't testify.  
14 And I would hope at some point for those who are listening that  
15 we can get that input into the record as to how this will  
16 actually occur.

17 COMMISSIONER BAEZ: And I would echo those comments.  
18 There seems to be a missing piece to the puzzle of all of this.

19 COMMISSIONER DAVIDSON: There does.

20 COMMISSIONER BAEZ: And as we've heard from some of  
21 the customers today, there is a question as to whether and when  
22 those savings would flow through.

23 Mr. Beck.

24 MR. BECK: Thank you. The next witness is Barbara  
25 Laxon.

1 BARBARA LAXON

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

4 DIRECT STATEMENT

5 MS. LAXON: My name is Barbara Laxon, and I'm here to  
6 represent myself primarily, but also in so doing I believe that  
7 I represent the Broward Green Party. And my -- I'm not too  
8 good at speaking, but someone made, made several comments in  
9 regard to the fact that obviously BellSouth is not raising  
10 their rates in order to, you know, give someone, give away  
11 competition, you know, places to other people or other  
12 companies, and I believe that that's very much a fact is that  
13 while it may profit in the short-run some of these new  
14 companies that are trying to get involved, I'm sure that it's  
15 obviously not their object and that they obviously have a  
16 method in mind at which they can, of course, increase their  
17 profits. And the whole idea of the control of quality and  
18 control of rates and stuff going out of the hands of the Public  
19 Commission is something that's very problematic to a great many  
20 of us; most of the people that, you know, have spoken.

21 I mean, the Commission is obviously here to protect  
22 the citizens from the corporations and other people who would  
23 like to take advantage of us. And as a member of the Broward  
24 Green Party, our biggest concern is keeping things local,  
25 keeping things in the hands of the consumer and not signing all

1 of our rights and et cetera away to the corporations. And I've  
2 forgotten everything else I was going to say, so thank you.

3 COMMISSIONER BAEZ: Thank you.

4 MS. LAXON: Does anybody want to ask me anything?

5 Okay.

6 COMMISSIONER BAEZ: Mr. Beck.

7 MR. BECK: Thank you. The next witness is Gail

8 Perry.

9 GAIL PERRY

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 MS. PERRY: Hi there. My name is Gail Marie Perry.

14 I represent the Communication Workers of America, Council of  
15 Florida. I'm very pleased to be able to speak before you  
16 tonight.

17 During session while this legislation was going on I  
18 want to tell you that we did not speak much about the bill. We  
19 spoke about customer service quality standards, and I'd like to  
20 reiterate a little bit on that tonight. I know that the bill  
21 that was passed did say that service quality standards were in  
22 your hands, as they always have been. We believe that a  
23 lessening in service quality standards is a lessening in the  
24 service that the citizens of Florida have always been  
25 accustomed to.

1           The bill was put forth to spur on competition in the  
2 market, and all the key players for all the other industries  
3 did say that the local exchange companies' rates were too high  
4 and -- I'm sorry, were too low, and they needed to be raised so  
5 that the competition could get in the market and do some  
6 business.

7           I want to tell you what's been happening with my  
8 employees because my employees have a very big stake in  
9 whatever decision that you make here. And I hope what I say  
10 will give you a little more balance in the decision that you  
11 are going to be making.

12           Since competition -- I've been involved in the issue  
13 since, since we passed the legislation in the middle of the  
14 '90s. I have seen my members and my nonmembers, the workers in  
15 the industry have been cut down considerably. As a matter of  
16 fact, there's a layoff list of 107 or 8 in the state currently.

17           We're very concerned -- I represent workers both on  
18 the local exchange side, on the long distance side, on the  
19 cable side, so I see, I see the picture, the big picture that  
20 we're looking at in a little bit of a different way.

21           I want to tell you -- and the IT guy who was up here  
22 earlier trying to spur on business as new competition, AT&T,  
23 Verizon, BellSouth, I could go on with the IT folk, IBM,  
24 they're taking our IT jobs, our highly technical jobs -- by the  
25 way, they're not my union members -- but they are taking the IT

1 jobs to India. Not Indiana; India, the country. My AT&T folk  
2 tell me that repair service is going offshore, also.

3 We're very concerned because our workers all over the  
4 State of Florida have a stake in their community, and the  
5 salaries that they get from their companies really affect their  
6 community. And you can go to Panama, Panama City and you'll  
7 see the effect that the privatizing had out in that area for  
8 the city and the county, the municipalities.

9 So the decision that you make is, is vital for the  
10 citizens in the State of Florida. I know that competition is a  
11 must for the industry that we're in. If we want to spur on  
12 technology, it's very important that people have the ability to  
13 do so. And like I said, all of the industries that spoke  
14 before the Legislature did advise that the local exchange  
15 companies' rates are too low. That's why they're not getting  
16 into the business.

17 So the one thing I would like to say, I really  
18 believe that I knew the legislation inside out. I passed hand  
19 bills out at the door, chamber doors of the House and the  
20 Senate to make sure that service quality standards did not go  
21 away. Because without service quality standards, there is no  
22 oversight of the industry. And we believe everyone in the  
23 industry, not just the ones that are regulated highly, should  
24 be, have a service quality standard, not just the local  
25 exchange companies. We don't want to see service quality go

1 the way of the gas station attendant, you know. There, there  
2 is no service at gas stations anymore. People just did put up  
3 with it. But we believe that people that, that enjoy  
4 communication services want their bills to be corrected if  
5 they're wrong, they want to get their service installed in a  
6 reasonable amount of time. If their service is out of order,  
7 they want to have it repaired yesterday. There's -- we believe  
8 that they, they want to be able to speak to a real person when  
9 they call a company to ask about a bill. So we don't want  
10 those standards to go away.

11 The last thing I'd like to say is we would ask you to  
12 protect Lifeline and link-up service once parity is obtained.  
13 Thank you very much.

14 COMMISSIONER BAEZ: Mr. Twomey.

15 MR. TWOMEY: Thank you, Mr. Chairman.

16 CROSS EXAMINATION

17 BY MR. TWOMEY:

18 Q Ms. Perry, were you in the room when several of the,  
19 the chamber officials --

20 A I think I was here when Plantation started.

21 Q Were you here when any of them spoke enthusiastically  
22 about the increased capital expenditures and the job creation  
23 opportunities they saw that would result from this, not just  
24 this legislation, but from these petitions?

25 A I was here from, when Plantation Chamber of Commerce

1 started, so I didn't -- I didn't think they were all that  
2 enthusiastic about the job creation, but I could be, you  
3 know -- I don't know that I was really listening that well, I  
4 guess.

5 Q Okay. Well, I still have a question. Let me ask  
6 you, let me ask you if you know how many CWA employees have  
7 lost their jobs since the enactment of the legislation, the  
8 Florida legislation in 1995?

9 A I'm sorry. I, I'm not privy to that. I just, I lend  
10 my voice to the Legislature. My, my job or what I'm elected to  
11 do on a statewide basis is to educate the general public on  
12 legislation, educate my membership on legislation and to help  
13 sway legislation. So I'm not privy to that.

14 I, I did see the last list that came out was 107 or  
15 8, I think it was. I kind of counted quickly. But I can tell  
16 you a lot of people are no longer working in the industry.  
17 There's no backfilling. Attrition, attrition is not being  
18 backfilled either.

19 Q Right. And I appreciate that. Do you know whether  
20 or not the losses are in the tens of thousands since the 1995  
21 legislation?

22 A Within the State of Florida?

23 Q Yes, ma'am.

24 A No, not tens of thousands. Maybe in the thousands,  
25 but --

1 Q Okay. The -- if there's any decrease in the number  
2 of phone workers and actual increases in telephone access  
3 lines, in your experience does that place a downward pressure  
4 on the quality of service?

5 A The quality of service is very important to my  
6 employees. They may be paid by a corporation, but the bottom  
7 line is every day from the moment they walk in and they're on  
8 the phone or face to face with customers they work for the  
9 customer. We believe that a downward trend in service quality  
10 standards would, would be less employees to do the job because  
11 they didn't have to have any standards to meet.

12 Q Okay. Thank you.

13 COMMISSIONER BAEZ: Thank you, Ms. Perry.

14 MS. PERRY: Thank you.

15 MR. BECK: The next witness is Robert Klavenman.

16 COMMISSIONER BAEZ: Mr. Klavenman?

17 MR. BECK: John Aurelius.

18 JOHN AURELIUS

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. AURELIUS: Good evening. I'm John Aurelius. I'm  
23 the small business person, I guess, that all those chambers  
24 were talking about, and I'm not a member of any of the  
25 chambers. I'm an attorney, 35 years, in Ft. Lauderdale. I



1 have six business lines, I have four employees, and I pay \$44 a  
2 month per line.

3 I came here because I had my bookkeeper give me my  
4 home phone and my business phone. My home phone is \$11. This  
5 is a nice disparity here: 11 versus 44. I tried to find out  
6 today some answers to this. The answers were that over the  
7 years it appears there's social rate adjustments that took  
8 place by charging the businesses this extra money. Now it's  
9 not the 44 that's so bad, but with all those add-ons and all  
10 that it gets up to \$100 a line or something by the time you get  
11 done. There are add-ons on my own home phone, but they're very  
12 minimal compared to my business phone. So I have this great  
13 disparity on these two rates, and I'm saying what's going on  
14 here? Something doesn't make sense. Now I only get charged  
15 \$1.25 by BellSouth for telephone information, so I guess the  
16 lady that spoke before gets charged something special. She  
17 should look into it. I guess I get a special rate.

18 But I'm looking at this thing and I'm saying this  
19 doesn't make sense. It tells me what a man a few minutes ago  
20 or an hour ago from, I think it was the Pompano Chamber, said  
21 it appears that the businesses are subsidizing the residential.  
22 From what I can find out, and you all have a lot more access  
23 than I do, that appears to be right. Because when you have  
24 this much disparity, something is wrong in the system.

25 Now I heard some great arguments today, and one of

1 them wants the smell test. Boy, when you get a four-to-one  
2 ratio here, that's a smell test and a half. Another thing that  
3 bothers me tonight, and I didn't come down here other than to  
4 say those few comments, is that everybody who has testified  
5 talked about some very interesting things here about the new  
6 business, about bringing more employees. This is a slam dunk  
7 to me. I also remembered when I was in undergraduate school at  
8 the University of Miami, which we must remember has got a great  
9 game this weekend, as the Marlins do, too, my economics  
10 professor said, do you realize that so and so's doughnut shop  
11 had a 34 percent increase yesterday? And, oh, it was terrible,  
12 and it went from something like 4 or 8 cents or whatever it  
13 was, 4 cents to 6 cents, I don't know what it was. The dollar  
14 amount was very minimal. The percentage was scary.

15 I look at what we're talking about here and the dollars  
16 and what we're talking about, I feel sorry for BellSouth. I  
17 feel sorry for the comments made tonight that were sort of  
18 against the company as a whole. They're a great company. I've  
19 lived here over 50 years in South Florida, I've been through  
20 too many hurricanes, I've had my phone service knocked out.  
21 Boy, it was restored fast. I've had great service from that  
22 company. So I'm not here to complain about the company.

23 What I'm here to complain about is I don't think  
24 government has the right to do social engineering in telephone  
25 rates. And I think if we go back in time, and I'm sure

1 AARP would be happy to, to tell me otherwise, but -- and I'm a  
2 member of AARP even though I'm an old attorney -- that there  
3 has been a social structure take place, and I think that should  
4 stop now. Because I do believe that if we allow this to go  
5 forward, there will be more competition and there will be some  
6 relief to the small businessman. Thank you.

7 COMMISSIONER BAEZ: Mr. Twomey.

8 CROSS EXAMINATION

9 BY MR. TWOMEY:

10 Q Yes, sir. I'll be brief. The, the -- I assume you  
11 couldn't practice, you couldn't run your practice without  
12 telephones.

13 A Absolutely.

14 Q And I would assume the fact that you have six  
15 telephones is, is based on some level of demand or value you  
16 place upon those instruments.

17 A Well, one of the problems is I can't tell you how  
18 many lines are dedicated to what because we do faxes and  
19 E-mails and all that gobbledygook. Of course we use our phones  
20 there 60 hours a week and our residential phones 24/7.

21 Q Yes, sir. But just if you know, I mean, would you,  
22 would you figure that you use your office phones more calls per  
23 day than your residence even though --

24 A Absolutely. No question about it.

25 Q Okay. And the -- is it your complaint that the \$44

1 rate you pay currently is excessive or is it the disparity you  
2 find painful between the --

3 A Well, logic tells me that if you're running a line to  
4 my house or my office, you're doing about the same dang thing.  
5 Now I'm using one a little more than the other, so I don't  
6 know, maybe the equipment earlier in has to be a little heavier  
7 or something. But there shouldn't be a four-to-one ratio or  
8 three-to-one, I guess four-to-one, yeah, there shouldn't be  
9 that ratio in the differences. There should be adjustments to  
10 have it a little closer to the actual cost.

11 Q Yes, sir. And a couple of more, if I may. The --  
12 are you aware of -- having six lines in your office, are you  
13 aware of whether or not you will receive any rate increases at  
14 all as a result of these petitions if they're approved?

15 A I'm not aware of that. I'm just hoping that with  
16 competition the business line industry will have some way to  
17 reduce itself if they can get more people in there especially  
18 in the residential area which will come into business.

19 Q Yes, sir. And the last question: In your practice  
20 do you, do you make a fair number of in-state long distance  
21 toll calls?

22 A Yes, I do.

23 Q Okay. So do you have an expectation that you'll  
24 benefit from these Petitioners if the --

25 A I'm not that familiar with that rate structure under

1 this proposed legislation.

2 Q Okay. Thank you. Thank you.

3 COMMISSIONER BAEZ: Thank you, Mr. Aurelius.

4 Mr. Beck.

5 MR. BECK: Thank you. The next witness is Marjorie  
6 Michelly.

7 MARJORIE MICHELLY

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 MS. MICHELLY: Good evening. I came a little bit  
12 unprepared, and I have to apologize ahead of time, I have the  
13 most awful, awful hiccups. Okay.

14 Basically I came up here, I guess, representing  
15 different segments of the end line user. I am a professional,  
16 and as a result of the September 11 the company I worked for  
17 went under and I found myself without a job. I went down from  
18 making on average of \$35 an hour to making zero, and I ended up  
19 becoming a cyber agent. So in that sense I work for the -- I  
20 am a telemarketer or customer service rep. And the line that I  
21 use in my home I obviously have to pay for myself. I used to  
22 have an OPX line. I don't know if any of you are familiar with  
23 that kind of telephone service. It's basically like a  
24 commercial line, extremely expensive to me making less than \$10  
25 an hour having to pay \$100 per month for that telephone line.

1 And basically the company that brokers people like me has  
2 changed the platform and has gone to some sort of a different  
3 service and we did away with the OPX line, great relief, and  
4 now we're using a secondary line that I went to Supra for. I  
5 was glad to get rid of BellSouth because obviously competition.  
6 So I really don't understand when you mention the raising the  
7 basic telephone line is going to benefit the smaller companies  
8 being in for a segment of the market, I really don't understand  
9 that too well because I keep hearing -- when I moved out of  
10 BellSouth I kept getting telephone lines, your line is going to  
11 be disconnected because Supra went out of business, and we also  
12 add to that, you know, the fight back and forth. And actually  
13 Supra is doing well, I'm doing well with both lines.

14 And it scares me a little bit seeing the basic  
15 telephone service go up. Why? Because I'm also the type of  
16 person that loves to help other people, and I see and I visit a  
17 lot of elderly people that live on an extremely limited income.  
18 And I look at them and I'm scared thinking how do they make  
19 ends meet when I'm going to be in a couple of years -- I'm a  
20 member of AARP, by the way. How, how do they make ends meet?  
21 I'm going to be in that same boat in a couple of years.

22 I hear a lot about the baby boomers, we're not going  
23 to have access to Social Security benefits because that is  
24 exhausted, so basically I don't count with that. I'm not  
25 planning on that.

1           To give you a brief example, I mean, I'm not  
2 mathematically inclined, so you have to forgive me for that  
3 one, too. Okay? I have one of my dearest, dearest friends,  
4 she's like possibly 88. She lies a little bit; she says she's  
5 only 76. Okay. And she lives on \$900 a month. I did -- I  
6 came a little bit late, I couldn't find any parking space free,  
7 mind you. You were talking about a special line for people  
8 that don't -- limited income. Well, this poor woman doesn't  
9 qualify for an apartment because she makes \$90 over the budget.  
10 She doesn't qualify for the free telephone service either. But  
11 she makes \$900 a month on Social Security. She pays \$650 a  
12 month, okay, for her apartment. She pays an average of \$80 for  
13 Florida Power & Light. She's paying not to have long distance  
14 on her telephone line, same as I do. I don't understand why  
15 you should pay not to have a long distance carrier. It should  
16 be the other way around; I want a long distance carrier, I  
17 should pay for that.

18           So, by the way, either she eats or she has her --  
19 she's diabetic, so she has to buy insulin and she has to keep  
20 checking something. She has like a little needle. You must  
21 forgive me for that. Basically I'm telling you if it is a  
22 matter of life and death and this lady doesn't have a telephone  
23 line to call me, would any one of us want to have it on our  
24 conscience that maybe for whatever reason we couldn't make that  
25 phone call? Just because she's 80 something, that doesn't mean

1 that something isn't going to happen to me and I can't afford  
2 it either.

3           So it's a question of money, it's a question of  
4 numbers, and I'm not too good at that. But usually, you know,  
5 you minus, you start paying, you get your money, you start  
6 paying bills, and you can do either of two things which I  
7 sometimes play. I like yellow today. I think I'm going to pay  
8 this one. It's a question of money. I'm no longer making \$30,  
9 \$35 an hour plus commission working for the flower (phonetic)  
10 industry. I'm simply a homemaker. I don't make a home  
11 anymore, not with the kind of income I have. There are no jobs  
12 for people over 50 because we are overqualified. So to me this  
13 evening is a question of making -- maybe three bucks is not  
14 much of a difference to an attorney. I don't know what -- I  
15 don't know -- my telephone bill is not \$11, so I'd like to find  
16 out who he's getting it from. I think I'm going to switch. So  
17 it's a question of mathematics. I know a lot of people that  
18 would love to have a free telephone line, but they don't  
19 qualify because maybe they're a dollar over and they just don't  
20 make it. And I am a member of the Green Party and I am a  
21 member of AARP, I do admit. Okay? But it is a question of  
22 mathematics.

23           And I think the telephone companies raising the basic  
24 telephone bill on the argument that it's going to increase  
25 competition -- why don't we compete with service? Nobody is



1 better at that than I am. I am the best customer service rep  
2 that any company can hire. And being on the telephone line for  
3 48 minutes with BellSouth and not, for them not to find out  
4 what was wrong with my DSL connection, that's not service. It  
5 took my 18-year-old son three minutes to find out what was  
6 wrong with it. Let's just compete, but not, let's not forget  
7 about people on a limited income like my friend Gloria who  
8 worked all her life to make companies, the many companies that  
9 she worked for make money and today we all forgot about her.  
10 Thank you very much for your time. And I'm really proud of  
11 myself; I didn't hiccup.

12 COMMISSIONER BAEZ: You did really well. Thank you,  
13 Ms. Michelly.

14 Mr. Beck.

15 MR. BECK: Mr. Chairman, Ms. Michelly is the last  
16 person who signed up ahead of time.

17 COMMISSIONER BAEZ: Is there anyone in the audience  
18 that did not sign up and would like to make a statement? You  
19 would? Well, come on up.

20 JEAN ROSS  
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. ROSS: Good evening. I've been sitting here all  
25 evening saying I came here for a purpose and I'm figuring what

1 the purpose is.

2 COMMISSIONER BAEZ: Ma'am? Ma'am?

3 MS. ROSS: My name is Jean Ross. I'm president of  
4 Broward County Council of Senior Citizens. We represent 60,000  
5 members, and I worry about them. I worry about their Meals on  
6 Wheels, I worry about the cell phones that we collect so people  
7 will have phones to make a 911 call, I worry about the pills  
8 that they're caught doing away with or they're not taking them  
9 and they should be taking them. I worry about all these things  
10 that are happening to seniors. I mean, Franklin Sands called  
11 me the other day and told me about this meeting, and he said --  
12 I'm also on the advisory council here at the agency -- and he  
13 said to me, "I was told if you want anything done, call Jean  
14 Ross."

15 Well, I'm sitting here and listening to all this big  
16 business. This is not my business. I'm interested in the  
17 seniors. I'm interested that they're going to have a phone  
18 there. I'm interested they're going to have food. I'm  
19 interested they're going to be taken care of. I feel that the  
20 phone companies have to be fair to seniors. They don't have  
21 the money. They came down with a limited budget. As you know,  
22 with the interest rates in the bank, stocks if they have them,  
23 it's down to nothing, and they're really almost poverty level.  
24 But they're very proud and they don't want to ask for help. So  
25 I'm going to ask you for the help. Help them. Don't raise

1 that price for them. Thank you.

2 COMMISSIONER BAEZ: Thank you, Ms. Ross.

3 Is there anyone else? Okay. Seeing none, I want to  
4 thank you all for taking time out of your evening to be with  
5 us. We really appreciate your comments. I know that the  
6 companies have been listening, as well as Public Counsel and  
7 the representative for AARP and the Attorney General's Office  
8 and a bunch of other interested parties. Again, I want to  
9 thank you all. This hearing is adjourned. Have a good  
10 evening.

11 (Service Hearing concluded at 8:30 p.m.)

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1 STATE OF FLORIDA     )  
                              :  
2 COUNTY OF LEON        )  
                              )  
3

## CERTIFICATE OF REPORTER

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

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

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

17                             DATED THIS 22nd DAY OF OCTOBER, 2003.

13

14

15

16

17

18

19

20


21

22

23

24

25

  
\_\_\_\_\_  
LINDA BOLES, RPR  
FPSC Official Commission Reporter  
(850) 413-6734