

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of

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

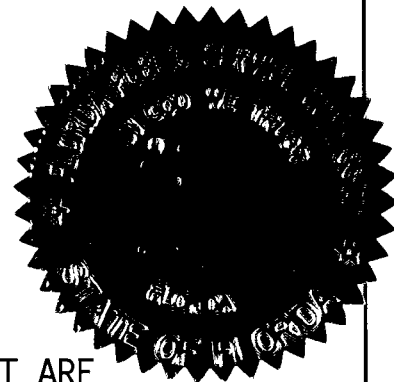
DOCKET NO. 030867-TL

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

DOCKET NO. 030868-TL

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

DOCKET NO. 030869-TL



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PROCEEDINGS: ST. PETERSBURG SERVICE HEARING

BEFORE: COMMISSIONER BRAULIO L. BAEZ
COMMISSIONER RUDOLPH "RUDY" BRADLEY

DATE: Thursday, October 23, 2003

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TIME: Commenced at 6:00 p.m.
Concluded at 9:35 p.m.

PLACE: St. Petersburg City Council Chambers
175 5th Street North
Second Floor
St. Petersburg, Florida

REPORTED BY: JANE FAUROT, RPR
Chief, Office of Hearing Reporter Services
FPSC Division of Commission Clerk and
Administrative Services
(850) 413-6732

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 ALAN CIAMPORCERO, Verizon Florida, Inc., 201 N.
10 Franklin Street, FLTC0007, Tampa, Florida 33602 appearing on
11 behalf of Verizon Florida Inc.

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

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P R O C E E D I N G S

1
2 COMMISSIONER BAEZ: Okay. Good evening. I want to
3 welcome you all to the public hearing. It shows your interest
4 in the petitions that have been filed in this territory,
5 particularly by Verizon. This is a public hearing to take
6 public comment from the ratepayers and customers of the company
7 in conjunction with the filing of Verizon's petitions for a
8 reduction in access charges and a corresponding increase in
9 basic telephone rates.

10 Again, I want to thank you all for being here. This
11 is a very important part of our process, because as
12 Commissioners we need to hear where you all are on the issue,
13 and specifically on issues that are outlined in the
14 legislation, which I think our staff has a presentation a
15 little later on that I want you to pay close attention to that
16 because those kind of comments, or rather comments on those
17 particular issues that are outlined in the legislation that we
18 will be seeking here tonight.

19 My name is Braulio Baez. I am a member of the
20 Florida Public Service Commission. To my right is Commissioner
21 Rudy Bradley. We will be presiding over this public hearing,
22 and hearing your comments here today. We have others in the
23 audience. The Attorney General is here. Welcome, Mr. Crist.
24 And Mr. Jack Shreve, who will making a statement in a few
25 moments. We are going to jump right into this. Oh, before I

1 do that there are a couple of housekeeping items that I wanted
2 to cover.

3 UNIDENTIFIED SPEAKER: It's difficult to hear.

4 COMMISSIONER BAEZ: I'm sorry. You can't hear me? I
5 will speak up. Please forgive me.

6 These chambers don't have any standing room because
7 of the fire code. We have plenty of space up here, but just in
8 case anyone coming up and the room is full, there is no
9 standing room, there is an overflow room downstairs on the
10 first floor conference room. The audio of this hearing is
11 being piped down there for the overflow.

12 Secondly, we have, as you can see, two podiums here.
13 We would prefer that those of you that have statements to make
14 come to the podium on the left, that is to your right. We do
15 have the other podium set up for disabled service, if
16 necessary.

17 Secondly -- well, I guess very quickly, the men's
18 rooms are to our left, and the ladies room are to the right.
19 And I guess that's it.

20 Now, we are going to get started. We are going to
21 have counsel read the notice.

22 MS. CHRISTENSEN: By notice issued October 8th, 2003,
23 this time and place has been set for a customer hearing in
24 Docket Numbers 030867-TL, petition by Verizon Florida,
25 Incorporated, 030868-TL, petition by Sprint-Florida,

1 Incorporated, and 030869-TL, petition by BellSouth
2 Telecommunications, Inc. The purpose of this hearing is as set
3 forth in the notice.

4 COMMISSIONER BAEZ: Thank you, Ms. Christensen.

5 By way of introduction, we have several staff in the
6 vicinity here at the public hearing. Bridget Hoyle is outside.
7 If any of you did want to make statements and didn't sign up,
8 she's the young lady handling the sign-up sheets on the
9 outside. We have Jane Faurot, who is our court reporter. Bob
10 Casey on staff and Lee Fulcher on staff. If any of you have
11 any questions of the staff, you can please direct them to our
12 staff members. And right now we will take quick appearances.

13 Mr. Ciamporcero.

14 MR. CIAMPORCERO: Alan Ciamporcero for Verizon.

15 MR. BECK: My name is Charlie Beck. I'm with the
16 Office of Public Counsel.

17 MR. TWOMEY: I'm Mike Twomey, appearing on behalf
18 of the AARP.

19 MS. CHRISTENSEN: I'm Patricia Christensen, appearing
20 on behalf of the Commission.

21 COMMISSIONER BAEZ: Thank you. Secondly, in a
22 moment I am going to ask all of you that came and wanted to
23 give testimony today to stand up and take an oath. Your
24 statements will be on the record and will be made a part of the
25 record in this docket.

1 First, I want to, for a moment, acknowledge Attorney
2 General Crist. General Crist, do you have any comments that
3 you want to make at this time?

4 MR. CRIST: Just briefly, thank you.

5 COMMISSIONER BAEZ: Please.

6 MR. CRIST: Thank you very much, Commissioner. I
7 appreciate the opportunity, and I wanted to thank you for being
8 here. And you have been to several hearings I know, and I
9 think it is always important for the Public Service Commission
10 to have the opportunity to hear from the public. And, as you
11 know, we in our office have brought on Jack Shreve recently,
12 and we are very proud to have him on board in the office of the
13 Attorney General. He has served, in my humble opinion, in an
14 exemplary fashion as the Public Counsel in a lot of these
15 situations that you all deal with. And we look forward to
16 hearing from the people. I, myself, or Mr. Shreve will be
17 here. In addition, Senator Mike Fasano wished for us to pass
18 on to you that he would be here to, but, as you know, they have
19 a special session in Tallahassee.

20 Thank you very much. We look forward to listening to
21 the people we have the honor to serve. Thank you.

22 COMMISSIONER BAEZ: Thank you, Attorney General
23 Crist. I did have occasion to speak with Senator Mike Fasano
24 as well, and he expressed his regret for not being here.

25 Secondly, Mr. Shreve, do you have anything to add?

1 MR. SHREVE: No. Thank you, Mr. Chairman.

2 COMMISSIONER BAEZ: All right. Right now we are
3 going to proceed to some opening statements.

4 Ms. Christensen, will you remind me, do you have a
5 time limit on opening statements? About six minutes, I think
6 it was.

7 COMMISSIONER BAEZ: We're not going to hold you to
8 it. And we will start with the petitioner, Verizon.

9 Mr. Ciamporcero, if you will go ahead and make your
10 statement now.

11 MR. CIAMPORCERO: Thank you, Commissioner.

12 Good evening, Commissioners, and everyone. Welcome
13 to St. Pete. Before I start, I would like to say we have a
14 specialist here today to answer specific questions you may have
15 on your service. They can answer questions about billing,
16 ordering, Lifeline service, really anything you have. Debbie
17 Camper (phonetic), who is over there on the left, will help you
18 find the right person. We have got some specialists in a room
19 off the back hall here. So, sometimes I know, in addition to
20 your testimony, there are specific issues, and we can try to
21 help you with those tonight.

22 As you have just heard, Verizon has filed a proposal
23 to restructure our telephone rates. First, I would like to
24 tell you quickly what is in it, and then briefly why we think
25 it is a good thing. We are asking the Commission to reduce our

1 intrastate access charges by \$76 million in three annual
2 installments. Access charges are the fees that long distance
3 companies pay to the local telephone companies to originate and
4 terminate their calls. The law requires that these reductions
5 be passed through to consumers. This means all long distance
6 companies, whether you use AT&T or whether you use a phone
7 card, you will get reductions in both. Because of competition,
8 and because it is the law, they will be forced to pass those
9 through to you. The legislation also requires that long
10 distance companies that have an in-state access fee, that's
11 about usually two dollars a month or a little less, will be
12 eliminated by 2006.

13 As we reduce the access charges, we will make equal
14 adjustments in basic monthly rates. Residential rates will be
15 adjusted in three steps, if we succeed, \$1.58 in 2004, the same
16 amount in 2005, and roughly the same amount in 2006. Business
17 rates will be adjusted, too, so that all business phones will
18 have a uniform price of \$32 by 2006.

19 Why are these changes necessary? It is really pretty
20 simple. We have lots of telecommunications competition now.
21 If you want data services, you can get it. You have
22 competition in broadband, you have competition in narrow band,
23 and you have competition in wireless data. If you want voice
24 services, there is healthy competition in the wireless area, in
25 long distance, and in the local business market.

1 In fact, there is only one place where we don't have
2 much competition, and that is for your local residential
3 service. Why is that? It is because we have a telephone price
4 structure that was developed in the monopoly days. It charges
5 relatively high prices for some services in order to subsidize
6 below cost prices for other services. Local residential
7 service is about \$12, which is below our cost to provide it.
8 So no one comes into this market.

9 The PSC staff recently found that only about one
10 percent of residential customers enjoy competition for local
11 service. And that isn't because there are aren't a lot of
12 potential competitors around. In addition to cable and
13 wireless companies, there are about 80 competitive telephone
14 companies serving the bay area. But the rate structure causes
15 these 80 companies to focus on business and ignore residential
16 customers.

17 What will happen if we take the subsidies out of
18 rates? These businesses would have to compete with us
19 everywhere, not just concentrating on downtown business areas.
20 That would be better for you, and it would be, frankly, better
21 for us. It would be very good for the local economy, as well,
22 because these companies would have to invest in new networks to
23 compete. All the companies would have to put in new network
24 and hire new people to be successful in a truly fair market.

25 Finally, I want to emphasize that Verizon is getting

1 no additional revenue under this plan. In fact, we lose
2 revenue, because the legislation also expands Lifeline, and we
3 are in support of that. But it is something we subsidize to
4 the tune of about \$3.50 per month. And I encourage all of you
5 to look into that, because that is something that can be very
6 valuable to people, and it's very easy to sign up for. You can
7 talk to us, call the Office of Public Counsel, there are a lot
8 of ways to do it.

9 So I thank you very much for listening to me. I
10 really look forward to hearing your comments.

11 COMMISSIONER BAEZ: Thank you, Mr. Ciamporcero.
12 Mr. Beck.

13 MR. BECK: Thank you, Commissioner Baez. My name is
14 Charlie Beck. I'm with the Office of Public Counsel. And in
15 case you are not familiar with our office, our office is
16 completely independent of the Public Service Commission. We
17 appear before them as a party in cases. We cross-examine the
18 company's witnesses. We present our own witnesses. We present
19 argument to them, and we can appeal the Commission's orders to
20 the court.

21 Let me say a little bit about the case that is in
22 front of you. We do not agree at all with the telephone
23 companies' petitions. The Staff of the Commission is going to
24 make a short presentation after we are finished. They are
25 going to tell you there are four criteria that the companies

1 must meet in order for the Commission to grant their petitions.
2 The third one is that the rate changes have to take place over
3 a period of no less than two years. Originally Verizon filed a
4 case for two rate increases one year apart. And they contended
5 that was two years apart.

6 We filed a motion to dismiss early on in the case,
7 and the Commission agreed with us and dismissed their petition.
8 Verizon the next day filed a new case that spread the increases
9 over two years instead of one year as they originally had.

10 We are going to present expert testimony to the
11 Commission on the present petitions that are pending before the
12 Commission. We have hired and retained an expert who is a
13 professor of economics at Kings College in New York. He's also
14 a visiting scholar at MIT's consortium on the convergence of
15 the Internet and telecommunications. And he is going to
16 testify that the petitions that are currently before the
17 Commission failed the test that's set forth in the Legislature
18 in order for the Commission to grant their petitions. He is
19 going to testify that local rates are not subsidized by access
20 charges, that they are fully profitable in their own right. He
21 will testify that residential customers do not benefit from
22 these petitions, and that the petitions will not induce market
23 entry, contrary to what the companies say.

24 So we are ready to fight the companies at the hearing
25 set for December. We very much look forward to your testimony

1 here tonight. The Commission's actions earlier on dismissing
2 the petition show that they have complete charge of the
3 petitions of the companies. They can grant them or deny them.
4 And your testimony here tonight will be very important to the
5 Commission in its decision. Thank you very much.

6 COMMISSIONER BAEZ: Thank you, Mr. Beck.

7 Mr. Twomey.

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

9 Ladies and gentleman, good evening. I'm Mike Twomey
10 appearing on behalf of the AARP. Pardon me. I have intervened
11 in these cases to represent their 2.6 million members
12 throughout the State of Florida and trying to assist in
13 representing the rest of you, as well.

14 We are dealing with a bad law here. I want to tell
15 you a little bit about the supposed theory of this. Now,
16 remember, it's pretty much knowledge that the industry wrote
17 this law word-for-word, presented it to the Legislature at the
18 last minute to deprive us of the ability to oppose it in a
19 reasonable manner. And what they told the Legislature was, and
20 the Legislature, the majority of them bought, was we want to
21 raise our customers local rates so that -- not that we will
22 make money they said, we will lose money, raise your local
23 rates so that our competitors can come in and feel more
24 comfortable about competing. And if we are successful, after
25 having spent millions of dollars to get the law passed, and

1 millions in these cases if we are successful, we are going to
2 lose customers and the money that goes with it.

3 Now, nobody believes that, ladies and gentlemen. And
4 we maintain that the real reason these companies did this and
5 why it is not really revenue neutral is because they were
6 losing their shirts, nine or ten percent per year, in a pot of
7 money called access fees they get when people make in-state
8 long distance calls, which are going down because of instant
9 messaging, cell phones, Sam's cards and that kind of thing.
10 Okay.

11 They were losing money in that, and what they have
12 done is they are in here now asking these Commissioners, the
13 full Commission, to transfer \$355.5 million a year of
14 responsibility for that money that they were getting from the
15 buggy whip division of the telephone company, access, onto the
16 backs of residential ratepayers and single line business
17 customers. They didn't ask to raise the rates of their
18 multi-line business customers which I call big business, but
19 more than one line, they don't get rate increases. And we are
20 afraid they are going to get the bulk of the rate reductions in
21 in-state calls that Mr. Ciamporcero told you about when he said
22 that you will get those reductions in Sam's cards.

23 And if you are not using a Sam's card or something
24 like that, you should be, ladies and gentlemen, you should be.
25 Or something like that. Sam's cards are priced nationally, and

1 while they may get some reductions in their prices, you
2 probably won't see that price come down.

3 Now, we need -- a central part of the case here, we
4 believe, is that the companies said to the Legislature, and the
5 Legislature said when they passed the law, and the Governor
6 said it as well when he signed it, is that you folks who are
7 the residential customers have to receive benefits.
8 Residential benefits have to be demonstrated. And we and the
9 AARP believes that means that you have to be able to come out
10 ahead financially. You don't care about the business of coming
11 in and competing. You should be able to break even
12 financially.

13 In order for you to do that and save money as
14 Mr. Ciamporcero stated, on making more in state long distance
15 calls at lower rates, what do you have to know besides whether
16 you make those calls? You have to know what the lower rates
17 are going to be, and they haven't told us what the lower rates
18 are. The Commissioners don't know, Public Counsel doesn't
19 know, AARP doesn't know, you don't know. And on that basis,
20 last week the AARP filed a motion to dismiss all three cases
21 for the companies' failure to join as indispensable parties the
22 long distance companies who were their buddies in getting the
23 law passed in the first place. Now, hopefully, the Commission
24 will dismiss these cases and make them start over and make them
25 bring their long distance friends back in so that we will know

1 whether you have the ability to save on long distance calls.

2 Let me tell you very quickly some of the things that
3 will happen to you if the PSC denies these increases versus
4 what will happen if they don't. Your current rates right now,
5 if they deny the petitions, under current law, the rates can go
6 up only the rate of inflation minus one percent. Most of the
7 companies are increasing your rates right now if you look on
8 the eve of trying to raise these other rates. Inflation minus
9 one percent.

10 If they pass this, rates will go up 35 to 90 percent
11 in as little as two years. And after that, although they say
12 they won't do it, but they've got it in the law, they say they
13 won't do it, rates can be approved and increased 20 percent per
14 year automatically without asking anybody's permission, 20
15 percent per year on top of the largest rate increases in the
16 history of this state.

17 Let's talk about Lifeline eligibility, which the
18 companies like to tout as a good reason for this law being
19 passed. Eligibility, which went up to 125 percent of the
20 poverty line, will stay there whether they get the rate
21 increases or not. It stays there. You don't have to have rate
22 increases to get that.

23 Let's talk about the protection of Lifeline customers
24 from the same rate increases, the same huge rate increases they
25 want to visit upon you. If they -- if they don't grant

1 increases at all, nobody gets increases, including the Lifeline
2 people. Okay. They get \$13.50 of assistance for their phone
3 bill. If they grant the rate increases, then Verizon in as
4 little as two years, in two years those Lifeline recipients who
5 only get \$13.50 of assistance will see the same huge rate
6 increases as the rest of us will experience, and AARP feels
7 that many of them will lose service. If they deny the
8 increases, nobody gets the increases, including Lifeline.

9 One last thing. Quality of service. Currently right
10 now, about the only supervision the Public Service Commission
11 has over these local telephone companies is to go after them if
12 they don't repair your phone on time, if they don't install on
13 time, if they don't pick up information in the proper number of
14 rings and that kind of thing. If they deny the increases, the
15 Public Service Commission will retain 100 percent of that
16 authority. Okay. If they grant the rate increases, these
17 companies in as little as two years can come in without any
18 warning and say we are trying to take that -- we are going to
19 take that away from you and put the Public Service Commission
20 in the position of having to go try and get it back.

21 I would encourage all of you, ladies and gentlemen,
22 to come up and testify. Don't be worried about the oath. That
23 is to make it a part of the official record. Come up. If you
24 want competition, and you want to have to pay for it, tell
25 these Commissioners. If you are not interested in paying for

1 competition, tell them the same thing. And thank you for being
2 here this evening.

3 COMMISSIONER BAEZ: Thank you, Mr. Twomey.

4 Before I administer the oath to those of you who
5 signed up to testify, I did want to call your attention to the
6 yellow form, the yellow brochure that was being handed out just
7 outside the chambers. This has a little bit more information
8 about the petitions and about the issue. Most importantly, on
9 the last page for those of you that wanted to attend and don't
10 feel like giving -- rendering testimony today, you do have an
11 opportunity to provide your comments in writing. It is on the
12 last page, on the inside of the last page of this yellow
13 brochure, and you can put your name and address and put your
14 comments in writing and leave them with the Staff here tonight,
15 or you can fax them to the Commission, or put them in the mail,
16 and they will be placed in the correspondence side of the file,
17 of the docket file. So you have many ways to get your comments
18 into the Commission.

19 At this point, those of you who did sign up to give
20 testimony, I would like you all to please stand up and raise
21 your right hands.

22 (Witnesses sworn collectively.)

23 COMMISSIONER BAEZ: Thank you very much.

24 Mr. Beck.

25 Oh, I'm sorry. I almost cut our fair attorney out.

1 Just to set the stage for all of you who will give testimony,
2 kind of give you a target to comment on, we are going to let
3 the Staff provide a brief presentation describing the
4 legislation. As I mentioned before in my introductory
5 comments, to let you know as precisely as possible what kind of
6 comments and what kind of questions we have to entertain as
7 part of our deliberation. So if you will please pay close
8 attention to the four requirements of the legislation,
9 Ms. Christensen will help you out in understanding exactly what
10 kind of comments we will be looking for.

11 Ms. Christensen.

12 MS. CHRISTENSEN: Thank you, Commissioner.

13 As just was stated, we are here to hear from you, the
14 customers. The Commission staff has put together a brief
15 overview of this legislation and the Commission's process. In
16 looking at the first line, as you can see, there have been
17 three dockets that have been established. One docket, a docket
18 to address each of the petitions filed by the three companies,
19 Verizon, Sprint and BellSouth.

20 Section 364.164 is entitled, competitive market
21 enhancement. Under this section, the local telephone companies
22 may decrease the rates charged to long distance companies for
23 access to its network in a manner that is revenue neutral.

24 The PSC must consider four criteria in reaching its
25 decision on each of the company's requests.

1 First, the petition. The Commission must consider
2 whether saying yes to the petition would remove current
3 supports for basic local telecommunications services that
4 prevent the creation of a more attractive competitive local
5 exchange market for the benefit of residential customers.

6 Next. The Commission must consider whether the
7 petition induces enhanced market entry.

8 Third, the Commission must consider whether or not
9 the petitions require interstate switched network access rate
10 reductions to parity over a period of not less than two years
11 or more than four years. Parity means that the Florida
12 in-state access rates equal those for access rates for
13 customers making state-to-state calls.

14 And fourth, the Commission must consider whether
15 these petitions are revenue neutral. Revenue neutrality is
16 defined as changes in access revenues offset by equal changes
17 in the local rates.

18 Today we are here for a customer hearing, and the
19 purpose of the customer hearing is to receive customer
20 testimony regarding: First, to what extent there is
21 competition in your area for basic local telecommunications
22 service and what types of competition you would like to see.
23 Second, your comments on the extent of competition that already
24 exists in your area. Third, whether you believe there are
25 other options available to you for local telephone service.

1 Fourth, whether you would like more options or services than
2 , are currently available to you, and what those types of
3 services might be. And, fifth, and most importantly, the
4 Public Service Commission wants to hear from you, the customer.

5 For the technical hearing, which is the hearing that
6 will be held in Tallahassee, each of the parties is responsible
7 for filing testimony and conducting depositions. Each of the
8 parties will attend a prehearing conference that will be held
9 in Tallahassee. Each of the parties will be responsible for
10 putting on witnesses, and conducting cross-examination of the
11 other party's witnesses.

12 After the hearing, the Commission staff will prepare
13 a recommendation based on the testimony given at the technical
14 hearing, and as well as those customer hearings that we have
15 had around the state. There will be no participation from the
16 utility or customers at the time the final recommendation is
17 presented. A final vote and order will be issued, and the
18 parties may seek review of the decision by the Florida Supreme
19 Court.

20 Thank you for coming.

21 COMMISSIONER BAEZ: Now, let's take a moment so
22 everyone can adjust their eyesight.

23 Mr. Beck, you may call your first witness.

24 MR. BECK: Thank you, Commissioner Baez.

25 I am going to try my very best to call everybody in

1 exactly the order that you came in and signed up today, then
2 the people who have not signed up.

3 The first witness is Sylvia Costello.

4 SYLVIA COSTELLO

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

7 DIRECT STATEMENT

8 MS. COSTELLO: Good evening. My name is Sylvia
9 Costello. I am from Largo, Florida, and I am the first to be
10 here, and the first time to even do this in front of the
11 Commission, so bear with me. I have lived in Pinellas County
12 now for 18 years. And in 18 years I have seen a lot of
13 increases in a lot of services, but I must say that that has
14 not been the case with my telephone service. I can't remember
15 when I called up the telephone service, Verizon, and I
16 harangued them for any reason. Their service has always been
17 excellent. I do have to say there has been many times with my
18 cable company that I have called them up very angry for having
19 interruption in my services, and, sincerely, many increases in
20 my bills.

21 I like competition, and I like this bill. And I have
22 to say that there is a reason why I like this competition. I
23 am one of those people back in the early 1980s that when long
24 distance was made available through competition, and you had to
25 dial 58 numbers, I took advantage of that. I took advantage of

1 those kinds of opportunities as a consumer. I don't think an
2 increase that has -- that we've experienced an increase of a
3 little over a dollar in so many years from our phone company
4 for a wonderful service is any great increase. And I think
5 that this is truly a new neutral revenue situation that -- I
6 like that. I like competition. And I, also, certainly like
7 the idea of lowering my in-state calls. I like that a whole
8 lot.

9 I also know that there are many people that rely on
10 the phone system that are low income families, and I know that
11 we have to be concerned about them. I believe that this bill
12 does address that, and that they are concerned about those
13 folks. As a matter of fact, this will expand to even more
14 numbers of low income families that can take advantage of
15 Lifeline. And I have told Lifeline -- I have told many people
16 about the Lifeline program.

17 Basically, I guess, I'm just here to say that I think
18 competition is a good thing. I think monopoly is a bad thing,
19 and I think our phone company is a good company.

20 Thank you.

21 COMMISSIONER BAEZ: Ms. Costello, if you will just
22 wait one moment, because I think some of the parties may have
23 questions for you.

24 MR. BECK: Ms. Costello, Charlie Beck. Let me just
25 ask you a few questions. Who do you use for long distance

1 currently?

2 MS. COSTELLO: Pardon?

3 MR. BECK: Who do you use for long distance service?

4 MS. COSTELLO: I don't -- at my home I use -- I have
5 used cards from local -- like Sam's Club, that sort of thing.
6 I'm on Verizon right now for my long distance. I don't use a
7 lot of long distance. Again, I'm on a tight budget, and so I
8 don't use a lot of long distance. But I know that the calls I
9 used to make in state were very expensive compared to the calls
10 that I made out-of-state, when I had a friend in Orlando. And
11 that was always amazing to me and always concerned me. And
12 that is another reason why I think this is a good idea.

13 MR. BECK: Your Sam's cards, do you know much your
14 Sam's card cost for long distance within the state?

15 MS. COSTELLO: I think it's five cents a minute,
16 something like that. I think it's actually the same price I'm
17 paying now on the plan I am on now. I really shop around for
18 my plans, I have to say that. And, again, this is why -- if
19 this will reduce any sort of monopoly on local lines, I think
20 that is a great thing. I thought it was a great thing in the
21 '80s. I think it would be a great thing if that were the case
22 with this thing with the companies.

23 MR. BECK: Thank you for your testimony.

24 COMMISSIONER BAEZ: Mr. Twomey.

25 MR. TWOMEY: Yes, ma'am. You understand, don't you,

1 that Verizon is asking the Public Service Commission to
2 increase your rates by \$55.32 a year, plus the applicable taxes
3 and fees, is that correct?

4 MS. COSTELLO: Yes.

5 MR. TWOMEY: And it's your testimony that you are
6 willing to pay that additional money on the expectation that
7 you will enjoy the fruits of competition at some point?

8 MS. COSTELLO: Yes. And, also, I know that cable is
9 a luxury and not all people can afford cable. And I do have
10 cable because I spend time watching TV. I'm willing to pay
11 that cable bill. I don't often like it, but I am willing to
12 pay it because I want that service. I know the phone service
13 is a much more important service to our community, for the
14 safety of our community. And I really feel that that is not a
15 whole lot of money to pay. I just don't feel that it is. I
16 especially don't feel it, because I don't think I have been hit
17 the hardest by the phone company. I have been hit very hard by
18 the water bills, by my local water bills, by my cable bills,
19 Florida Progress, Progress Energy, whatever it is. I have been
20 hit a lot of times with those kinds of increases. But I really
21 have to say I don't feel that with the phone company. And I am
22 surprised I'm saying this. I must admit I just really
23 appreciate the fact that, indeed, this creates competition. If
24 it opens up the market, if it makes more jobs for our
25 community, this is a good thing. I like competition.

1 MR. TWOMEY: I want to be clear, though, you
2 understand -- do you understand there are two choices here.
3 Either they grant the increases and your rates go up \$55.32 a
4 year or they deny it, and your rates go up zero. And with
5 those two choices, your choice is to pay \$55 more?

6 MS. COSTELLO: If there is competition involved and
7 it, indeed, does what they say it's going to do, yes. Because,
8 hopefully, I will be able to pay less in the long run. When
9 there were offers in long distance, like, sign up with us and
10 we will give you 100 back, I took advantage of it. I think
11 everyone should do that. You know, I think that they are in
12 the business of being in business, and I am in the business of
13 trying to get the best -- you know, bang for my buck, as well.
14 And I think the phone companies give us that.

15 MR. TWOMEY: Now, you said -- you said that you -- I
16 think I heard you say that you want to enjoy the benefits of
17 lower in-state long distance.

18 MS. COSTELLO: Uh-huh.

19 MR. TWOMEY: Do you know what those long distance
20 rates are going to be?

21 MS. COSTELLO: Huh-uh. No, I don't.

22 MR. TWOMEY: Do you know, has anyone told you that
23 they could give the majority of those in-state long distance
24 reductions to the big business customers that aren't getting
25 rate increases?

1 MS. COSTELLO: (Indicating yes.)

2 MR. TWOMEY: Okay. Lastly, do you understand that
3 the Lifeline protections are there, the eligibility --
4 expansion of eligibility is there even if the Commission
5 doesn't increase your rates?

6 MS. COSTELLO: Yes, I do, but I also understand that
7 this expands that service to more of our citizens, to a larger
8 group of our citizens, and I think that's important.

9 MR. TWOMEY: Thank you.

10 MS. COSTELLO: Okay.

11 COMMISSIONER BAEZ: Thank you, Ms. Costello.

12 Mr. Beck.

13 MR. BECK: The next witness -- I am not sure of the
14 first name, Mr. Sloan?

15 MR. SLOAN: Russ Sloan.

16 MR. BECK: Oh, Russ Sloan.

17 RUSS SLOAN

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

20 DIRECT STATEMENT

21 MR. SLOAN: Russ Sloan, 1100 87th Avenue North, St.
22 Pete.

23 Commissioner Bradley, good to see you back in St.
24 Petersburg.

25 COMMISSIONER BRADLEY: Thank you.

1 MR. SLOAN: The first question I have, there are a
2 lot of great organizations that represent people, I'm simply
3 interested in why -- I understand the counsel being here,
4 Verizon being here, but I don't understand why AARP is here.

5 COMMISSIONER BAEZ: Mr. Sloan, this is -- well --

6 MR. TWOMEY: I can tell him.

7 COMMISSIONER BAEZ: I think Mr. Twomey can answer
8 that question.

9 MR. TWOMEY: Yes, sir. This is what is called a
10 120.57 hearing under the State's Administrative Procedures Act.
11 It is administrative procedures, much like a trial. They
12 are -- the petitioners asking for a big pot of money. Public
13 Counsel represents the consumers, generally. I represent the
14 AARP who chose to get in this case to try and stop them dead in
15 their tracks. These parts of the hearings are to take
16 evidence, that is why you are under oath, so that the
17 Commission, if it listens to you say why you think the rate
18 increases are a good thing, if somebody doesn't have the right
19 to challenge you on that, it will go unchallenged and they may
20 think that is the right way to go. So we are here. This is a
21 part of the formal hearing process, and we are allowed to
22 cross-examine the witnesses.

23 MR. SLOAN: Well, that's fine, but I thought that was
24 the job of the Public Counsel. And, don't get me wrong, I have
25 great respect for AARP. I am at that age where I'm eligible.

1 But I didn't quite understand the mix there.

2 When you ask people the question would you rather
3 have no increase or an increase, you know, the no increase, I
4 would like to have no increase in my health insurance, no
5 increase in my gasoline, no increase in my auto insurance and
6 on, and on, and on. I spent the first half of my life involved
7 in athletics and competition. I understand competition. I
8 spent the second half of my life in promoting and defending
9 free enterprise and business. I have no special allegiance to
10 Verizon or to any other single one business.

11 But if my facts are correct, 21 years ago the rate
12 per month was \$10.68. Twenty-one years later it is \$12.10. So
13 in 21 years the monthly telephone rate has gone up 13.3 percent
14 in 21 years. Now, any business -- I wish my utility bill,
15 electricity only went up 13.3 percent in 21 years, or you name
16 it, I wish it only went up 13.3 percent. If the average
17 standard of living or cost of living was 3 percent, which that
18 probably is a good conservative estimate over the last 21
19 years, the telephone bill today would be \$19.77 at 3 percent
20 increase per year. But instead it is \$12.10, so it is \$7.67
21 less than what it would have been just with an average 3
22 percent COLI. And when you add in the increase that you are
23 talking about, if it were to be in place over the next three
24 years that Verizon is asking for, it would bring it to \$16.83.
25 But that same increase at 3 percent would have brought it to

1 \$21.60. So even with the increase they are asking, it would
2 still be \$4.77 less than the 3 percent since 1982.

3 I don't think it's fair to pick on any one industry
4 and say you can't have a reasonable increase. I'm not happy
5 about paying extra money. I'm not that far from retiring
6 myself. So, believe me, I certainly am looking ahead. I'm not
7 enthused about paying one cent more for anything than I have
8 to. But I don't think you can believe in free enterprise and
9 capitalism and expect any company to go 21 years with a 13.3
10 percent increase over that length of time.

11 I know the market is changing. Athletics was the
12 same. Yesterday's hits don't win today's ballgame. I'm sure
13 that cell phones are having an impact on the income. I think
14 there are a lot of things in play here, and -- but I just -- I
15 don't think you pick on a company or a specific area of
16 companies and say you can't have an increase when you have had
17 a 13.3 percent increase over 21 years.

18 As far as I'm concerned, the trade-offs in long
19 distance, Lifeline is extremely important, but as much as I
20 don't want to pay more, I think it is a fair request under the
21 circumstances. That's all the comments I have.

22 COMMISSIONER BAEZ: Mr. Sloan, I think there may be
23 some questions.

24 MR. BECK: Mr. Sloan, just a few questions. Do you
25 use any of the extra services that Verizon has, such as call

1 waiting or caller ID?

2 MR. SLOAN: Yes.

3 MR. BECK: How have the prices of those services
4 changed in the last few years?

5 MR. SLOAN: I know that probably that has changed,
6 although I've got a package that was more cost-effective for
7 me. I don't keep track of those as much as I do the telephone
8 bill. I know my package that I've got now they did come down
9 over what they were. But, obviously, if you are pretty well
10 fixed on 13.3 percent over 21 years, I'm sure there are areas
11 that are going to compensate for that.

12 MR. BECK: You would agree there are some industries
13 where prices are actually declining, such as computers and
14 others?

15 MR. SLOAN: Oh, yeah. My color TV today is a lot
16 cheaper than what it was 30 years ago. But those are few and
17 far between compared to the vast majority of services that we
18 enjoy.

19 MR. BECK: One last question. Who do you use for
20 long distance?

21 MR. SLOAN: Ameritus (phonetic).

22 MR. BECK: Is that a --

23 MR. SLOAN: It is a company that bought somebody else
24 out. I am not terribly happy with them, so I will be changing
25 again, but that is who it is.

1 MR. BECK: Thank you very much.

2 MR. TWOMEY: Mr. Sloan.

3 MR. SLOAN: Yes, sir.

4 MR. TWOMEY: I have a few questions for you.

5 MR. SLOAN: Sure.

6 MR. TWOMEY: You have said that you have been in the
7 business of promoting business the last portion of your career.
8 What exactly do you do?

9 MR. SLOAN: I'm head the chamber of commerce.

10 MR. TWOMEY: Of St. Petersburg?

11 MR. SLOAN: Uh-huh.

12 MR. TWOMEY: Does the chamber have multi-line phones
13 or single line business?

14 MR. SLOAN: We have several lines.

15 MR. TWOMEY: Are you aware, sir, that under this
16 legislation and the way these petitions are filed that your
17 chamber, as a multi-line business customer of Verizon, won't
18 experience any local rate increases at all?

19 MR. SLOAN: Well, if you would like to join me
20 calling on businesses all over of the city and see how many of
21 our businesses are hit for every worthwhile cause that you can
22 imagine, the load on businesses, the taxes, the impact fees,
23 you can go and on, and it's nice maybe that business gets a
24 break.

25 MR. TWOMEY: Was that a yes, or was that an answer to

1 my question, yes, that you understand that as a multi-line
2 business customer you will not get a local rate increase as a
3 result of these petitions?

4 MR. SLOAN: I haven't seen myself, personally -- to
5 be honest with you, I have not seen that in writing.

6 MR. TWOMEY: Now, have you been told, Mr. Sloan, that
7 as a -- I assume your chamber makes a number of in-state toll
8 calls.

9 MR. SLOAN: You bet you.

10 MR. TWOMEY: Have you been told by anybody that you
11 might share in those reductions?

12 MR. SLOAN: No.

13 MR. TWOMEY: Mr. Beck asked you a question kind of
14 like this, but let me ask you, do you ever buy desktop
15 computers?

16 MR. SLOAN: Uh-huh.

17 MR. TWOMEY: Okay. Do you think that computer
18 manufacturers and retailers should get more for the computers
19 today than they got five years ago?

20 MR. SLOAN: You can pick any segment -- I mean, there
21 are a lot of segments that I can see where the prices will come
22 down. I see other segments where the prices are going to go up
23 on supply and demand, technology improvements, and so forth. I
24 mean, there is no generalization that you can make when it
25 comes to products that fit everybody.

1 MR. TWOMEY: Yes, sir. But you understand what a
2 declining cost industry is.

3 MR. SLOAN: Uh-huh.

4 MR. TWOMEY: Do you know whether or not the telephone
5 industry is considered a declining cost industry?

6 MR. SLOAN: Well, I know that the competition, at
7 least in this particular area, is fierce, and you are seeing a
8 variety of new plans all the time.

9 MR. TWOMEY: You mentioned in your discussion their
10 lack of rate increases over time. You gave a history of it.
11 Were you aware, sir, that up until about 1995 when the law got
12 changed that local phone rates had been going down for close to
13 a decade?

14 MR. SLOAN: Well, I mean, that's admirable, but that
15 doesn't always continue in every field. Would you say that
16 13.3 percent over 21 years is a fairly low rate of return, an
17 increase?

18 MR. TWOMEY: I'm not supposed to testify, but let me
19 ask you this.

20 MR. SLOAN: It is fair. You are asking me questions.
21 I am asking you a question.

22 MR. TWOMEY: Well --

23 COMMISSIONER BAEZ: Mr. Sloan, although your
24 questions may be valid --

25 MR. SLOAN: Well, you know, I mean it's -- there's a

1 two-way street. Maybe he can't answer, but there is a two-way
2 street. I made the point. I haven't had anybody argue that
3 I'm wrong, and a 13.3 percent increase for an industry over 21
4 years, I don't know how anybody can argue with that.

5 MR. TWOMEY: Mr. Sloan, may I --

6 MR. SLOAN: I'm done, because we can't answer both
7 ways.

8 COMMISSIONER BAEZ: Mr. Beck, I think you can call
9 your next witness.

10 MR. SLOAN: Thank you.

11 MR. BECK: The next witness is Chris Hoeazema.

12 COMMISSIONER BAEZ: Your name?

13 MR. HOEAZEMA: It's Chris Hoeazema.

14 COMMISSIONER BAEZ: Mr. Hoeazema, can you spell that?

15 MR. HOEAZEMA: H-O-E-A-Z-E-M-A.

16 CHRIS HOEAZEMA

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

19 DIRECT STATEMENT

20 MR. HOEAZEMA: First I would like to make a quick
21 comment to our first speaker. Service is not the issue here.
22 And as far as to the 13 percent stuff, VCR, my first VCR that I
23 bought was \$440. The one that I recently purchased was \$50.
24 Technology increases. Technology in the communications
25 industry has increased so fast in recent years, just the

1 evidence of cell phones themselves. So the 13 percent increase
2 doesn't wash.

3 Now I would like to make a few other comments. Some
4 of these have already been addressed earlier. This current law
5 was created and crafted by the phone industry. No industry
6 would create rules that increased competition amongst itself.
7 If true competition were to occur, these companies would lose
8 customers and revenue. Am I to believe Verizon really wants
9 fewer customers?

10 The claim of competition increasing as a benefit to
11 the customer is a simple corporate chilling. The only evidence
12 being presented is the word of this industry. For competition
13 to increase you must first have competition. Show me the
14 competition.

15 These proposed increases are to be revenue neutral.
16 As I have heard, the increases are supposed to be phased in
17 over a two-year time frame. As Mr. Beck stated, the first
18 proposal called for increases in 2004 and 2005, which has since
19 been rejected. The current proposal calls for increases in
20 2004, 2005 and 2006. This is one rate increase every year for
21 the next three years. What part of two years is difficult to
22 understand? 2004, 2006 is two years, not '04, '05 and '06.

23 Additionally, as reported in the St. Petersburg
24 Times, the current proposal from Verizon is higher than their
25 first proposal due to additional costs of recalculation. This

1 would appear to violate the revenue neutral position or
2 provision of the law as they are now requesting recoupment of
3 costs not associated with any reduction in access fees. It
4 would be easy, therefore, to assume that these increases are
5 not a dollar-for-dollar reduction which is required.

6 Most folks now use cell phones for their long
7 distance services and needs. As I rarely make long distance
8 calls, I will not see any benefit from this reduction, only an
9 increase in the cost of my service. Also, if I made long
10 distance calls, it is going to be out of state, further
11 ensuring that I will not benefit as these reductions are
12 targeted for in-state calls.

13 This is simply a pure discriminating law in that it
14 increases only residential and small business customers. The
15 reason, big business pays too much already. I know that big
16 businesses tend to play -- excuse me, pay flat rates for their
17 services. So residential and small business customers pay on a
18 per call basis.

19 Before this law was passed, Verizon introduced a new
20 flat rate, 49.95 plan for long distance services, regardless of
21 how many long distance calls you make. So if this is such a
22 problem with profitability in the local market, why would they
23 need to introduce such a plan? Obviously, individuals who were
24 paying 100, \$200 a month in long distance would jump to this
25 plan. Therefore, they would lose revenues in that process.

1 These increases are substantially higher than the
2 current rate of inflation. It has been earlier mentioned about
3 the 1995 law being passed. This was done in an attempt to
4 increase competition. It didn't work, and it won't work now.
5 The result, however, has been an introduction of a service
6 portability fee. This now allows Verizon to charge, in my
7 case, 36 cents a month. In case I change providers and want to
8 keep my same phone number, given the current number of
9 customers Verizon has, they are collecting over eight and a
10 half million dollars a year in contingency fees. This will not
11 help competition.

12 I firmly believe this is a bad law. The reasons for
13 their increase don't add up. It's pure smoke and mirrors, and
14 I believe that anyone who buys what these people are selling
15 have been bought.

16 COMMISSIONER BAEZ: Mr. Twomey?

17 MR. TWOMEY: No.

18 COMMISSIONER BAEZ: Mr. Ciamporcero?

19 MR. CIAMPORCERO: Mr. Hoeazema.

20 MR. HOEAZEMA: Sir?

21 MR. CIAMPORCERO: I believe you testified that this
22 petition was simply on the word of the companies without -- I
23 don't know if you said without any proof or without any --

24 MR. HOEAZEMA: I am stating that as far as I am
25 concerned the only evidence being presented that competition

1 will increase is yours.

2 MR. CIAMPORCERO: And I simply wanted to ask you if
3 you have had a chance to read any of our filings in this case?

4 MR. HOEAZEMA: You state competition. What
5 competition? I say show me the competition. There isn't
6 competition in this area, and there won't be.

7 MR. CAMPEN: Could I send you a copy of the
8 pleadings? We do have experts testifying, and I would like you
9 to able to look at this stuff is all.

10 MR. HOEAZEMA: It won't change my mind.

11 MR. CIAMPORCERO: Okay. Thank you.

12 CHAIRMAN JABER: Mr. Beck and Mr. Twomey, anything?
13 Thank you, Mr. Hoeazema.

14 Mr. Beck.

15 MR. BECK: The next witness is Momma Tee Lassiter.

16 MOMMA TEE LASSITER

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

19 DIRECT STATEMENT

20 MS. LASSITER: Good evening. My name is Momma Tee
21 Lassiter. I'm a native of St. Petersburg. I am the grassroots
22 community activist, and I am the founder and CEO of Successes
23 Unlimited. And I don't mean to offend anyone, because I tell
24 my mayor and council it's nothing personal, it's strictly
25 business. But tonight it is personal.

1 On the first note --

2 COMMISSIONER BAEZ: Can you move up to the microphone
3 a little, so they can hear you?

4 MS. LASSITER: On the first note, a public hearing is
5 supposed to be, as I have been here ten years now coming, where
6 the residents and the public get to come and speak their view,
7 I can understand you are trying to decide on this law, but I
8 would ask the council -- you all may have your positions, and
9 that's fine, but please treat people with respect. You can
10 push your point, but I have learned to say things seasoned, you
11 know, with a little bit more grace other than salt. That's
12 just some housekeeping rules from Momma Tee.

13 Let me help you out. In '94, I had a heart attack.
14 In '95, I had a heart attack. The end of '95, about three days
15 before Thanksgiving, I had another heart attack. In 2000, I
16 had congestive heart failure. And if it wasn't for the fact
17 that I had a telephone then, I wouldn't be here. I say that
18 because I am a single mother. I have raised four kids. I have
19 a high school diploma. I have worked. But then I was placed
20 into a position where they say I could never work again because
21 of two car accidents, because of the heart disease, diabetes,
22 and high blood pressure.

23 I began coming to city hall in '96, and I had a
24 problem with the people speaking for me, or saying they are
25 speaking for me, but not really knowing what I am going

1 through. So from that the Lord gave me a vision, a non-profit
2 one, to help the people in my community, Midtown, that they can
3 be successful, that education is important, that housing is
4 important. Me and J.R. Teiz (phonetic) come down here all the
5 time and beat up on them. They are fixing to do a budget
6 again. And for three years, they keep raising, raising the
7 water bill, okay? Three years.

8 Now, I assume that the Public Service Commission
9 would not put this out unless it's factual and trustworthy. So
10 when you tell me that Verizon is proposing 4.73 per month and
11 proposing a three-year single line business increase and it is
12 going to be \$1.65 to 7.53, for a lady that gets 616 a month,
13 thank God my car payment is one more year of 289. She is on
14 Section VIII. Thank God. I don't have a problem with it.
15 Because, see, I couldn't afford to go and hob-nob with the rich
16 and famous and get an office, so I started my non-profit in my
17 home. Up until about two months ago, my long distance bill, my
18 fax bill with Verizon, I went without food, okay? I'm trying
19 to lose weight. All right?

20 But I found out about this link up, temporary
21 assistance to needy families, TANF. Ninety percent of the
22 people in my community, they get that. Food stamps. Thank God
23 for my disability, they give me \$17 a month in food stamps, so
24 that qualifies me. Medicaid, that qualifies me. Low income
25 home and indigent assistance, that is a wonderful program.

1 They do a lot of good in this community. Then the SSI and the
2 federal public housing.

3 I think it has been 21 years, and in 21 years the
4 telephone line service has gone up \$1.42. If my research is
5 correct, it was 10.68 and they moved it to 12.10. I don't have
6 a problem with that. I'm poor. I'm poor. My mother wouldn't
7 have a problem with that. You know, she has more of a problem
8 with the water bill, okay?

9 Different ones in the community, we need telephone
10 services. No, I don't have all the call waiting. I do have a
11 cell phone. I'm a Verizon wireless girl, yes. After nine
12 o'clock at night, I have the luxury of calling my daughter in
13 Denver, Colorado, where she is there alone to make sure she is
14 okay. In Orlando, I have another daughter where I have a
15 premature grandbaby. And I definitely want to know what is
16 going on with Macayla (phonetic).

17 Let me give you a little history. In January -- on
18 January the 10th I was here at the city council. I left this
19 place and got in my car. My sister called me to tell me that
20 my family had had a conference, and they wanted to know if I
21 would go to Tallahassee because my eldest sister there, Mildree
22 (phonetic), which was -- which died April the 9th, they found
23 out she had cancer. She lived alone, so they asked me to go.

24 I got on the phone with Verizon. I let them know,
25 number one, I was leaving town, and that I wasn't going to be

1 home, but I was going to come in at the first of the month so I
2 could take care of things that I needed to take care of because
3 I'm responsible. I have a nonprofit, plus I did have a life
4 here. Those people worked with me.

5 When this young lady, the sister was talking about
6 the cable, I can agree. The Verizon bill now with Lifeline and
7 everything that I have is downsized to me for \$80, but it is
8 worth it. Because since 2000 I was paying astronomical
9 business, 200. When I got a bill for 150, I was very happy,
10 okay? I was ecstatic. And I listened to these gentlemen here,
11 and it sort of irritated me. You want to try to say to this
12 man because he has a chamber and you have multi-lines your bill
13 is going to stay the same. Well, I give him a break. That's
14 good. Because his water bill, and some of them other people
15 that you do business with, them restaurants, their water bill
16 is going to be more higher than mine is in the community.

17 I appreciate we have elderly people, but it is not
18 just about rich people. It's just not about elderly people.
19 It is about all people. And the thing is, when you talk about
20 Verizon, let's get personal and put it all in the water.
21 Verizon came to the table, and out of all the big companies in
22 this city, have you ever looked and seen how much their
23 foundation do to help with education, literacy, technology?

24 I'm looking, and I have been here in St. Pete, okay,
25 and I am here at city hall. Senator Crist know me. Sloan know

1 me. They probably back there listening, wondering what I am
2 going to say. But you give me a big company, and I could give
3 you Echelon, or some of the other big ones, that is going to
4 put into the community. They are making money, but they are
5 giving back. And this is a bill not only for Verizon, but for
6 Sprint and BellSouth. And, again, I say, if the Public Service
7 Commission's special report is truthful and not a lie, and I
8 hope Jeb Bush would not approve anything to go out to represent
9 that, to say \$4.73 per month from Verizon, 6.86 per month, you
10 know, and then 3.50 to 3.86 for BellSouth is such a high
11 increase. We.

12 Are living in a time now where everything is up. You
13 go in the store one week, lettuce is a certain price. You go
14 back to Kash 'n Karry or Winn-Dixie, and then the next week
15 it's down. Then they play a little game on you. Notice when
16 the holidays come, at the end of the month all the prices
17 escalate. Then when it's slow during the month and most people
18 are broke but they're trying to make the income, the prices
19 come down.

20 No offense gentlemen, I know you are trying to do
21 your job, but let's get real. We are living in a day and time
22 now where it is about money, people trying to make money. But
23 when you have a company like Verizon -- I don't know about the
24 other two, I hope they are true to their word, too. But
25 Verizon has been a good partner. And then on the other side,

1 when they bought and switched out with GTE, economic
2 development, yes. How many companies really give to
3 minorities, really hire them and put them in jobs? I think
4 you'll have done chose the wrong battle. And the bottom line
5 is, to my estimation from the research I did in the community,
6 the House and the Senate approved it a couple of years. Then
7 it got to Bush, and he shut it down. And I always said if it
8 was raining brains, he wouldn't get wet. But I thank God this
9 year he done seen the real side of it and approved it.

10 So is there anything you want to ask me before I go
11 to pray meeting and pray for you?

12 MR. TWOMEY: Yes, ma'am. You said -- and I am going
13 to try to be nice.

14 MS. LASSITER: You owe him an apology. You supposed
15 to be the leader. You know, you supposed to be -- you know,
16 you are sitting up there in the chair.

17 UNIDENTIFIED SPEAKER: Come on, lady.

18 (Simultaneous conversation.)

19 COMMISSIONER BAEZ: Please. Everyone is going get a
20 turn.

21 MS. LASSITER: Ya'll don't make me snap.

22 MR. TWOMEY: Now, Ms. Lassiter, you said -- you said
23 that you qualified yourself as being poor, right?

24 MS. LASSITER: I am poor.

25 MR. TWOMEY: You said you get food stamps.

1 MS. LASSITER: Seventeen dollars a month.

2 MR. TWOMEY: Seventeen dollars a month?

3 MS. LASSITER: Uh-huh.

4 MR. TWOMEY: And yet it is your testimony that you
5 don't have a problem with Verizon raising your local rates by
6 \$4.61, which would be over a quarter of your food stamps.

7 MS. LASSITER: No. I came up with a plan. The
8 doctor want me to stop smoking cigarettes. So my birthday is
9 Monday. My birthday present to me, I am going to stop smoking.
10 So where I normally spend \$6.56 a day for cigarettes, I am
11 cool, I have still got some money to spare.

12 MR. TWOMEY: Just to be clear where you were coming
13 from. Despite the fact that you have defined yourself as poor
14 and you get food stamps --

15 MS. LASSITER: Uh-huh.

16 MR. TWOMEY: -- it is your testimony that if the
17 Public Service Commission has two choices, raising your rates
18 by zero per year or raising it by \$55.32 --

19 (Simultaneous conversation.)

20 MS. LASSITER: They could raise it to 155. Let me
21 make it clear to you. Me, I need a phone. Because, see, where
22 you have a car and your office and all of this, I work from
23 home. When a girl calls me and she is trying to stay off
24 crack, and she need me to encourage her, I got to be able to
25 talk on the phone. My phone, I have a phone by my bed, one in

1 my office, one in the living room. I'm 24-7. Whoever calls me
2 for whatever. If the police is harassing somebody, they either
3 going to get me on my cell phone, or they are going to call me
4 at home. That is the way I do my good for the Lord. I have to
5 be able to talk to people. People need to be able to talk to
6 me. So, to me, a telephone is necessary. And I wouldn't care
7 what the price is, how much they have raised it. The bottom
8 line is I would just have to trust God that I am going to be
9 able to pay it because I need it. That's worrying about the
10 wrong thing, four, five, six, seven dollars. How much money
11 you all waste in the hob-nobbing and having drinks and all like
12 that? Come on now, get real. Moving right along. Are you
13 finished, because I am trying to be polite and nice.

14 MR. TWOMEY: I'm finished.

15 COMMISSIONER BAEZ: You're finished?

16 Commissioner, do you have any questions?

17 COMMISSIONER BRADLEY: No.

18 COMMISSIONER BAEZ: Thank you, Ms. Lassiter.

19 MS. LASSITER: Thank you.

20 MR. BECK: The next witness is Barry McIntosh.

21 MS. LASSITER: I'm out of here.

22 BARRY MCINTOSH

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. MCINTOSH: Good evening. I'm Barry McIntosh, and
2 I'm speaking as a consumer and as a Verizon services user.

3 No one likes to hear the words "rate increases,"
4 because bottom line is it typically means we keep less of what
5 we make. And for those who don't have much in the way of
6 discretionary income, it is less palatable. And those on fixed
7 incomes who are dependent solely on the government to increase
8 what they make, it is even more difficult to swallow.

9 However, after close examination, this particular
10 current sounds simply like taking one's eggs out of one basket
11 and putting them in another. In the end, you still have the
12 same amount of eggs; hence, it's called rate restructuring.
13 The \$76 million in subsidies that all of us who use long
14 distance are paying will now go from the long distance basket
15 into the local service basket. Our long distance rates, access
16 and connection fees will go down or disappear entirely, which
17 accounted for part of what was used to subsidize the cost of
18 keeping our local rates as low as they have been for 21 years.

19 As was mentioned before, they increased 13.3 percent
20 over that period, an average of slightly more than a half of
21 one percent per year. That's not bad. But, of course, we have
22 seen long distance rates and the addition of fees to subsidize
23 that. So to be fair we have seen that. But in the simplest
24 terms we can also say that it is almost kind of like getting
25 your accounting straight, too, sort of like putting the cost in

1 the ledger accounts where it really actually applies to.

2 That said, I feel fairly confident, since it is law,
3 that Verizon cannot profit from their restructuring, that they,
4 in fact, won't profit. While I can't vouch for every
5 calculation being 100 percent accurate, since I am not privy to
6 all the calculations, again, I trust that Verizon's claim that
7 for every dollar of increase there is a dollar of decrease, to
8 be true since, again, it is the law that it has to occur, and
9 it has to occur.

10 Now, to get to what is more important, how it affects
11 each of us individually. I've been told that approximately 5
12 percent of Floridians don't utilize traditional long distance
13 services. However, no one can say of that 5 percent how many
14 are using prepaid long distance calling cards or cell phones,
15 which have these very fees that these folks may be seeking to
16 avoid already go into them. So it's hard to argue that even
17 this approximate 5 percent are going to be hit with a local
18 rate increase without any offsetting long distance rate
19 reduction, because that very same reduction will also be built
20 into the use of these phone cards.

21 So let's address the remaining 95 percent, and what I
22 see as two intrinsic benefits to this rate restructuring. Here
23 is how I understand it, and I'm going to be reiterating a
24 couple of things here. Starting with the first quarter of
25 2004, and twice thereafter, in the first quarter of 2005 and

1 2006, residential customers will be hit with a rate increase of
2 about \$1.58, \$1.58 and \$1.57, respectively. There are also a
3 couple of one-time charges that will increase incrementally
4 over that same period of time; namely, a network access
5 establishment charge, which is an increase of \$5 total over
6 those two years, and an essential office connection charge,
7 also, an increase of \$5 over the two years. But, again, these
8 are one-time charges.

9 During these same two years the rate that Verizon
10 charges to long distance carriers where Verizon's network is
11 used in a long distance call will decrease from 4.8 cents, 4.85
12 cents to 1.17 cents. And then toward the end of the two-year
13 period, probably late 2005, these same residential customers
14 will also see access charges in connection fees, which can be
15 up to 1.95 per month, completely disappear, a change that
16 occurs all at once.

17 Theoretically, what that means to us is that after
18 that very last increase, which you keep referring to, the \$55,
19 an offsetting increase -- decrease, our phone bills would be
20 the same if our phone habits remained the same. My research
21 tells me that effective with the first increase our bills will
22 go down. However, they may not go down commensurate with the
23 1.58 monthly local service rate increase. And that same thing
24 holds true for the increase in local service that takes
25 place -- the rate that takes place in 2005. However, by the

1 time the increase of 2006 occurs, we will see the full
2 elimination of the connection fee and reduction in access fees.
3 At this point is when we, the consumer, will see a
4 dollar-for-dollar increase versus decrease in our Verizon bill;
5 and hence, a net zero change.

6 So the obvious question is where is the benefit that
7 I talked about? Here is the two that I see. Number one, with
8 every Verizon increase in local access service, the door opens
9 more to competitors coming into the market similar to what is
10 being done for long distance and wireless. Right now the
11 markets are so slight for competitors they are prohibited from
12 making inroads. With the long distance subsidy that we are now
13 paying going away, competitors will be more prone to test the
14 waters. And when that happens, we win big, for we then force
15 everyone to fight for our dollars, resulting in better rates
16 for all.

17 So with each successive rate increase in local access
18 service, we take steps toward being the recipients of the
19 benefits of the American free enterprise system. And we could
20 actually end up paying less than what we are paying right now
21 as a result of that. If this rate restructuring doesn't go
22 through, the likelihood of that occurring does not exist.

23 Here is the second benefit. This legislation
24 increases those who participate in Lifeline dramatically. Up
25 to an additional one million consumers will become eligible for

1 the \$13.50 discount on their monthly phone bill. Up until now
2 those who participated in at least one of the following
3 programs, Supplemental Security Income, SSI, food stamps,
4 Medicaid, Federal Public Housing Assistance, Section VIII, low
5 income home energy assistance program, or LIHEAP, which is now
6 run by the Pinellas County Urban League, and Temporary Aid for
7 Needy Families, TANF, could get this monthly discount.

8 Legislation now expands this to those who don't
9 exceed 125 percent of the federal poverty guidelines,
10 regardless, regardless of whether or not they are part of one
11 of those programs, which is a major change. That is where the
12 additional one million consumers comes from.

13 Since this bill became law or, actually, it hasn't
14 become law yet. But, actually here in our area we have already
15 started doing that. And since then, in just a month or so,
16 approximately a thousand more consumers in our six-county area
17 have taken advantage of Lifeline and the \$13.50 discount.

18 Another thing that has changed is that the agencies
19 mentioned above have received training to proactively market
20 Lifeline. Apparently, there isn't full participation right now
21 under these agencies. So many of the folks that are on fixed
22 incomes or very little or no discretionary income, may already
23 qualify for the Lifeline monthly discount of \$13.50 and not
24 even know it. So for those who are uninformed, this now has a
25 much better chance of becoming a reality for them.

1 The other benefit to those who receive the discount
2 is that their rate adjustments that we have talked about here
3 are deferred until after two years are up, and according to
4 legislation, can occur in one lump sum of \$4.73 or so.
5 However, it is my understanding, and I would think that Verizon
6 is hoping that during those two years a whole new look at
7 Lifeline is going to occur. Because ethically and morally they
8 probably wouldn't want to put those people through a \$4.73
9 increase in one lump sum. So, hopefully, things are going to
10 be working out to try and restructure Lifeline.

11 The last point speaks to small businesses. The
12 greatest impact of this rate restructuring will be businesses
13 that amount to just over 100 of one percent of our area. Their
14 increase over the two-year period will from \$24.47 to \$32 in
15 the end. But, again, their long distance charges, access fees
16 and connection fees will either be reduced or eliminated. The
17 vast majority, 79 percent, will see a rate increase over the
18 two years from \$30.35 to \$32.

19 So in closing I see the benefits of Verizon's
20 proposed rate restructuring far outweighing any harm to the
21 consumer. Number one, the door opens to competition, and
22 everyone benefits when that happens. Number two, a great deal
23 more of poor and needy families, and fixed income families get
24 to take advantage of Lifeline services, which, as I said,
25 amounts to a \$13.50 reduction in their monthly phone service,

1 as some thousands have already done in our area.

2 COMMISSIONER BAEZ: Any questions of Mr. McIntosh?

3 MR. BECK: Just a few. Mr. McIntosh, who do you use
4 for long distance at your home?

5 MR. MCINTOSH: Verizon.

6 MR. BECK: Verizon. What do you pay for in-state
7 long distance?

8 MR. MCINTOSH: I don't really know, because I use my
9 cell phone most of the time. I use my cell phone most of the
10 time.

11 MR. BECK: So you make very few long distance calls
12 from your home?

13 MR. MCINTOSH: Uh-huh.

14 MR. TWOMEY: Mr. McIntosh, what do you do for your
15 profession or business?

16 MR. MCINTOSH: I am an operations manager for a
17 technology company.

18 MR. TWOMEY: What kind?

19 MR. MCINTOSH: What kind of technology company?

20 MR. TWOMEY: Yes, what company?

21 MR. MCINTOSH: Print to Web.

22 MR. TWOMEY: Print to Web. You have a lot of facts
23 and figures in your testimony. Did you write that testimony or
24 was it given to you?

25 MR. MCINTOSH: I wrote every word of it.

1 MR. TWOMEY: Okay. You said that you weren't
2 concerned about the -- if I heard you correctly, you weren't
3 concerned about the prospects of Lifeline recipients getting
4 the \$4.61 per month increase because you thought that ethically
5 and morally Verizon wouldn't do that?

6 MR. MCINTOSH: That's my feeling. I think that they
7 probably want to avoid that as much as they possibly can.

8 MR. TWOMEY: That's fine. Do you understand that
9 whether they can do it or not, BellSouth is trying to protect
10 its Lifeline recipients from their rate increases for up to
11 four years; Sprint is saying they want to do it for three
12 years, and Verizon is saying a two-year period?

13 MR. MCINTOSH: Right.

14 MR. TWOMEY: Are you aware of that?

15 MR. MCINTOSH: I am aware of the last one. I am not
16 aware of the other two.

17 MR. TWOMEY: Okay. Now, you said you thought that --
18 did I hear you say that you thought that our rates in the first
19 year will actually go down?

20 MR. MCINTOSH: I said that our long distance charges
21 will go down, but not commensurate with the amount of the local
22 access, local rate going up, neither in the second year, but it
23 will catch up before the end of the second year.

24 MR. TWOMEY: Okay. Do you know at all how much the
25 in-state long distance rates are going to go down as a result

1 of these rates going up?

2 MR. MCINTOSH: The only information I know in terms
3 of rates is the \$4.85 number that I mentioned to you that
4 Verizon charges for access to the network going down from that
5 amount to \$1.17.

6 MR. TWOMEY: Okay. So would you agree with me, then,
7 that we know for an absolute certainty that if these petitions
8 are granted that residential local rates will go up 4.61 a
9 month after the installation period?

10 MR. MCINTOSH: At the very end, yes, which at the
11 same time we will see a big reduction as well on the long
12 distance rates, the access fees and the connection fees. So
13 let's say they both end at the same time.

14 MR. TWOMEY: Yes, sir, but that's not my question.
15 Let me finish my question. Would you agree with me that we
16 know that at the end of the implementation period local rates
17 will go up for certainty by \$4.61? Do you agree with that?

18 MR. MCINTOSH: If that is the number.

19 MR. TWOMEY: 4.61, 4.70, whatever.

20 MR. MCINTOSH: Yes.

21 MR. TWOMEY: And would you also agree with me that we
22 don't know, no one knows what the long distance rates are going
23 to down?

24 MR. MCINTOSH: The only numbers I have is just what I
25 gave you. I can tell you that those numbers are going down.

1 MR. TWOMEY: Which numbers?

2 MR. MCINTOSH: I'll say it again.

3 MR. MCINTOSH: Okay. The rate that Verizon charges
4 to long distance carriers when Verizon's network is used in a
5 long distance call will go down from \$4 -- I mean, from 4.85
6 cents to 1.17 cents.

7 MR. TWOMEY: Yes, sir.

8 MR. MCINTOSH: And that is per call.

9 MR. TWOMEY: And, in fact, if that were to be the --
10 if I were to tell you that that was the reduction they are
11 going to give to AT&T and other long distance companies, and
12 that that has to be flowed through somehow to rates we would
13 actually be able to obtain, would you agree with me that we
14 don't know what those rates are that we are going to finally
15 get are?

16 MR. MCINTOSH: It is my understanding that those
17 rates have to be -- those reductions have to be passed on to
18 us. That is my understanding.

19 MR. TWOMEY: Let me ask you this, Barry. Are you
20 also aware that they can -- the long distance companies who
21 aren't parties to this case can divide?

22 MR. MCINTOSH: Can do what?

23 MR. TWOMEY: Can divide. They can distribute those
24 reductions to business customers and residential customers in
25 any manner they want as long as they give some to each?

1 MR. MCINTOSH: I'm not aware of that.

2 MR. TWOMEY: Do you pay a -- do you pay \$1.95 a month
3 in-state connection fee?

4 MR. MCINTOSH: You know, I'm not really sure. My
5 wife handles the bills, the phone bill. I'm not really
6 positive.

7 MR. TWOMEY: Would you agree with me that if you
8 don't pay one, you can't save when it is reduced or eliminated?

9 MR. MCINTOSH: But we have long distance, so we are
10 paying something like that. I don't know it is \$1.95, but it
11 is some fee. We do have long distance and we use it.

12 MR. TWOMEY: Yes, sir. Would you believe that -- are
13 you aware of whether or not some companies charge that fee and
14 some don't?

15 MR. MCINTOSH: I can't speak to what every company is
16 doing.

17 MR. TWOMEY: I appreciate your help. Thank you.

18 MR. MCINTOSH: Okay.

19 MR. CIAMPORCERO: Mr. Chairman.

20 COMMISSIONER BAEZ: Mr. Ciamporcero.

21 MR. CIAMPORCERO: Would it be more appropriate if I
22 felt that a factual statement needed to be corrected to do that
23 now or do that in writing later?

24 COMMISSIONER BAEZ: I think in the interest -- I'm
25 not trying to foreclose your opportunity to straighten out a

1 fact that you may think is erroneous, but I think in the
2 interest that we are trying to get to a lot of people that
3 signed up, Mr. Ciamporcero, if you would just --

4 MR. CIAMPORCERO: I'll save it until the end. Thank
5 you.

6 COMMISSIONER BAEZ: Thank you. I appreciate it,
7 Mr. Ciamporcero.

8 MR. BECK: The next witness is J. Lloyd Knox.

9 J. LLOYD KNOX

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

12 DIRECT STATEMENT

13 MR. KNOX: My name is J. Lloyd Knox. I live in
14 St. Petersburg. I live in the district that Commissioner
15 Bradley used to represent.

16 I want to call your attention -- you probably are
17 already aware of it, but I just recently was studying the phone
18 bills. I have the Verizon \$49.95 that I get long distance and
19 everything with that. The phone bill is 49.95, but I have to
20 pay \$66.20, which means that all of the taxes and fees amount
21 to, in my case, \$16.25 which is 32.5 percent of the cost.

22 Now, you know, the Legislature told us they weren't
23 going to raise taxes, but they are in a sense, or you will be
24 if let this proposition pass, will cause taxes to raise. I
25 personally am against the increase of rates. I don't know how

1 long Verizon is going to leave us with the 49.95. I think it
2 is a good deal and I appreciate it, but how long will that
3 last? I hope it will last a long time.

4 In addition, I have a cell phone which I seldom use.
5 The only reason I have it is because my wife has a bad heart,
6 and my daughter insisted that I have a cell phone with me at
7 all times so that she can -- my wife can reach me.
8 Nevertheless, my cell phone bill, this month I did not overrun
9 from ALLTEL, the cost is 29.95, but you add all the seven taxes
10 and fees, on the other you have got nine taxes and fees in the
11 regular phone bill, which means that the taxes are 27.4
12 percent. And it seems to me that you need to be aware of that
13 as you go passing or not passing the request of the phone
14 companies.

15 Thank you very much.

16 Any questions?

17 COMMISSIONER BAEZ: Mr. Beck, any questions of Mr.
18 Knox?

19 MR. BECK: No, thank you. No questions.

20 COMMISSIONER BAEZ: Thank you, Mr. Knox.

21 MR. BECK: The next witness is David Falwell.

22 DAVID FALWELL

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. FALWELL: Thank you. My name is David Falwell.
2 I don't make any in-state long distance calls.

3 COMMISSIONER BRADLEY: Excuse me, sir. Would you
4 state your name again, please?

5 MR. FALWELL: David Falwell from Gulf Port. So I
6 have trouble understanding how I will save money if the rates
7 go up. And the percents that they are talking about, the phone
8 company's rates only going up so much for so many years, if I
9 recall right when Verizon bought out GTE, the first thing they
10 did is they laid off 1,000 employees. So, their costs went
11 down and, really, the rates should have lowered.

12 Most public hearings are merely procedure where
13 people get to praise, and gripe, and rattle on and on and then
14 the public hears what has been decided for them well ahead of
15 time. I was encouraged at the PSC public hearing in Tampa a
16 few weeks ago. Ms. Jaber, the members, and those in attendance
17 actually did appear to be hearing the public. They were
18 gracious in their time allotments, and in their courteous
19 questions and answers. So let us keep in mind, then, that the
20 public input stage is still in effect and will be effective.

21 First, I think the purpose of these hearings -- it
22 would be nice if they could be clearly and simply stated and
23 explained, so we don't get off on these tangents and kind of
24 unrelated things. I mean, if the phone rates go up or if they
25 don't go up, that doesn't mean we are going to lose our phone

1 service, because the rates really aren't going up; they are
2 just switching where it is coming from.

3 The act says, and it's in quotes, it says the
4 companies' revenues associated with an increase in local
5 service may not exceed the revenues lost or decreased in
6 interstate access revenues. It shall be in a revenue neutral
7 manner and without impacting each company's total revenues.
8 That's it, period.

9 What we need to keep in mind is what is really behind
10 this demand. Why are the phone companies spending fortunes
11 trying to force this on us? What is their real down line
12 motive. If it supposedly doesn't increase any immediate
13 revenues, then it is definitely not going to make any
14 improvement for our local phone service. It is not for
15 assuring more technological advances and gadgetry, as one
16 misled advocate spoke of at the Tampa hearing. And if I
17 understand it right, it is not to help more homebound
18 individuals receive Lifeline. I think that is under another
19 program. And it is most definitely not to promote any sort of
20 competition, even in the wildest dreams or misleading
21 statements.

22 We have to be realistic and honest here. Today's
23 economic world is no longer entertaining competition. It is
24 only corporations buying up other corporations. Our own
25 federal system is now mandated by global corporations. We

1 haven't had any option for competition here in the past. And
2 even if they artificially created a competitor, what benefit
3 would there be for the public? The service would be exactly
4 the same or more limited, and we would be paying a lot more
5 money for it.

6 Even in this pamphlet I was given tonight for
7 competition calling, if you choose an alternative phone
8 company, which there aren't any, this means that calls that
9 were previously part of your local area included as part of
10 your monthly flat rate charge may now be long distance.

11 This act would not just adversely effect the elderly
12 on fixed incomes or the poor as some news coverage keeps
13 putting it. This act would adversely effect every citizen's
14 cost of living budget. The attitude seems to be that the
15 majority can afford it, so they won't mind paying for it. I
16 say the cooperations can afford not to charge us, and as good
17 citizens they won't mind not gouging us. From what I am
18 hearing tonight, it sound like just because some people in the
19 European countries might be paying five or \$6 a gallon for gas,
20 then we should be happy to do that, too. There has got to be
21 an end to the constant increases in cost when they are not
22 justified.

23 Going back to the report, I guess I would like some
24 clarification on the charges to long distance companies, the
25 interstate access charge. Because as it is written, it says

1 the act allows certain incumbent local exchange companies, not
2 future competitors, to reduce the fees long distance companies
3 and all of that. Well, number one, aren't these charges
4 actually paid for by the customer of the calling origination,
5 not the long distance company, per se? And aren't some of
6 these long distance companies actually Verizon, Sprint and
7 BellSouth, but just in another state? And if so, doesn't that
8 mean that if a Sprint customer calls a Verizon customer in
9 Gainesville, the Sprint customer pays Verizon's a fee? Or if a
10 Verizon customer in Maine calls a Sprint customer in Miami,
11 doesn't that customer pay Sprint a fee?

12 So the fees get paid back and forth between the
13 corporations, and they have a cost column and a profit column,
14 and they trade off these fees. So in a way they are their own
15 interstate companies to begin with. And they are just taking
16 the cost columns and ignoring the profit and forcing the local
17 customers to pay the same monies. I don't know if there is a
18 tax break or something for switching profit columns around, I
19 don't know.

20 I don't know if it is appropriate, but I wonder if
21 you have a way to make available to me the figures on the
22 amount of monies the companies have spent while lobbying our
23 elected officials? I am wondering what if a citizen action
24 committee was given an opportunity to collect enough donations
25 to outspend that amount, could we then uphold our rights?

1 Could we spend a million to buy a law that could keep this from
2 happening?

3 This is a public hearing and you are the Public
4 Service Commission. You are not a corporation service
5 commission, and you are not a peon of the legislature
6 commission. You are the Public Service Commission. And you
7 can tell them where the public wants them to stick this
8 petition, and you can do it with pride and honesty. And
9 personally I don't see that there is any other choice. These
10 sweetheart deals should never even get this far, and I don't
11 think the majority of the public wants it or deserves it.

12 Thank you for your time.

13 COMMISSIONER BAEZ: Any questions? Thank you, Mr.
14 Falwell.

15 MR. BECK: The next witness is Jim Simmons.

16 JIM SIMMONS

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

19 DIRECT STATEMENT

20 MR. SIMMONS: First of all, I would just like to
21 clarify something with a question to the PSC. Are you all
22 appointed by the Governor?

23 COMMISSIONER BAEZ: Yes, sir.

24 MR. SIMMONS: And then after you are appointed, then
25 the Senate confirms you?

1 COMMISSIONER BAEZ: Yes, sir.

2 MR. SIMMONS: I just wanted to -- I am going to be
3 very brief. I just wanted to share something from our local
4 paper, which you probably have not had a chance to read.
5 Everybody here knows that whatever you read in the Times is the
6 truth. This is from a column. It says, first, the Legislature
7 passed a law that will raise everybody's residential telephone
8 rates. Now, they have succeeded in removing Charlie Beck this
9 afternoon, public experienced advocate, exactly when we need
10 someone to stand up for the consumers while the Public Service
11 Commission pushes through the rate increases.

12 It turns out that one of the finalists to replace
13 Beck, one of the ones the Legislature says is better, is
14 getting paid as a contractor to BellSouth, the state's largest
15 phone company. And Alberta Parker also has been a telephone
16 industry lobbyist. BellSouth, of course, is one of the
17 companies that wants to raise phone rates. Somehow this little
18 tidbit didn't come up in Parker's application, but is revealed
19 by a regional newspaper.

20 So my question to you folks this afternoon is simply
21 a question. Because you are here because of the Governor,
22 Governor Bush, and the Legislature that has passed this law to
23 raise residential rates, the Legislature has also succeeded in
24 removing Charlie Beck, the public's advocate opposing the rate
25 increase, how can the citizens of Florida not believe that even

1 with all of your public hearings, they are not more than just
2 lip service and that this rate increase is simply a foregone
3 conclusion? And that's a question.

4 COMMISSIONER BAEZ: I'm sorry. I didn't hear the
5 witness' name.

6 MR. SIMMONS: Jim Simmons.

7 COMMISSIONER BAEZ: Mr. Simmons, I can't emphasize
8 enough how seriously concerned the Commissioners that are here
9 and the Commissioners who are not here, all five of them, take
10 their jobs. And while the law requires us to take certain
11 considerations and consider certain proofs as part of this
12 whole administrative process, your input is very serious, and
13 this is by no means a foregone conclusion, I assure you of
14 that. There is a lot of information to process, and I assure
15 you that all five of us will be very well versed in all of that
16 information by the time the decision is made.

17 I don't think that you should read anything into the
18 fact that we are appointed by the Governor and we are an arm of
19 the Legislature. I think that the Commission by law has been
20 empowered to make the sole determinations of whether these
21 petitions and these increases are appropriate. That is part of
22 our job, and I can commit to you that that is exactly what we
23 are going to do, is to consider all the facts and render a
24 decision that is in the best interest of the State of Florida.
25 I can't give you any more guarantee than that.

1 MR. SIMMONS: Thank you very much.

2 COMMISSIONER BAEZ: Thank you, Mr. Simmons.

3 Mr. Beck.

4 MR. BECK: Thank you. The next witness is Gonzales
5 Ortez.

6 GONZALES D. ORTEZ

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. ORTEZ: My name is Gonzales D. Ortez, and I
11 reside at 220 6th Avenue North, St. Petersburg.

12 Now, regarding this meeting today, I regret to say
13 that our legislation people have done a bad injustice to the
14 public. Last year, as you know, this was brought up about a
15 raise, but because Bush decided he was going to run for the
16 Governor, that got him off the hook. We were all saved. And
17 it didn't matter to me one way or the other whether he is going
18 to sign the bill or not. We are talking about the telephone
19 companies. Okay.

20 Now, what happened after that, I was guaranteed more
21 or less -- in the paper it said this would never come back
22 again. Well, the lobbyists for the telephone companies did a
23 wonderful job. You managed to get ahold of our state
24 representatives. Lobbyists. Are you a telephone company?

25 MR. TWOMEY: No, sir. I'm an AARP person.

1 MR. ORTEZ: Oh, I'm sorry. Got you. Okay. Gone to
2 far. Okay. The lobbyists for the telephone company, they
3 managed to convince you all that this is a viable issue, so you
4 decided, well, we are going to bring it back. So the state
5 threw it in the hands of you. They got off the hook. So what
6 happens is we wind up coming back to you again in regards to
7 this matter.

8 Now, we've got -- we've got a big problem here. And
9 I am one of these individuals who does not have long distance,
10 but yet I'm going to pay. I am paying dearly for this. Why in
11 the world if I don't have long distance, why are the telephone
12 companies charging me? I cut that off. And, you know, if this
13 goes through, as we say, if it goes through, the first year in
14 2004 that is going to be \$1.58 for the year, for one year.
15 Okay. I mean, excuse me, \$1.58 for one month. All right. So
16 that is going to come up to \$18.96. So that is my penalty for
17 having long distance. I don't even use it. And if I had it --
18 it's not that I am poor, or anything like that, don't
19 misunderstand me. But I know one thing, if these companies are
20 going to keep up this telephone, I am going to shut it off. I
21 don't need it. I can send up smoke signals, if I want to.

22 But the thing is you have got one big problem here,
23 you turn around, and you turn around here, and you make the
24 long distance call, we will be the ones that will pay dearly
25 for it, the ones who don't have the long distance.

1 Then you talk about competition. Competition has
2 been talked -- I have been here since 1960 in St. Pete.
3 Competition has been brought out ever since 1990, and here we
4 are in 2003, no competition. So what are you doing? You are
5 saying it is not enough monies, you want more money, you turn
6 around, you are saying it is not enough money for the locals
7 like myself. Well, you would be surprised that the telephone
8 companies make plenty of money because they have ID callers, ID
9 holders, they have wiring in your house, all of that is an
10 expense. I don't have any of that stuff. I don't want it. I
11 don't need it. Just to take -- the only thing that bothers me
12 is why I have to pay for long distance which I never use. And
13 that is one thing that I can't understand why the Public
14 Service Commission allows that.

15 Now, I am going to go back to another problem we
16 have, and those are the biggest problems that I have got is the
17 taxes. The total proposed local basic rates -- excuse me, I've
18 got the wrong -- the regulators service taxes and surcharges.
19 Number one, we have a federal excise tax which is 3 percent.
20 Federal excise tax to who? Does that go to the state?

21 UNIDENTIFIED SPEAKER: No.

22 COMMISSIONER BAEZ: Federal government.

23 MR. ORTEZ: It goes back to the federal government.

24 COMMISSIONER BAEZ: Federal government.

25 MR. ORTEZ: Anybody know that?

1 (Simultaneous conversation.)

2 MR. ORTEZ: We are talking about regulation services,
3 taxes and surcharges which we pay. All right? Now, the
4 federal excise tax, I assume that's going to the federal
5 government, does it not?

6 COMMISSIONER BAEZ: That would be my assumption.

7 MR. ORTEZ: No? Yes?

8 COMMISSIONER BAEZ: Yes.

9 MR. ORTEZ: Number two, you've got a local
10 communication service tax. Who is the communication tax? Who
11 are they?

12 COMMISSIONER BAEZ: That goes either to your county
13 government or -- if you're in an unincorporated area, or to
14 your city government.

15 MR. ORTEZ: City government?

16 COMMISSIONER BAEZ: Yes, sir.

17 MR. ORTEZ: So, In other words, the city government
18 has turned around and they are getting money from you, and then
19 turn around and they get more money.

20 COMMISSIONER BAEZ: No, sir.

21 MR. ORTEZ: A franchise fee. The franchise fee --
22 not to you personally.

23 COMMISSIONER BAEZ: Okay.

24 MR. ORTEZ: I'm just looking at you. The franchise
25 fee, they have to pay. That is their tax that goes to them.

1 All right. Then the state gross receipts tax. This is another
2 joke, gross receipts. I am not putting the amount on here
3 because everybody's is different from mine. All right? That
4 is another joke. Then you have got the -- you've got the
5 county 911. We pay property taxes for 911, if this is what it
6 is, the emergency, if you want to call for an ambulance. Is
7 that correct, 911?

8 COMMISSIONER BAEZ: I believe the 911 fee is for the
9 system that provides that 911.

10 MR. ORTEZ: Well, we already pay for that service.
11 We pay for that service. So what are we doing? We are
12 double-dipping again. Okay? Now, and then you have the SP
13 provider number for portable fee. Now, I believe if I heard --
14 if I remember correctly, you're allowed to keep your number if
15 you move without paying a fee. Is that correct?

16 COMMISSIONER BAEZ: Yes, sir.

17 MR. ORTEZ: Right. Because you --

18 COMMISSIONER BAEZ: If you change providers.

19 MR. ORTEZ: Beg your pardon?

20 COMMISSIONER BAEZ: If you change providers.

21 MR. ORTEZ: Yes, correct. The last one is the
22 biggest joke of all. I have been on the phone to the --
23 Verizon -- are you Verizon?

24 MR. CIAMPORCERO: Yes.

25 MR. ORTEZ: Okay. For over two hours to try to

1 figure this one out. This is the biggest one that I just can't
2 figure out. You have got the federal universal service fee. I
3 think that is the biggest joke that I have ever seen on the
4 telephone. That is another double-dip. You turn around, and
5 we pay taxes. This is the -- universal is supposed to be for
6 poor people and the libraries, et cetera. We pay all of those
7 taxes to the libraries and all of these things there.

8 Now, the question was, the FCC had the gall, and I
9 mean the very gall to charge me 50 cents more without saying,
10 because I am the one that is paying actually the telephone.
11 Why did they want -- from what I understood, I received a
12 letter from your company stating that this tax you could pay it
13 and eliminate me, but you say that these people or the
14 companies are paying it, so you are sticking it to me. Is that
15 correct or incorrect, or did you quite understand my statement?

16 MR. CIAMPORCERO: I really didn't understand what fee
17 you're talking about.

18 MR. ORTEZ: I'm talking about the federal universally
19 (sic) tax. I got a letter --

20 MR. CIAMPORCERO: The federal universal service tax.

21 MR. ORTEZ: All right. What happened, I tried --
22 now, I told them, why should I pay it if you -- in fact, the
23 indication was that they would not -- we were not supposed to
24 pay it if we didn't want to pay it. We're talking about the
25 universal. And finally I got a letter from your company after

1 a whole hour. Now they indicate to me the universally (sic)
2 service fund -- you are familiar with that, are you not?

3 MR. CIAMPORCERO: Yes.

4 MR. ORTEZ: Okay. Great. Now, what it says is that
5 the long -- that all long distance companies pay this fee.
6 Okay? And it intends to help offset the cost of providing
7 service and rural health care facilities, low income areas,
8 high cost areas, schools and libraries. Okay? While the FCC
9 requires the long distance have to pay it, it does not require
10 them to pass the cost on to the customers. However, most
11 companies do. So, in other words, you are passing it on to me.
12 And I'm trying to figure out -- from what I understood, and I
13 read in the paper where we didn't have to pay this. And I said
14 if I don't pay it, what happens to me? It took me an hour to
15 get that answer from your company to find out why should I pay
16 it. And your company says that I have to pay it. And I said
17 suppose I don't pay it, what happens? Are you going to shut
18 the phone off? Could you answer that question?

19 MR. CIAMPORCERO: It's part of your bill. Just as in
20 the other -- the 911 fee, the number portability fee, you can
21 choose not to pay it. We would be -- you know, we would be, as
22 we always are, very polite and try to get you to pay your bill.
23 But, ultimately, I suppose if you didn't pay your bill, yeah,
24 it would --

25 MR. ORTEZ: Well, it is a bill that I shouldn't be

1 paying. You are the one that volunteered to take it. You
2 made -- you paid for that. Actually, I --

3 MR. CIAMPORCERO: I can guarantee you we didn't
4 volunteer to pay it.

5 MR. ORTEZ: It says that the company usually pays
6 that service.

7 MR. CIAMPORCERO: My understanding, sir, is that all
8 the companies charge that.

9 MR. ORTEZ: Right. All the companies charge it.

10 MR. CIAMPORCERO: Yes, because we are charged that by
11 the FCC.

12 MR. ORTEZ: That's correct. Well, that's what I'm
13 saying. And I think that's -- all of these taxes you have got,
14 believe me, is no bargain let me tell you right now. And then
15 we have, of course, the franchise fee, as you probably are
16 aware, that is because you use our lines throughout the city.

17 Now, you have been talking about competition since
18 1990, and no competition has ever occurred. And let me tell
19 you one thing, if you are going to talk about competition, it
20 isn't going to make any difference from one company to another
21 company whether or not that you have it, it is going to save me
22 money. It is not going to save me money. And as far as I am
23 concerned, with all the monies that you make, with all the
24 taxes we pay in regards to this telephone company, it is
25 double-dipping. I am using the word "double-dipping," that is

1 what it is. Most of these taxes, why are they sticking it on
2 us, the consumer? And that is why if this thing keeps going
3 on, and I am just going to say to you, sir, you may have your
4 phone because I don't need it. It is not that I am poor or
5 anything. I could well afford it. And I just don't like the
6 idea of being taken by anybody. I never use -- just a good
7 example of what I'm trying to bring out. Why should I pay a
8 fee for something I don't use? And this is what I can't
9 understand with the Public Service Commission. You would think
10 that you would analyze that. If a person doesn't use long
11 distance, why is he compelled to pay for something he doesn't
12 use? I don't use those lines.

13 Now, of course, that is probably the FCC's job. I
14 realize that. But I don't know why the FCC wants to do that to
15 me. If I am a person that is long distance, fine, I am using
16 it. But who in the world am I going to call? I don't know
17 anybody out of state, and I am lucky if I call local, unless I
18 call somebody up in Tallahassee, and even that costs me money.
19 So you have to give me a free toll number. I only take toll
20 free numbers. Anything outside, you can keep it. I'm not
21 paying for it. Why should I call you? Nine times out of ten I
22 get a tape recording, saying, well, nobody here. So what do
23 you get? You call back and back. And anybody that has got a
24 tape recorder, I don't waste my time. If I can't talk to a
25 real person, that's it.

1 And that is why I'm saying this, the lobbyists, in my
2 opinion, in this last session in Tallahassee, they were the
3 ones that brought these troubles to us. The state wanted to
4 get off the hook. And the lobbyists, they have more power than
5 the people like myself. We, the people, are the government and
6 you are only public service. But according to the state
7 legislation that didn't work. They were the public. They were
8 the public servants and we -- I should say we are the public
9 servants and they were the government. So they really made a
10 big mistake.

11 And I'm just going to say one thing about this
12 gentleman, Mr. Jack Shreve. We are going to miss him, believe
13 me. I have dealt with this gentleman for many, many years. I
14 have been coming up to the public hearings. And I can honestly
15 say he did a wonderful job when he was legal for the state.
16 Nobody would pull anything over him, but I understand the
17 gentleman that was with him, the state managed to get rid of
18 him. So, I guess --

19 COMMISSIONER BAEZ: We hope he's not going anywhere.

20 MR. ORTEZ: What's that?

21 COMMISSIONER BAEZ: We hope he's not going anywhere.

22 (Simultaneous conversation.)

23 MR. ORTEZ: Are you the gentleman? Did the state
24 want to fire you?

25 COMMISSIONER BAEZ: No, he is not going anywhere.

1 MR. SHREVE: We're going to have to keep him.

2 MR. ORTEZ: I would assume so, because I understood
3 you were there for many years, and we want somebody like you.
4 We don't need anybody that the state government is going to
5 turn around and use their cronies to have what they want. We
6 want a man like this gentleman. I've dealt with him for many,
7 many years. I have come to public hearings with him, and I
8 think he did a wonderful job. And we don't like him to retire.
9 I want him to work until he is 100.

10 MR. SHREVE: I am.

11 COMMISSIONER BAEZ: He's still here.

12 MR. ORTEZ: When I read that story in the St. Pete
13 Times about you, I was broken-hearted, believe me, to see that
14 you were gone, because you probably remember me, and I remember
15 you for years. We went back all the way in the '60s.

16 COMMISSIONER BAEZ: Mr. Ortez, we are trying to take
17 testimony over here.

18 MR. SHREVE: Mr. Chairman, that's okay. (Laughter.)

19 MR. ORTEZ: And don't forget there is no conflict of
20 interest between you and I.

21 MR. SHREVE: That is right.

22 MR. ORTEZ: Right.

23 MR. SHREVE: Thank you.

24 MR. ORTEZ: I appreciate all he has done throughout
25 his years.

1 COMMISSIONER BAEZ: We all do.

2 MR. ORTEZ: And the Public Service Commission, too,
3 but there is only one thing that I am very disappointed about
4 the Public Service Commission. Many years ago, we had the
5 opportunity to vote for you people. Now, we don't have that
6 opportunity anymore. You are appointed by whoever the governor
7 may be. But I would like to see us come back and turn around,
8 and I would like to see you all be elected. Maybe you will be
9 a little more accurate.

10 COMMISSIONER BAEZ: You may get your wish.

11 MR. ORTEZ: Right now what you are doing now, you --
12 I'm not saying that you work with the lobbyists, don't
13 misunderstand me. I'm not going along with that. Even though
14 they may decide to give a party or something, that is neither
15 here nor there. I don't care. You can go to one hundred
16 parties as long as you help me out.

17 Well, that's all. I appreciate the opportunity. In
18 fact, this is the first long session that I have had. Coming
19 here tonight is like being under the third degree. I have been
20 to a lot of meetings and, believe me, you people here did a
21 good job by asking the questions to the individuals. Before it
22 was just hello and good-bye.

23 COMMISSIONER BAEZ: Thank you, Mr. Ortez.

24 MR. ORTEZ: Thank you.

25 COMMISSIONER BAEZ: Are there any questions of

1 Mr. Ortez, quickly? No questions?

2 MR. TWOMEY: I've got about 40 minutes worth.

3 COMMISSIONER BAEZ: You are going to have to go
4 through the court reporter to get them.

5 Thank you, Mr. Ortez.

6 Ladies and gentlemen, I know that you all have been
7 patiently waiting your turn, and I hope you can indulge us in a
8 ten-minute break, because if we lose our court reporter, then
9 nobody is going to get to say what they want. So we are going
10 to recess until 8:05. Thank you very much.

11 (Recess.)

12 COMMISSIONER BAEZ: We will call the hearing back to
13 order.

14 Ladies and gentleman, at this point I want to remind
15 you again that I know we are running late and, again, I
16 apologize. We have got to take these breaks to get the system
17 back in order. I do want to remind you again that there is an
18 alternate way to get your comments noted to the PSC, and it is
19 in the -- inside the back page of the yellow bulletin outside.
20 You can write your comments down and either mail them, fax
21 them, or leave them here with the Commission, and we will enter
22 them into the docket file. So to the extent that we are
23 running late, I know everyone is rushed for time here tonight,
24 and I apologize, but there is another way to get your comments
25 in.

1 good citizen to the communities that they serve. My
2 involvement in literacy undoubtedly has an aspect of looking
3 good, public relations sort of thing. But I saw that the
4 company was earnestly attempting to give back to the
5 communities, and that they definitely wanted to play a pivotal
6 role in a very important program.

7 In the last year to two years, I have had an
8 opportunity to work with a number of Verizon people, Neal
9 Armstrong, Adam Caswell, Crystal Reece, Lauri Dodson, Jeramy
10 Williams and Jim Cox (phonetic), exemplary people that reflect
11 very positively upon the company that employs them. These
12 people are hard workers, intelligent, the kind of people that
13 roll up their sleeves and get their hands dirty and their face
14 smudged and give volunteerism a good name.

15 A while back I overheard -- actually, I eavesdropped.
16 And I heard a number of them discussing their apprehensions
17 about layoffs. And I, frankly, was startled because I thought
18 that the telephone company had more money than God. And I
19 couldn't believe that they were suffering hard times, but I was
20 told that it was a rough patch, and there was a strike, and
21 revenues weren't what they should be.

22 Now, my concerns are certainly about increases. You
23 look at me, you can see that I am in that category where every
24 increase is a problem. Yet I will leave it up to the
25 economists and the technologists whether it is replacement

1 revenue, or whether it is increased revenue, or whether it is
2 appropriate or inappropriate.

3 My concerns are two-fold. One, is what happens to
4 the Lifeline subscribers; and, two, what happens to these
5 people who are my friends? Verizon tells me that the Lifeline
6 subscribers will not be adversely impacted by these increases.
7 Furthermore they say that the Lifeline service could be
8 increased by as many as a million subscribers. The gentleman
9 over here who is a necessary sort of watchdog, I guess, for our
10 society says that is not true. I'm not calling him a liar,
11 because I don't know. I think it is what we always get into in
12 these debates over whether it is or it isn't. I know that
13 Verizon is a compassionate company, and if they tell that
14 that's so, I believe them. But it better be so, because if
15 not, I will be back here in a year or two year's time and ask
16 them what about this.

17 The other part I want to bring up is that at least
18 one and maybe more of the people that I named may be taking
19 Vioxx. And my concern is that a good company be a healthy
20 company, and I think that is a critical element of what this
21 Commission determines.

22 Thank you.

23 COMMISSIONER BAEZ: Any questions? Mr. Twomey.

24 MR. TWOMEY: Yes, Mr. Chairman. Thank you.

25 Mr. Sharnik, with respect to the increase in Lifeline

1 eligibility, were you told that -- were you led to believe that
2 there would be a million more people or a million in total?

3 MR. SHARNIK: Up to a million, that is what I was led
4 to believe.

5 MR. TWOMEY: And were you told that Lifeline
6 recipients wouldn't be impacted by these rate increases
7 immediately or at all?

8 MR. SHARNIK: I was told that they would not be
9 adversely impacted, and I heard that -- and the gentleman from
10 Verizon can correct me. I may be wrong, in error, you know, so
11 I can't swear to it adamantly.

12 MR. TWOMEY: Well, maybe he should answer you now on
13 whether they will have increases in as few as two years or
14 whether they won't?

15 MR. CIAMPORCERO: Mr. Chairman, shall we?

16 COMMISSIONER BAEZ: Yes, Mr. Ciamporcero.

17 MR. CIAMPORCERO: I'd be happy to. We have not made
18 any decisions about what we will do when the two years run. I
19 would very much like to use those two years to work together
20 with everybody in this room to come up with a plan that will
21 protect Lifeline in a new competitive environment. Everybody
22 understands that we are really the only company that offers a
23 meaningful Lifeline. In two to three years, there are going to
24 be a lot of companies out there. We have got to come up with a
25 proposal or plan that ensures that Lifeline is available at

1 affordable rates going forward. And I would be happy to work
2 with AARP, with the Legislature, with the PSC to make that
3 happen.

4 MR. SHARNIK: Thank you. Are you going to take him
5 up on that?

6 MR. TWOMEY: Sure. But as it is right now, sir,
7 their petition would have the increases in two years, period.

8 MR. CIAMPORCERO: Well, it doesn't.

9 COMMISSIONER BAEZ: Hold on. Hold on.

10 MR. CIAMPORCERO: I'm sorry.

11 COMMISSIONER BAEZ: We are not here to have the
12 parties going back and forth, Mr. Ciamporcero. I know you want
13 to respond, but there will be ample opportunity as far as the
14 third part of this process to challenge.

15 MR. SHARNIK: I just want to reiterate one thing. I
16 found Verizon to be a compassionate company, and I think that,
17 indeed, they will work to holding to their promises.

18 MR. TWOMEY: Thank you, Mr. Sharnik.

19 MR. SHARNIK: Thank you.

20 COMMISSIONER BAEZ: Mr. Beck.

21 MR. BECK: The next witness is Maria Famularo.

22 MARIA FAMULARO

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

25 DIRECT STATEMENT

1 MS. FAMULARO: Good evening. I'm astonished that
2 there aren't more people here. I watched the news today hoping
3 that there would be something announcing this meeting again.
4 And I even called the telephone -- not the telephone. I called
5 the newspaper to get the time and place. And I am so sorry
6 that some people have left. I am a retiree. And I live on a
7 static income, and pray that I don't have any major disasters.

8 The proposed increases of 38 or more percent horrify
9 me, because our cost of living increases are approximately 2
10 percent. I have a Sam's card, and if I can pay 3 cents
11 approximately per minute for long distance calls -- because I
12 have family in Lakeland, and when I learn how much difference
13 the cost was with Verizon, I immediately made myself aware of
14 whatever was available so that I could economize in that area.
15 And I'm wondering why Verizon, and I have asked that question,
16 cannot charge less than I can pay with that Sam's Club.

17 I don't have a cell phone, I don't have a computer.
18 And I know my children think I still live in the dark ages, but
19 I try to live within my income. And I am horrified and
20 disgusted about how this came about. And I want to stress to
21 our Public Service Commissioners, please remember you are here
22 for the public. And I would venture to say that the people
23 that are not here in great majority are very much against an
24 increase of this design and the manner in which it came about.

25 I went to a meeting at the library where Howard

1 Trussler (phonetic) spoke. And as you know, he did a series of
2 articles about this very subject. I even have them in my
3 notebook. It was very enlightening, and all of the people
4 there in great majority, I didn't hear one that was in favor of
5 having their bill increased to save money so that others could
6 pay less to call within the State of Florida. I just don't see
7 how it makes any sense to the general public that everyone must
8 pay to have someone else's bill go down when they make a long
9 distance call. If I could figure out how to get it done
10 cheaper, maybe they can. And if not, I would be happy to show
11 them how.

12 COMMISSIONER BAEZ: Any questions? I guess not.

13 MR. BECK: Thank you, Ms. Famularo.

14 The next witness is Betty Honig.

15 BETTY HONIG

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

18 DIRECT STATEMENT

19 MS. HONIG: Good evening, Chairman, counselors. And
20 I don't want to fail to recognize that we have an AARP
21 representative and the technical staff present.

22 I am Betty Honig, H-O-N-I-G, I live at Presbyterian
23 Towers, which is a 202 HUD Building in the city. It was built
24 in 1968. I moved to St. Pete six years ago. I chose it. I
25 did not live in that building then, because I wasn't age

1 appropriate.

2 From the time I was a child when we were happily
3 given an allowance of two cents, one had to be saved and one
4 could be spent. So I have never paid a cent of interest on one
5 charge card that I have. When I got employed here in St.
6 Petersburg, I started out as the only -- no, amend that. I
7 started out with the Marine Science Department of the U.S. Air
8 Force, and I was one of three people. Each of us worked for
9 six professors, and the pay was \$4.46 an hour in 1981, April.
10 I came out of New York. I was an administrative assistant
11 then. I was throughout my career here. I switched over from
12 marine science, because I told all six of my guys that if -- at
13 that time we called it word processors -- that came into being,
14 not me, baby, I go out the front door. I strained, and
15 strained, and strained, and every other low level radiation,
16 and I feel because I am a people person that I wanted something
17 different. Well, the chairman was reasonably new, and is still
18 there, said at the hearing, which I required -- requested, I
19 would be more concerned about radar, radar waves. I didn't
20 even know what it was at the time.

21 At any rate I gravitated over to the Department of
22 Labor where I completed 15 years of service as the only
23 clerical of 40 people. At the end of that time, I catapulted
24 from \$4.46 an hour to 9.88, and that included merit increases.
25 And, believe me, they didn't come but for the first few years.

1 So I know what work is, and I know how to split a penny 16
2 ways. I know people -- I should tell you this: I'm 73. Today
3 I might look 83, but I have been getting two hours sleep and
4 getting to bed at 5:00 and up at 7:00 for reasons that bear not
5 telling here. I take no medications. I've never had a
6 sleeping pill. You name it, I never had it. Because I started
7 planning at about the age of 18 to gravitate or reach the age
8 of 130. I hope I make it. I'm lucky that I have that kind of
9 good health. There are some people who talked tonight who
10 aren't in that position.

11 I don't have a computer. I escaped the mandatory
12 need to get involved with one just short of retiring at age 66.
13 I am involved on a one-on-one basis with lots of folks. I am
14 very active on one-on-one. You wouldn't want to follow me
15 around, believe me. So I would like to share, too, that in our
16 building we have 210 apartments, and I don't know if you are
17 familiar with a 202 building, but it is a matter of being
18 qualified in terms of your income.

19 Well, my income is just that much above the poverty
20 level, but I know how to budget, and I from the time I was a
21 child saved money. As I said, save one penny and spend the
22 other. I have many friends whom I give time to. And,
23 specifically, the other day a friend of mine who used to come
24 to our office at my acceptance, who was a retired nurse, and
25 who came monthly to take blood pressures, and so on, for

1 clients as well as our staff, is now someone with such a
2 limited income that when I visited her the other day after two
3 cancer operations, and the bypass, and then shingles recently,
4 and the eye, et cetera. She wasn't home. I found her later.
5 Where was she? At Walgreen's getting one half a month's
6 medication, which was \$189.

7 So I'm saying that when I came here in '77 my phone
8 bill was between nine and \$10 a month. I had the system
9 whereby, I'm forgetting the words, where I worked so -- I need
10 local calls. It was limited on local calls. Right now my bill
11 with no vertical services is 23, just about even now. And yet
12 the phone company for months now has been asking me to write my
13 18-digit account number on the check. Can you imagine the
14 seniors who can't even follow a few numbers to do that?

15 I, too, was at his Pinellas Park Library chat, and it
16 was absolutely phenomenal. I am just going to read the
17 headline of one of his columns which was from the 13th of
18 October. The public anger should boil over and scald the
19 scallywags. And I will put together a few words that I think
20 are a little bit germane because, again, remember, I just
21 escaped mandatorily getting involved with a computer except for
22 putting in timesheets once a month. And these words I think
23 are accurate, because I consulted with the gal that took the
24 job at marine science just three months different from me, and
25 she loved that sort of machine garbage. So because of limited

1 phone lines, the telephone companies have added many more
2 surcharges to increase revenues to acquire additional phone
3 lines for both Internet and regular phone users. These
4 surcharges should not be assessed to the regular phone users,
5 because the increased use is specifically from Internet users.
6 So that is one, you know, sort of side bar to bring up.

7 To me, since I have no vertical services, I have no
8 need for that. I don't have a cell phone. I just deplore
9 going out into the public and having to listen to Joe Blow who
10 can't wait to get home or somewhere else, that he has got to
11 pick up this fool thing. I don't have a portable telephone. I
12 have a conventional phone with the push button, because I live
13 near the water and the lightning strikes and such. And you
14 can't have one of those phones because it zaps it. No big
15 deal. So I punch. Naturally, it would be nice to have speed
16 dialing and all that sort of jazz.

17 Well, I make no interstate -- intrastate calls,
18 excuse me. I would love to call my godchild in Summerfield,
19 Florida, but I'm not about to get involved with calls like
20 that. I have a brother in Long Island. I haven't used my long
21 distance carrier since March of last year, because the taxes
22 are absolutely absurd. If I talk for two minutes with this
23 carrier, that is two times nine cents, and yet it is almost a
24 dollar by the time I pay for that call.

25 I don't also have a microwave. I don't take any

1 medicines, as I said. And believe it or not, because you can
2 follow me home tonight and prove it, I am still washing by
3 hand, including bedding. It gives me exercise. It keeps me
4 young and all that jazz.

5 And so, I have been reading quite voraciously. You
6 know, whether it was in the paper, I read voraciously, anyway.
7 But I am proud that I am standing right in dead center, ahead
8 of you, Mr. Beck, because I just hope that someone will get to
9 be an adult in this whole scheme of things.

10 And I brought a dictionary. Well, why did I do that?
11 Well, sometimes, some words mean different things to different
12 people. So, if will you bear with me, I picked out words like
13 "discretion." I won't, perhaps, read the meaning to that. I
14 picked out "embarrassment." And I will save this one for last,
15 because I think it is excellent to do that. I'm picking out
16 another word, "grownup."

17 When are we going to find people in public life who
18 are adults? Who use their heads, and don't -- I mean, it is
19 always the big G for greed? And I might be looking directly at
20 you, sir. I just can't abide not being a giving person when
21 you get so much more back in return.

22 Another word I picked out was "integrity." Does that
23 exist anymore? Do we even know what it means? I realize
24 everything is relative, but I'm going to go back to a word that
25 I love. It is called excellence. Excellence can be obtained

1 if you care more than others think wise; risk more than others
2 think is safe; dream more than others think is practical;
3 expect more than others think is possible. Wouldn't that be
4 nice if we kind of exercised that sort of thing in our daily
5 lives and in our business lives?

6 I'm just hoping that the Public Service Commission,
7 with -- hopefully, Mr. Beck is back on board, and I know all
8 that's been going from what I am reading in the papers. I'm
9 not, you know, privy to any inside blah, blahs. I just hope
10 for a change with all the schmuck up there in Tallahassee that
11 there will be some sober heads that come to the fore, and that
12 we will not put up with this garbage.

13 I cannot imagine how the phone company, Verizon in
14 our case, is not able to deal with what I've read from that
15 paragraph about the limited phone lines, and what -- if you
16 have call waiting, why aren't we charging those folks a little
17 more? I mean, is it really necessary and vital to have call
18 waiting and be rude to the person who is calling, say just a
19 moment, please, or do I really have to see on a little screen
20 who it is that is calling? Good Lord. I mean, all of those
21 peripheral services to me are just a lot of foo-foo, and I
22 haven't got the time to waste my money on that.

23 I go to thrift shops. I might look as if I am a
24 little bit wealthy, but believe me, I'm not. And I go to
25 thrift shops that count. There is a brand new one, only known

1 to me in the last few weeks, and that's the Hospice Gift Shop,
2 thrift shop, which is -- it looks like a little branch of
3 Neiman Marcus. That is how nicely it's done. And, of course,
4 it was McCrory's up on 49th Street.

5 I think maybe I don't want to bore you any more, but
6 when I see things like the joint legislative auditing committee
7 has set the Public Counsel vote for mid-November, but they
8 haven't put a date on it yet. And you understand that I am
9 sacrificing tonight because the Yankees and the Marlins are
10 playing, and that was such a thrilling game last night.

11 Let's see if I can pick up anything more here. Oh,
12 the word "benefit," I didn't put that word down. But what
13 benefit? What are we talking about, benefit? What is it going
14 to benefit me, again, like that other gentleman. We also had a
15 gentleman earlier in the evening who was near retirement, and I
16 feel so sorry for him that he might have an increase in his
17 phone bill. My dear, I'm sure it doesn't mean a hill of beans.
18 And there was another lady who said she had a rather tight
19 budget. She should see mine, and I'm not joking when I tell
20 you that from the time I chose to come to this city, and
21 because I don't eat red meat and all the other junk, no junk
22 food, and so on, you can make it on a lot less than you think.
23 I will bet you that our telephone representative doesn't even
24 know how much a loaf of bread costs in the store. Do you?

25 MR. CIAMPORCERO: I sure do.

1 MS. HONIG: What is it? A good loaf of bread, let's
2 put it that way, not Wonder Bread.

3 MR. CIAMPORCERO: There are a lot of different kinds
4 of bread, maybe that is what we would like to see in the
5 telephone industry.

6 MS. HONIG: Name a general price, cost.

7 MR. CIAMPORCERO: About a buck and a half.

8 MS. HONIG: It is a lot more than that these days,
9 sir. It's double that.

10 So I know there are five finalists for the job,
11 Mr. Beck. I sure hope they become adults and put you back into
12 being one of them, because we need people like you. And I am
13 happy to see an AARP rep, even though Mr. Sloan didn't think
14 you had a place being here. I think I will sit down. And I
15 thank you for listening.

16 Maybe I will just add one thought that really I
17 should have started out with. Where I live in Presbyterian
18 Towers, as I said it's a 202 Building, I am so proud to be
19 there because the rent we pay, which includes electric, allows
20 me to do the little extras for other people that they couldn't
21 afford. And there are lots of folks in that building who are
22 just stunned by the fact -- well, first of all, you know, most
23 everyone needs a phone for all kinds of emergency reasons. And
24 it is just staggering to realize that each little increase
25 could be -- I'll give a better example. A lady on my floor who

1 is a very active person, not so much as I, even works at our
2 desk four hours a day, several days a week because it adds to
3 her income. She had an increase in an expenditure and decided
4 to move from a one bedroom, our largest apartments, to an
5 efficiency, truly just across the hall, not up, not across or
6 down. And the phone company's charge to move that phone was
7 \$50. Now, I can't imagine why, with the jacks in either place,
8 both places, that there was a need, you know, justification for
9 that. However, she wants a phone. She had to pay \$50.

10 There are other folks in our building who have such a
11 low amount of Social Security that they are just lucky that a
12 son or a daughter implements (sic), you know, their income.

13 I want to tell you as a last parting shot that when I
14 did the calculations, which I always know from the Social
15 Security code it will be about the 16th of October, I factored
16 in that increase, 2.1 percent, as well as the increase in the
17 Medicare and the increase in my HMO, and my profit come January
18 is nine cents. Isn't that marvelous? But at least I didn't go
19 backward. There were a lot of folks in my building and
20 elsewhere that I deal with who have not got the privilege of
21 having taken the HMO with the state, because we do get a
22 subsidy of five dollars per month for every year we worked for
23 the state. And so even though last year my HMO went up \$67,
24 this year it was 12. So factoring all that in, I will earn
25 nine cents more come January.

1 And so I have come to the end of my diatribe, ladies
2 and gentlemen, and I thank you for listening.

3 COMMISSIONER BAEZ: Thank you, Ms. Honig.

4 MS. HONIG: You are very welcome.

5 MR. BECK: Thank you very much.

6 The next witness is Tanner Andrews.

7 TANNER ANDREWS

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

10 DIRECT STATEMENT

11 MR. ANDREWS: Thank you, Mr. Chairman,
12 Commissioners. We have in front of us a plan for a rate
13 increase. Now, in theory the Public Service Commission doesn't
14 have to approve it. Let's just consider, therefore, whether
15 this rate increase will enrich the phone companies or benefit
16 the public. The proposed increase is not revenue neutral. We
17 have heard several speakers here this evening that are
18 ratepayers. As I envision, particularly down in this part of
19 the state, grandma eking out her last few years. She knows it
20 is not revenue neutral. However, in the current administrative
21 posture the effect on the public really isn't what we are
22 concerned with.

23 We have phone companies claiming that the public will
24 save money by paying these higher rates. That is clearly
25 ridiculous. I have in my pocket a nice shabby dollar bill

1 which I will give to the utility lawyer if he can come here to
2 the podium and say with a straight face that the public will
3 save money by paying more. The reason that the public will
4 allegedly save money is that we are pretending that there is
5 some competition that will magically appear if only the rates
6 are higher. And so by paying these higher rates, with the
7 competition, the public will save money.

8 Let's be honest for a few minutes here. This rate
9 increase wasn't meant to be revenue neutral. You wouldn't have
10 the phone companies paying expensive lobbyists, buying
11 legislators, enriching and praising the governor and bringing
12 in expensive lawyers to promote a rate increase if they thought
13 the rate increase was going to be revenue neutral. You don't
14 spend all that money to accomplish revenue neutrality.

15 The rate increases are, of course, to be offset by
16 rate decreases. That is where we get the purported revenue
17 neutrality for which we are spending so much money and time and
18 effort. But the interesting thing about these rate decreases
19 is that they go to a very select group of customers. They go
20 to the long distance companies that are paying to terminate
21 onto local loops in-state long distance calls. So who, I ask,
22 are these select group of customers that will actually see
23 their rates go down? Surprise, it is the phone companies that
24 are raising the rates to the public. The phone companies will
25 be generously reducing the rates that they charge their long

1 distance divisions so that they can increase the rates charged
2 to the public. Or, looking at it the other way, the phone
3 company in return for charging themselves less feel compelled
4 to charge the public more.

5 In summary, then, you are looking at a rate increase
6 that will rob the ratepayers and give the phone companies a
7 windfall. However, because they bought the Legislature in good
8 faith, the Public Service Commission may feel obliged to
9 approve it anyway. You don't have to. It's discretionary.
10 You have separate judgment. Surprise people. Reject the rate
11 increase.

12 Thank you.

13 COMMISSIONER BAEZ: Thank you, Mr. Andrews.

14 Mr. Beck.

15 MR. BECK: The next witness is Eugene Barrow.

16 EUGENE BARROW

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

19 DIRECT STATEMENT

20 MR. BARROW: Good evening. I am Eugene Barrow. I am
21 totally embarrassed to be here like I am, because I didn't do
22 my homework like some people did. I've heard some mighty
23 fantastic data tonight, most of it for the rate increase.
24 Those people really did their homework, I have to admit, and
25 I'm kind of confused, too. I am not a Greek philosopher, you

1 know, so I can't delve too deeply into these complex issues.
2 But they say, you know, they are far reducing their long
3 distance charges, and when they are asked about their long
4 distance charges, they use their cell phones. I don't
5 understand how it is going to benefit them if they are using
6 their cell phones. Does this tie in with the cell phones?

7 Anyway, if I really thought that the telephone, that
8 Verizon and the other phone companies really needed this rate
9 increase, I wouldn't be standing here opposing it so much. But
10 I don't believe they do. I don't believe that any organization
11 that can spend the money for campaign contributions, lobbying
12 and big salaries for upper management need money.

13 Now, we talk about we are going to raise the rates on
14 one end and we are going to reduce them on another end.
15 Whenever we hear this, what we are usually saying is that we
16 are going to take those people who can least afford it and let
17 them subsidize those people who can most afford it. And that's
18 what would happen here. I don't have a cell phone. If
19 somebody gave me an extra 17 or \$18 a month, I still wouldn't
20 be able to afford a cell phone.

21 We have heard about the competition that exists in
22 our on-line services, especially the high speed connections.
23 And in spite of all that competition, I can't afford it. So
24 competition didn't do me any good.

25 Now, really and truly, I am of the opinion -- if I'm

1 wrong, somebody correct me -- but BellSouth, Verizon and Sprint
2 are competitors with one another. Is that correct? They are
3 not competitors? They are the same company?

4 COMMISSIONER BAEZ: They are not the same company.
5 Theoretically, they could be competitors, whether they are or
6 not, I am --

7 MR. BARROW: Well, I will say this much: If they are
8 competitors, and competition is supposed to save us money, I
9 have a strange idea about competitors, because what I see here,
10 and I see three telephone companies that have joined together
11 like brothers petitioning for the same thing. I don't see
12 where that is competitive.

13 COMMISSIONER BAEZ: Mr. Barrow, let me be clear,
14 because perhaps I misunderstood your question or I
15 misinterpreted your question. The companies -- the companies
16 that have petitioned the Public Service Commission for these
17 access charge reductions and rate increases are doing so in
18 their capacity as incumbent local exchange carriers, meaning
19 as --

20 MR. BARROW: Will you speak into the microphone?

21 COMMISSIONER BAEZ: They have petitioned the
22 Commission in their capacity as the monopoly provider in their
23 area, and I use the term monopoly advisedly. So in that sense
24 they are not competitors with each other. They serve different
25 territories. Does that clear up -- does that answer your

1 question?

2 MR. BARROW: Yes. But they have a very common goal,
3 don't they? Okay. So, let's say that the telephone company is
4 willing to shoot themselves in the foot for our benefit through
5 competition. I don't buy that. I don't believe for one minute
6 that the telephone company is interested in our benefit, and I
7 will tell you why. Actions speak louder than words. Anybody
8 who subscribes to Verizon will probably remember this little
9 flyer that came in their invoice several months back. And what
10 it is for, is for an amplified telephone. Verizon is willing
11 to sell it to us, the hearing impaired, for \$169.95. Now, if
12 they were really concerned about their subscribers, this would
13 instruct the customers on how to get in touch with the Florida
14 Telecommunications Relay, Incorporated, where they can get an
15 amplified telephone for free, not \$170.

16 A lot about this thing I don't understand. Like I
17 say, I am a simple person, and I didn't do my homework. But I
18 know one thing, I don't use that long distance service and I
19 don't believe that Verizon and these telephone companies need
20 the money because of the way they spend money. They might need
21 this rate increase so that they can be sure that they will have
22 funds to lobby next year, and the year after that, and the year
23 after that. So we are not paying for a service in that
24 respect. We are paying for lobbying and campaign
25 contributions.

1 Now, they already have a freebee on their bill. I
2 don't take much issue with it, but most of the charges on
3 there, the taxes, franchise charges, surcharges and all. But
4 this number portability, that is a sweet deal for them. It is
5 a service I'm not requesting nor ever expect to use and there
6 is a lot of people that have never used it. More people wanted
7 to use it, and they never do use it, but they will pay for it
8 month, after month, after month, year after year, until they
9 die.

10 Thank you.

11 COMMISSIONER BAEZ: Any questions?

12 MR. TWOMEY: No.

13 COMMISSIONER BAEZ: Thank you, Mr. Barrow. Thank you
14 for your comments.

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

16 GERALDINE DERSHAY

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

19 DIRECT STATEMENT

20 MS. DERSHAY: Good evening. My name is Geraldine
21 Dershay, and I live in St. Petersburg. I have been a citizen
22 of Florida since 1961. And if any of you gentlemen or ladies
23 are under 55 years old, I want you to realize that you are
24 looking at a woman who could be your mother or your
25 grandmother, because that is what I am. I am a grandmother and

1 a mother, and I'm poor.

2 I have had a two-year college education. I have a
3 two-year degree in human services. And one of the things that
4 I learned in human services at JC was when you are looking at
5 an argument, look to see who is going to benefit by what is
6 being argued. And what I can see is the people that are going
7 to benefit by this is Verizon and intrastate providers. Two
8 big companies, right, or maybe more than two big companies. I
9 don't exactly know how they run, but I do know that the
10 consumer is not going to benefit in any way. And for them to
11 say that by increasing your rates you will decrease your
12 rates -- because I have been an accountant -- in accounting,
13 not an accountant, but in accounting, cost accounting, program
14 accounting, full charge bookkeeper, and I have had a little bit
15 of experience. And I learned a long time ago that figures
16 don't lie, but liars figure. And that is what these rates are
17 all about.

18 When I first moved to Florida, I got a telephone bill
19 I don't remember what they were now, but I know that they
20 weren't this high. And they weren't -- well, they have gone
21 higher. But everything was included in the bill, so that
22 when -- now when they have to break it out, it looks like they
23 aren't charging more, and that they haven't gotten an increase.
24 But in reality when you come down to what you have to pay for
25 the bill, including your taxes and your fees, as other people

1 have brought up, things have gone up more than 13 percent or
2 whatever that gentleman said.

3 I know that when I first moved to Florida, I was
4 making a lot less than I am collecting on Social Security now
5 per month, and yet at that time I was buying a home as a single
6 woman. I was able to go out to plays. I was able to go to the
7 movies. I was able to go out to eat. I smoked. And I
8 occasionally went out to -- different times when I even had a
9 drink. I can't do any of those things now. The last time I
10 went to a movie was when the dollar movies were in town, and
11 that was a long time ago. I don't have any social life,
12 because I don't have enough income. I am qualified for
13 Medicaid. I'm qualified for food stamps. I don't get either
14 because it isn't worth going to all the bother of going about
15 it. I qualify for the Lifeline.

16 But when you come down to it, and you add all your
17 fees and your taxes and so forth, it isn't \$13 a month that you
18 pay; it's a lot more. I haven't paid a bill in a year, not
19 that I am going to have my telephone shut off, because my
20 telephone is already shut off. My sister has been paying the
21 bill for me for a year, and that is not right. People
22 shouldn't have to do this. I can't afford my medication. My
23 sister helps me out on that, and that is not right. This
24 increase is not benefitting the people that could be your
25 parents, or the people that are living on disability pay, and

1 so forth. Our money isn't going up. I don't know where they
2 get the two percent increase for the increase in Social
3 Security per year. I wish I knew where they shopped.

4 UNIDENTIFIED SPEAKER: Well, that is what was
5 announced in the paper.

6 MS. DERSHAY: What is that?

7 UNIDENTIFIED SPEAKER: They announced it in the
8 paper, in the newspaper.

9 MS. DERSHAY: Well, I get the newspaper on the
10 weekends.

11 UNIDENTIFIED SPEAKER: It will be in January.

12 MS. DERSHAY: It will be in January. Well, I'd be
13 happy to read that, and maybe I will travel out to Idaho, or
14 South Dakota, or wherever it is that they base their figures
15 on, but it is not the figures around here. You go shopping --
16 you know, I used to be able to buy a roast beef once and a
17 while. I can't do that now. I have to buy hamburger and
18 chicken and fish. And even fish is getting too much money.
19 But, telephone, I am doing without. I have a cell phone that
20 was given to me by Senior Citizens Advocate, so that I have a
21 911 access. But I also need social interaction, and all the
22 other senior citizens and people on disability need that, too.
23 And if we can't afford a telephone, we can't have it. And we
24 will withdraw into our homes and just curl up and die.

25 Thank you for listening.

1 COMMISSIONER BAEZ: Thank you.

2 MS. DERSHAY: Oh, I do have a cell phone, but I do
3 have a card where I can use my daughter's conference telephone
4 to call long distance, 2.9 cents per minute.

5 COMMISSIONER BAEZ: Thank you, Ms. Dershay.
6 Mr. Beck.

7 MR. BECK: The next witness is Ernest Smith. Mr.
8 Smith. Ernest Smith.

9 Carl Lavender. Carl Lavender.
10 Kathy Marma. Ms. Marma.
11 Chi Pham. Chi Pham from Clearwater?
12 Carol Edgerley.

13 CAROL EDGERLEY

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

16 DIRECT STATEMENT

17 MS. EDGERLEY: Good evening. My name is Carol
18 Edgerley, and I live in Tampa. Actually, I've worked in
19 nonprofit centers in this area for the last seven years, and
20 Verizon is a very good community-minded corporate citizen.

21 But that is not what you want up there on that screen
22 for me to talk about. What you wanted to know, I believe, is
23 if rebalancing the phone company's rates by inching up the
24 local rates and lowering the long distance and access to the
25 same amount will help create competition for local service.

1 And my answer is, yes, I believe it will. Because the current
2 \$12 per line the companies are charging -- these are prices
3 from a monopoly here. Prices that are now subsidized by the
4 long distance and access charges. And, yes, I do pay long
5 distance. And, yes, I do have all the frills on my telephone
6 bill. But if I didn't, these proposed charges that I see here
7 today, the \$1.58. I have \$1.58 in my hand. It wouldn't buy me
8 a soda at 7/11. And the three-year total charges that you are
9 talking about \$4.73, that wouldn't buy me a happy meal. So it
10 is not a lot of money that we are talking about. And Verizon,
11 on my understanding, hasn't had an increase in this rate in 20
12 years. And it is my hope that this increase will create local
13 phone service that acts like the wireless market that we have
14 today.

15 Thank you.

16 MR. TWOMEY: Did you say you work for a nonprofit?

17 MS. EDGERLEY: Yes, I do. I've worked for nonprofits
18 for seven years, different ones in the area.

19 MR. TWOMEY: What type of nonprofit do you work for
20 now?

21 MS. EDGERLEY: Right now, the performing arts
22 nonprofit. I have worked for United Way, for social service
23 nonprofits, et cetera.

24 MR. TWOMEY: So this is nonprofit, but you don't
25 work -- you don't serve any low income people or anything like

1 that?

2 MS. EDGERLEY: No, I don't.

3 MR. TWOMEY: And you're --

4 MS. EDGERLEY: Would that matter, since we are
5 talking about my telephone bill?

6 MR. TWOMEY: So your testimony is that you are
7 willing to pay more for your -- \$2 more a year, notwithstanding
8 the people in this room you have heard tonight that say they
9 can't afford it, you want to pay that and more for the promise
10 of competition?

11 MS. EDGERLEY: There has been a lot of very
12 conflicting testimony in this room this evening. A lot of
13 people talking about bills when they don't have telephones.
14 But I'm willing to pay it. In fact, I don't think I will have
15 to from what you are saying, and from what I understand from
16 this is that I pay -- I pay a very heavy long distance bill
17 already, and it would seem that this is going to be -- go back
18 to that term "revenue neutral," that these will probably cancel
19 out any addition. But I am saying, yes, I am willing to pay
20 \$1.58 a month for competition.

21 MR. TWOMEY: Has anybody told you what the lower
22 rates are that you are going to enjoy, the lower --

23 MS. EDGERLEY: No.

24 MR. TWOMEY: Do you know anyplace where you can
25 could find that?

1 MS. EDGERLEY: No. Do you have that?

2 MR. TWOMEY: No. No, ma'am. I said that we are
3 trying to kick the case out because they haven't supplied it.
4 Are you willing to trust that they will be low enough that you
5 will be able to able to --

6 MS. EDGERLEY: Absolutely.

7 MR. TWOMEY: Thank you.

8 COMMISSIONER BAEZ: Thank you, Ms. Edgerley.
9 Mr. Beck.

10 MR. BECK: The next witness is Ed Cameo, Camero.
11 Mr. Camero.

12 MS. DERSHAY: Can I make one statement that I thought
13 of?

14 COMMISSIONER BAEZ: Come on up, Ms. Dershay.

15 MS. DERSHAY: As far as competition is concerned, it
16 won't happen. They buy out the company. You know, one
17 company buys -- we have seen it happen. We don't get
18 competition here. Nothing.

19 COMMISSIONER BAEZ: Thank you, Ms. Dershay.

20 MR. BECK: The next witness is Joseph Mattingly.
21 Mr. Mattingly.

22 JOSEPH MATTINGLY

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. MATTINGLY: Joseph Steve Mattingly. And this is
2 kind of officially. You know about my jokes. I am retired.
3 Auto worker. I worked in the heavy truck division. I have
4 been in Florida eight years. A couple of things I want to talk
5 about. Number one is today's paper. I got that, and I picked
6 it up right before I left the Spring Hill area to come down
7 here. And I just want to let you all know that picking up the
8 business section of the paper, okay, I looked through the stock
9 markets. And we looked at Sprint. They're asking for an
10 increase. Their stock market right now -- a share on the stock
11 market is \$7.25, and they pay dividends of \$1.78. They are
12 doing all right. Secondly, Verizon. In the paper today, their
13 stock is \$32.47, and they are paying a dividend out of \$1.54
14 per share. This is today's St. Pete Times. And yesterday they
15 had a downturn on the market of 150 points. And Verizon in
16 that downturn made 31 cents per share. Doing very well.
17 BellSouth, their stocks are \$25 a share, and they are paying
18 dividends of 92 cents a share. And their stock yesterday on
19 the downturn market went up \$1.22. According to the papers,
20 unless this is wrong, all of these companies are making a
21 substantial profit or they wouldn't be offering substantial
22 dividends. And, as a result of that, these CEOs who earn
23 hundreds of thousands a year, and there are bonus perks that go
24 with that after a very successful year, and all of these
25 companies are heading for another successful year according to

1 today's paper in the stock market, business section. And I'm
2 just saying at that top level, these people, I don't see have
3 much concern of the people down here that struggle.

4 Now, I want to talk about the people, the young
5 people all over the State of Florida. In our county our per
6 capita is 1,800 -- \$18,886 per capita. That is based on a
7 family of four, approximately. And they have got bills,
8 they've got car payments, they've got insurance they have got
9 water. They have got the whole nine yards. These people are
10 struggling at the per capita income out there in Hernando
11 County. And we are not too far off that in Pasco County. That
12 is the youth of the State of Florida. And to every one of
13 these young people out there working and pounding the streets
14 every day, they don't need this increase in telephone rates.
15 Because they have got car insurance payments, they have got
16 homeowners insurance payments they have to make. You need to
17 keep this in mind.

18 Now, let's get to the seniors a little bit. I am as
19 much concerned about the seniors. Two ladies I know very well
20 in Spring Hill, Terry Cora and Adeline Grecco (phonetic).
21 Their only income is Social Security, very marginal. That
22 sustains their entire life. They live in a home trying to take
23 care of it. Terry Cora has to supplement a little bit at the
24 airport flea market up there to make a few extra bucks to get
25 by. She won't take any assistance. She's too proud. She

1 doesn't want her phone rates going up. She can't pay them.
2 Adeline Grayco just barely gets by. A wonderful lady. These
3 women are both over 70 years old. And what is so significant
4 about these ladies and gentlemen, both, they are all over the
5 State of Florida everywhere.

6 When I was running for the state senate, I walked the
7 corridor from Citrus County to Pinellas County. I walked the
8 streets of neighborhoods and I talked to the people. And there
9 are people out there hurting everywhere. And you say this is
10 good or bad. I am telling you these rate increases strangle
11 these people. It's terrible.

12 And so where do I fit into the picture? As a retired
13 person on a fixed income, I may have to make the decision next
14 year to drop my homeowners insurance because I can't afford to
15 pay it. I have to keep my phone. I'm with MCI. I pay \$72.30
16 a month for my phone with the good neighbor plan. Before that,
17 I used to be with BellSouth. My phone bills then ranged
18 anywhere between 100 to \$200 every month for almost the last 20
19 or 25 years. Yes, it was staggering. Even when I was working
20 it was still difficult sometimes to make those payments. And
21 the hidden expenses on these bills are the taxes and fees.
22 This friend of mine right here, she has a total of \$8.10 taxes
23 and fees that is also staggering on these bills. On my MCI
24 bill I pay \$13.30, approximately, in taxes and fees.

25 Legislators, lighten up a little bit on us up there.

1 Quit doing this to us on our phone bills. I think there are
2 certain God-given things in this country that shouldn't be
3 taxed, like food and the air we breathe. And because the
4 telephone is such a necessity in our lives, we have to have it.
5 I may have to lose my homeowners insurance next year, because
6 it is up near \$1,000; not quite, but it's pretty close to it.
7 And I don't know what my rate increase will be on it next year.
8 But my insurance agent said you ought to be glad that you can
9 even get that insurance. That is kind of scary, too.

10 So I don't want to forget about the youthful people
11 in the State of Florida, because they struggle every day, too,
12 with the per capita of 18,800, and approximately, 86 dollars or
13 so. It is just as hard on them as it is me. Don't fool
14 yourself.

15 So, in ending, one other thought is when it comes to
16 the legislative people, I don't like the legislative people
17 allowing phone companies to write their own bill. If I had
18 been elected and went to Tallahassee to represent the people, I
19 would have jumped up and down on that. Our legislators are
20 supposed to be making the laws, not the legislators allowing
21 the corporate people to write their own laws and then pass it
22 over to the legislative people.

23 That's all I've got to say. Thank you, sir.

24 COMMISSIONER BAEZ: Any questions? Thank you,
25 Mr. Mattingly.

1 MR. BECK: The next witness is Jay Fudim.

2 JAY FUDIM

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

5 DIRECT STATEMENT

6 MR. FUDIM: My name is Jay Fudim. I'm the president
7 of the AARP Chapter of Spring Hill. I'm the former national
8 chairman for 1013 Clubs of America, which is a retired New York
9 City Police organization, comprised of former officers of the
10 New York City Police Department. And I find it galling,
11 disgusting that the state legislature would allow the phone
12 companies to craft their own bill. You know, the funny thing
13 is, or the sad thing is, that the Governor -- and this is just
14 my opinion, and my opinion only -- that the Governor and the
15 Legislature believe that they have the lobbyists in their hip
16 pocket, and they can do whatever they want to do.

17 Well, I want to tell you something, ladies and
18 gentlemen, we, we the people, have the power, the power of the
19 vote. And I will tell you every time I look at this increase
20 in my bills, I am going to say come election day, I know which
21 way I'm going to vote. Because I have the power to vote, and
22 this is something that our men are fighting for today, fought
23 for before -- I'm also former past commander of war veterans.
24 And this is something that our men fought for in all the wars,
25 from the Revolutionary War until now, the right that we have to

1 vote and to elect our officials. And you go back to
2 Tallahassee and you can tell them that they went ahead and gave
3 us this increase, but we are going to remember it on election
4 day.

5 I have before me a petition that was delivered to me
6 from the Seminole Ridge AARP Chapter 2569. It says here:
7 Please stop our phone rates from going up. The rate increase
8 requested by Verizon, Sprint, and BellSouth should be denied.
9 I don't think that the proposal in rates is revenue neutral.
10 If my total costs go up, competition and high rates does me no
11 good. I would like to present this petition to you gentlemen.
12 If I feel that way, and the members of the AARP Chapter of
13 Seminole and the AARP Chapter up in Spring Hill feel that way,
14 I just can imagine how the other senior citizens feel. You
15 might feel as though the lobbyists are in your hip pocket, but
16 the voters are not.

17 Thank you, Chairman.

18 MR. BECK: Thank you, Mr. Fudim. And we are going to
19 place that petition in the correspondence part of the docket.

20 MR. CASEY: Yes, sir.

21 COMMISSIONER BAEZ: Mr. Beck.

22 MR. BECK: The next witness is Ruth Lambert.

23 RUTH LAMBERT

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 MS. LAMBERT: Commissioners, counselors. Sirs, I'm a
3 dinosaur. Due to a health condition, I cannot have a cell
4 phone. So I don't have the advantages of the cell phone long
5 distance and the different rates that are offered, the
6 different programs that are offered. Those things are closed
7 to me. I have the regular telephone that I use. I don't have
8 a long distance carrier. I forego long distance because I
9 cannot afford it anymore. I used to have caller ID. I used to
10 have blockers. All of these things I have had to give up
11 because every year my phone bill goes up. Every year there are
12 more charges added, there are more fees added, and there are
13 more taxes added.

14 I definitely believe in technology and the growth of
15 our country. I have a computer. I use it regularly. In fact,
16 that is my long distance, I e-mail. I can't afford to call
17 people on the phone, but I can sit down at the keyboard, and I
18 can e-mail them, and that is what I have been doing. I cannot
19 afford to have any kind of an increase in my telephone bill. I
20 have worked seriously to bring them down to a level that I can
21 pay them. The administration that we live under has caused a
22 lot of us in our middle years to reevaluate our situations and
23 our careers and are starting over, that means a great decrease
24 in the amount of money we have available in our lives. I'm a
25 member of AARP, and if it wasn't for AARP I wouldn't be here

1 tonight because they sent me a flyer telling when and where. I
2 read the papers. I follow what is going on. I have been very
3 concerned. But if I wasn't a member of AARP, I wouldn't know
4 how to be here at this time and to speak out.

5 But I'm not a senior citizen yet, but I have money
6 problems. Everybody does. I try to keep my head above the
7 water, but every month because careers have changed, because
8 the administration in our country makes it very difficult for
9 people in some careers to find work. I do a lot of
10 volunteerism. It makes me feel good, but it does not pay the
11 phone bill. And I'm here on my own to represent a lot of
12 people who are in their middle years who are trying very hard
13 to maintain, who have no social life, who have no high
14 lifestyle, who are just trying to pay their bills, keep their
15 house payment up, no insurance, no health insurance because the
16 companies don't offer it anymore. And I can't afford \$55 a
17 year. It sounds small. The lady that was in here a few
18 minutes ago had a handful of change. If I had to park at a
19 parking meter, I would have had to walk blocks because I didn't
20 have any money in my wallet. It sounds weird, it sounds
21 horrible, but it is reality. And I'm an educated person. My
22 spouse is an educated person, but it is still reality. And
23 please understand we don't need to have this added on to our
24 lives. Our backs are laden, and we would like to have a little
25 bit of respite from all of these different things added on

1 constantly.

2 Thank you.

3 COMMISSIONER BAEZ: Any questions? Thank you.

4 MR. BECK: Thank you. Steven Lange.

5 STEVEN LANGE

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

8 DIRECT STATEMENT

9 MR. LANGE: Hello. My name is Steven D. Lange, and I
10 live at 526 15th Avenue Northeast here in St. Petersburg. And
11 my statement will be short. With all due respect to everyone
12 in the room that has spoken and will speak, everyone has their
13 own perspective on the phone bill. I'm a businessman. I have
14 two business lines that come into my office, and I have a
15 single residential line. And every since I've owned a phone,
16 the phone system in this state has worked well. The inventions
17 work, the systems work, the maintenance and repair is as good
18 as it gets, and that goes right along with Florida Power and
19 all the other service companies that provide phone, water,
20 sewer, power, telephone, that sort of thing. But I have never
21 had a problem with my phone system. Every time there is a
22 storm or a downed line, it gets repaired quickly. The
23 equipment works. I'm satisfied.

24 As a business customer, and I am a one person
25 professional firm, I rely on that telephone. And it is not

1 important for me to tell you what my profession is, unless you
2 want to know what it is. I'm not here to market myself this
3 evening. I live by the telephone. I probably make anywhere
4 from 50 to 100 phone calls a day. And it is reliable, it
5 works, and I have voicemail and I have voice calling message,
6 and that is the only two services I have on it. It works well,
7 and I'm happy with it. I think the rate increase is
8 reasonable. It is not exploitive in my case. I know other
9 people have hardships and other circumstances, but I am
10 speaking of my circumstances.

11 And since I have three phone lines, and I am able to
12 make those payments, I don't think this is an excessive amount,
13 and I'm quite willing to see it occur simply because all things
14 in our life go up every day. There are a lot of things you
15 have no control over, the restaurant you go to, the gas that is
16 charged to you, dry cleaning, so forth and so on. These things
17 go up and we don't even know it, for what it is worth. But in
18 this particular case, since the Public Service Commission
19 reviews it, then it gets into the newspaper and everybody knows
20 about it when there is a rate increase. I am happy, you know,
21 satisfied. That's it. Thank you.

22 COMMISSIONER BAEZ: Any questions?

23 MR. TWOMEY: Yes, sir. Mr. Lange, where do you live?

24 MR. LANGE: I live in St. Petersburg, about ten
25 blocks from here.

1 MR. TWOMEY: You're a businessman?

2 MR. LANGE: Yes, sir.

3 MR. TWOMEY: And you came -- am I correct to
4 understand that you came here this evening as a businessman to
5 testify that if the Commission has a choice of increasing your
6 residential rates by \$55.32 a year versus zero increases, your
7 preference is to have them increase it by 55 bucks a year?

8 MR. LANGE: I will say yes with a follow-up answer,
9 if I may.

10 MR. TWOMEY: Sure.

11 MR. LANGE: I believe that they are here to do a job,
12 and they know what they are doing. And like all representative
13 governments, whether it be my city council member or whether it
14 be the state legislature, I'm going to rely on the
15 representative government. If they tell me it is necessary, I
16 am going to go along with it. I'm not going to micromanage
17 everything that I have elected officials to do for me.

18 MR. TWOMEY: Yes, sir. But do you understand that
19 they haven't been told they have to grant these increases?

20 MR. LANGE: Sure. They are here to listen to us.

21 MR. TWOMEY: And since they are -- since they are
22 hear to listen to you all, again, I want to ask you if you are
23 using their judgment to determine whether to grant this, what
24 you are saying to them as a customer, raise my rates \$55, or
25 raise --

1 MR. LANGE: Asked and answered.

2 MR. TWOMEY: You said you make 50 to 100 calls a day,
3 is that your office phone?

4 MR. LANGE: Office.

5 MR. TWOMEY: How many calls a day would you use for
6 your residence, perhaps?

7 MR. LANGE: Basically it is used by my wife.

8 MR. TWOMEY: Do you subscribe higher values to your
9 office phone than your residence?

10 MR. LANGE: Well, since my wife is very busy, and I'm
11 very busy, we have worked out a system where she uses the
12 residential line and I use the business line. And that way our
13 friends and business can be separated, and it works quite well
14 for us.

15 MR. TWOMEY: Okay. Last question. You said you had
16 two lines in your --

17 MR. LANGE: One is a fax and one is my voicemail.

18 MR. TWOMEY: Do you know whether -- if you have two
19 lines, do you come under the single line business category that
20 will get rate increases or have you been told that you will not
21 get the rate increases because you are --

22 MR. LANGE: I am under the impression that all three
23 of my lines are subject to this rate restructuring or rate
24 adjustment, whatever you want to call it.

25 MR. TWOMEY: Thank you.

1 MR. LANGE: You're welcome.

2 COMMISSIONER BAEZ: Thank you, Mr. Lange.

3 MR. LANGE: You're welcome.

4 COMMISSIONER BAEZ: Mr. Beck.

5 MR. BECK: The next witness is Stuart Rogel.

6 STUART ROGEL

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. ROGEL: Good evening. My name is Stuart Rogel,
11 and I am president and CEO for an organization called the Tampa
12 Bay Partnership. We are a seven-county regional economic
13 development organization in the Tampa Bay region.

14 I have come to speak on this rebalancing proposal
15 because our group believes that one of the issues that needs to
16 be considered by the Public Service Commission is the issue of
17 the importance of the infrastructure of the telecommunications
18 structure to the economy and the business development of our
19 region and our state. And we believe without discussing or
20 covering the issues -- we know that there is rate increases.
21 We will have one of those rate increases as well in our family,
22 but we believe that one thing to consider is that any proposal
23 that does allow or encourages competition and encourages
24 investment and/or re-investment back into the
25 telecommunications system of our communities is very important

1 to continue to maintain the vitality and the health and the
2 business climate of our communities. We think it has a lot of
3 benefits. We think that there is many of us who look to
4 businesses and look to the growth of businesses as an important
5 aspect of our community for quality of life issues, for tax
6 issues, for income issues, and for many other issues. And it
7 is clear as an organization that deals with economic
8 development that telecommunications is an important component
9 of that. So any proposal that would encourage competition and
10 any proposal that would provide incentives for existing or
11 future companies to invest and to support, and as the gentleman
12 before me said, maintain the quality of our telecommunications
13 system, we believe is very important.

14 Our group has met and discussed this and has asked me
15 to speak before the Public Service Commission tonight to share
16 that perspective with you. And so I appreciate your time and
17 appreciate your patience in looking into these issues, and
18 thank you for giving us the opportunity to speak on this.

19 COMMISSIONER BAEZ: Mr. Rogel, we have a question.

20 MR. TWOMEY: Yes, sir. First, let me ask you is
21 Verizon a member of your organization?

22 MR. ROGEL: Yes, Verizon is a member. It is one of
23 the businesses in the Tampa Bay Partnership.

24 MR. TWOMEY: Okay. And of the 150 businesses, would
25 you have an impression on how many are single-line business

1 versus how many that are multi-line business?

2 MR. ROGEL: I haven't looked into that. I would
3 suspect that many of them are multi-line businesses.

4 MR. TWOMEY: And are you aware, previously or from
5 tonight's discussion, that multi-line business customers will
6 not be receiving any local rate increases?

7 MR. ROGEL: Well, I have learned that, but I'm not
8 speaking to that. I am talking about the investment in the
9 infrastructure of telecommunications. I think that is
10 something that should be considered.

11 MR. TWOMEY: Okay. Let me ask you a couple of
12 questions about that, if I may. Are you aware that in 1995 the
13 telephone companies wrote another piece of legislation that
14 froze their rates when they were otherwise going down and
15 subjected themselves to the possibility of competition when it
16 previously had been legal monopolies, and that one of the
17 things they promised the public and the Legislature was that
18 they would have increased competition and increased
19 infrastructure and jobs? Were you aware of that?

20 MR. ROGEL: No, I'm not aware of that.

21 MR. TWOMEY: Then you wouldn't be aware, or would you
22 be aware if there has been any increase in telephone company
23 infrastructure and jobs since '95?

24 MR. ROGEL: I am not aware of that, but I am aware
25 that because of the telecommunications infrastructure in this

1 region that we can point to a number of businesses that have
2 chosen to expand and grow or locate here. So I am familiar
3 with the telecommunications infrastructure as an aspect of
4 business development, and it is strong, it is robust. And my
5 concern is that anything that would diminish that or reduce
6 that capability in our region would make it more difficult for
7 businesses to flourish and grow in your region.

8 MR. TWOMEY: Well, is it your opinion that these
9 companies not getting local rate increases will diminish their
10 growth potential?

11 MR. ROGEL: I think the point I would like to make is
12 that anything that encourages competition and anything that
13 encourages a company to come in and make a commitment, make an
14 investment, grow here in this region is going to be good for
15 economic development in our region.

16 MR. TWOMEY: Even at the expense of increasing the
17 local rates for the seniors that have testified here this
18 evening?

19 MR. ROGEL: Well, you heard a businessman here today
20 talking about that as long as his service continues to be the
21 kind of quality that he expects, he appreciates that service.
22 I think that is the aspect of business is that we are
23 looking -- of course, all business looks to reduce their cost
24 in any way they can, but they are also looking to maintain the
25 quality of the service and the quality of those things they

1 come to rely upon to be able to do business. And
2 telecommunications in this region is one of those things they
3 rely upon to do effective business.

4 MR. TWOMEY: Okay, sir. The last question is have
5 you had any representations from Verizon management or
6 employees that your membership would experience a certain
7 percentage of reduced in-state toll?

8 MR. ROGEL: I don't understand your question.

9 MR. TWOMEY: The underlying notion of these
10 petitions, these requests to restructure rates, is that they
11 will raise local residential and single-line business monthly
12 rates in exchange for passing through the same dollar savings
13 to the long distance companies, who in exchange will be
14 required for at least a period of years to reduce their
15 in-state, in-state only, toll rates.

16 MR. ROGEL: Uh-huh.

17 MR. TWOMEY: And that someone will be able to benefit
18 as a result of those. And what I want to know, essentially, is
19 have you been told by any telephone people that the larger
20 members of your organization who aren't going to get local rate
21 increases at all will likely enjoy the benefits of the reduced
22 in-state rates?

23 MR. ROGEL: I have not been told by the telephone
24 company that. I understand that this is a rebalancing of the
25 revenue neutral issue, and I do understand that businesses

1 might benefit from this. And I guess that is my point, is that
2 telecommunication is an important component of business
3 activity in the region. And we are looking for opportunities
4 to be able to maintain that infrastructure for economic
5 development purposes.

6 MR. TWOMEY: Thank you.

7 MR. LANGE: Thank you.

8 COMMISSIONER BAEZ: Thank you, Mr. Rogel.

9 Mr. Beck.

10 MR. BECK: Mr. Rogel was the last person who signed
11 up ahead of time.

12 COMMISSIONER BAEZ: Is there anyone who wants to give
13 testimony that failed to sign up outside?

14 All right. Seeing none, I want to thank you all
15 for -- oh, one housekeeping matter, Mr. Andrew's letter.

16 Mr. Andrews, did you want to move this into the
17 record?

18 MR. ANDREWS: Indeed. That is why I turned it in
19 there.

20 COMMISSIONER BAEZ: Okay. Do you want to mark this
21 as an exhibit, Mr. Twomey?

22 MR. TWOMEY: Yes, sir.

23 COMMISSIONER BAEZ: It will be marked. We are going
24 to mark it as Exhibit 1. That is the first one.

25 (Exhibit 1 marked for identification.)

1 COMMISSIONER BAEZ: You are going to make sure to get
2 copies to all the people, since we don't have copies for the
3 court reporter.

4 Ladies and gentlemen, I want to thank you for your
5 patience. Thank you so much for your input. We really
6 appreciate it, and I think you have been a big help today.

7 We are adjourned.

8 (The service hearing concluded at 9:35 p.m.)

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1 STATE OF FLORIDA)

2 : CERTIFICATE OF REPORTER

3 COUNTY OF LEON)

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5 I, JANE FAUROT, RPR, Chief, Office of Hearing Reporter
6 Services, FPSC Division of Commission Clerk and Administrative
7 Services, do hereby certify that the foregoing proceeding was
8 heard at the time and place herein stated.

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

10

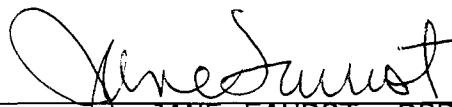
11 I FURTHER CERTIFY that I am not a relative, employee,
12 attorney or counsel of any of the parties, nor am I a relative
13 or employee of any of the parties' attorney or counsel
14 connected with the action, nor am I financially interested in
15 the action.

13

DATED THIS 7th day of November, 2003.

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JANE FAUROT, RPR
Chief, Office of Hearing Reporter Services
FPSC Division of Commission Clerk and
Administrative Services
(850) 413-6732

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