

ORIGINAL

BEFORE THE  
FLORIDA HOUSE OF REPRESENTATIVES

FLOOR DEBATE ON  
HOUSE BILL 1903

COPY

DATE: April 30, 2003

LOCATION: The Capitol  
Tallahassee, Florida

TRANSCRIBED BY: MARY ALLEN NEEL, RPR  
Notary Public, State  
of Florida at Large

ACCURATE STENOGRAPHY REPORTERS, INC.  
2894-A REMINGTON GREEN LANE  
TALLAHASSEE, FLORIDA 32308  
(850) 878-2221

AUS  
CAF  
CMP  
COM 5  
CTR  
ECR  
GCL  
OPC  
MMS  
SEC  
OTH

DOCUMENT NUMBER-DATE

12342 DEC-38

FPSC-COMMISSION CLERK

## PROCEEDINGS

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

THE SPEAKER: Read the next bill.

THE CLERK: By the Committee on Business Regulation and Representative Mayfield, House Bill 1903, a bill to be entitled "An act relating to regulation of telecommunications companies."

THE SPEAKER: Representative Mayfield, you're recognized for a motion.

REPRESENTATIVE MAYFIELD: Madam Chair, Madam Speaker, we're going to just go ahead, with your permission, and take up 1903 and try to roll it to a second reading. The Senate message is not here.

THE SPEAKER: Okay. Read the bill, House Bill 1903.

THE CLERK: By the Committee on Business Regulation and Representative Mayfield, House Bill 1903, a bill to be entitled "An act relating to regulation of telecommunications companies."

THE SPEAKER: Are there questions of the sponsor?

Representative Mayfield, you're recognized to explain it.

REPRESENTATIVE MAYFIELD: Thank you, Madam Speaker.

Members, I'm proud to stand here today in

1 front of you and introduce to you the  
2 Telecommunications Innovation Infrastructure  
3 Enhancement Act of 2003. I'm proud because we are  
4 finally at a point where we have a solution that's the  
5 right solution that's at the right time.

6 we are now putting, with the passage of  
7 this bill, issues with respect to ratemaking back in  
8 the hands of Public Service Commission. This bill  
9 also will take a bold step toward jump-starting the  
10 residential local service market competition. Beyond  
11 that, the bill will allow new technologies to flourish  
12 in our state free of unnecessary regulation.

13 Now, members, last year, last session, we  
14 passed a bill off of this floor almost unanimously,  
15 with some dissension, and the Senate passed a bill as  
16 well which was somewhat similar to this bill. The  
17 Governor ultimately vetoed that bill, and in his veto  
18 he expressed two areas of concern that boiled down to  
19 this: Number one, the Public Service Commission would  
20 not have enough discretion to consider whether rate  
21 changes should take place or not; and two, he believed  
22 that there wasn't going to be enough competition  
23 created by the bill.

24 well, members, I'm here to tell you that  
25 this bill goes directly at both of those points. This

1 bill meets or exceeds all of his concerns in both of  
2 those areas.

3           With the implementation of this bill, the  
4 Public Service Commission will have sweeping  
5 authority, sweeping authority to trigger a  
6 three-phased transition to take us to a market-driven  
7 telecommunications environment. At each step of the  
8 way, at each step in the process, the PSC will have  
9 full authority to protect consumers while sparking  
10 competition.

11           Now, Madam Speaker, let me tell you what  
12 this bill does. Let me tell you what it does do and  
13 what it doesn't do. I think it's very important,  
14 because you're going to need this information when you  
15 get back home. Mark my words, you're going to be  
16 asked about this.

17           What the bill does do, first, it gives the  
18 PSC, as I've indicated, sweeping authority to oversee  
19 a measured three-step transition process to take us to  
20 a more effective competitive market. It retains PSC's  
21 oversight over vital consumer protection matters. It  
22 will also have the ability to continue to fine  
23 telecommunications companies. It expands -- and this  
24 is a very important point right here, members, because  
25 a lot of members have expressed some concern over

1 this. It expands Lifeline opportunities, to include a  
2 stand-alone criterion of 125% of the federal poverty  
3 level.

4 And, members, this is the most exciting  
5 thing that the bill does. It fences off intrusive  
6 regulation from emerging technology like  
7 voice-over-internet. It also substantially frees long  
8 distance companies from regulation, while retaining  
9 PSC oversight, including the opportunity to implement  
10 fines, as I mentioned.

11 This bill will do a lot for our state,  
12 members. It will give our citizens the opportunity to  
13 experience the benefits of a competitive market,  
14 including lower costs. It has the needed protections  
15 for the PSC to control the pace of the transition, if  
16 any, if any, to competition. It allows the PSC to  
17 protect and nurture any newly created and enhanced  
18 residential marketplaces.

19 Now, members, let me tell you what the bill  
20 does not do, does not do. It does not raise rates.  
21 It does not contain any mandatory language that  
22 requires rate increases. It does not require the PSC  
23 to grant any petition from any company unless the  
24 Commission is completely satisfied that two conditions  
25 are met: Competition has to be created, and the

1 residential customers have to benefit. The PSC is  
2 going to be responsible for sitting in judgment and  
3 making sure that those two things take place before it  
4 will grant any petition.

5 It does not lower service quality  
6 standards. It does not. The PSC has absolute  
7 authority to veto any effort by any company to lower  
8 or relax service quality standards.

9 It does not provide for 20% annual  
10 increases in rates. It does not. Only the PSC can  
11 grant the petition if a company proves the two  
12 criteria that I indicated just a moment ago. By  
13 sparking competition, this bill will provide the very  
14 mechanism that will prevent annual rate increases.

15 Madam Speaker, as you know, there has been  
16 a lot of rhetoric by the opponents to this bill, and I  
17 am convinced that this bill moves Florida's  
18 telecommunications environment into the 21st Century.  
19 It will make us and our state a leader in reshaping  
20 the telecommunications landscape. It will nurture and  
21 foster the emergence of new technology. It will  
22 provide a better price regulator for service than the  
23 PSC could ever be, competition. That's the ultimate  
24 regulator, competition.

25 It is time for the PSC to use their broad

1 powers which will be created by this bill to fulfill  
2 our vision of a healthier climate for this industry,  
3 which is going to result in a higher level of service  
4 at a lower cost.

5 Members, Madam Speaker, that's what the  
6 bill does.

7 If I could yield to Representative Ritter  
8 for a moment, she has a few comments also.

9 THE SPEAKER: Okay. Before we do that,  
10 Representative Audrey Gibson, do you have a  
11 recognition? Do you have a recognition that you would  
12 like to make?

13 REPRESENTATIVE GIBSON: Yes. Thank you,  
14 Madam Speaker. In the West Gallery today, I would  
15 like to introduce and have stand students and faculty  
16 from the Martin Luther King, Jr. Elementary School.

17 (Applause.)

18 REPRESENTATIVE GIBSON: This school also  
19 focuses on foreign -- it's a foreign language academy  
20 and a music enrichment program. Thank you all.

21 (Applause.)

22 THE SPEAKER: Welcome to the Florida House  
23 of Representatives.

24 Representative Mayfield would like to refer  
25 to Representative Ritter to make some comments.

1 Representative Ritter, you're recognized to make some  
2 comments, opening remarks on the bill.

3 REPRESENTATIVE RITTER: Thank you, Madam  
4 Speaker, and thanks to Chairman Mayfield for allowing  
5 me the opportunity to participate in this legislation,  
6 which we've been working on for three years in this  
7 House.

8 And none of us were here in 1995 when that  
9 Legislature took the right away from the Public  
10 Service Commission and brought it here to the  
11 Legislature to set local and long distance phone  
12 rates. We are not a regulatory body. We are a policy  
13 making body. We should not be in the business of  
14 setting rates. And what House Bill 1903 does is, it  
15 moves the regulation of local and long distance rates  
16 where it rightfully belongs, to the Public Service  
17 Commission. It was a bad decision in 1995 that we are  
18 going to correct in the 2003 legislative session.

19 This bill is better than last year's bill.  
20 And I was fortunate to work on that one as well, but  
21 this is a better piece of legislation, more consumer  
22 friendly, more competitive, will bring competition in,  
23 will lower our rates.

24 And Representative Mayfield did a fabulous  
25 job of explaining it, so I just want to say this. My



1 parents live on a fixed income. They are basic  
2 single-service residential customers. They are also  
3 my most vocal constituents. I am fortunate to have my  
4 mother and father living in my district. They know  
5 where and when to reach me any day, any hour, any  
6 time. If I thought that this bill would raise my  
7 parents' local rates, I wouldn't be supporting it here  
8 today. This bill does not do that, which is why I'm  
9 able to give it my full support today.

10 Thank you, Madam Speaker.

11 THE SPEAKER: Okay. Okay, members. And I  
12 just caution that when we're making open remarks, it's  
13 to introduce the merits of the bills and not -- we'll  
14 get into debate when we're ready to do that.

15 Okay. They have explained the bill. There  
16 are questions of the sponsors.

17 Representative Prieguez, you're recognized  
18 for a series of questions.

19 REPRESENTATIVE PRIEGUEZ: Thank you very  
20 much, Madam Speaker.

21 Chairman Mayfield, assuming for a moment  
22 that the PSC must find that the consumers will  
23 benefit, who are the residential consumers who must  
24 benefit? In other words, can the PSC find that the  
25 people who make a lot of long distance phone calls

1 will benefit, even though other people who only use  
2 their phones for local calls may not benefit? Will  
3 they be able to target? Will they be able to get a  
4 clear number as to how many people that happen to make  
5 a lot of long distance phone calls would benefit, and  
6 that that would override the rise in local rates for  
7 people that don't make a lot of long distance phone  
8 calls?

9 THE SPEAKER: Representative Mayfield,  
10 you're recognized for a response.

11 REPRESENTATIVE MAYFIELD: Thank you, Madam  
12 Speaker.

13 Representative Prieguez, who -- I think  
14 your question was who are the residential customers.  
15 The residential customers that have to benefit are  
16 going to be the customers of that local exchange  
17 company. The Public Service Commission is going to  
18 have to sit in judgment and review and evaluate the  
19 petition and determine that the customers are  
20 benefiting and that both the competitive environment  
21 is being created before that petition can move  
22 forward.

23 THE SPEAKER: Representative Prieguez,  
24 you're recognized for a follow-up question.

25 REPRESENTATIVE PRIEGUEZ: Thank you very

1 much, Madam Speaker.

2 Representative Mayfield, a major goal of  
3 this bill is for local companies to eventually reach  
4 what is described as parity. And I'm sure later on in  
5 the day we'll get into that a little bit more, perhaps  
6 tomorrow.

7 A company will reach parity when it charges  
8 long distance carriers about the same rate for  
9 in-state calls as it charges now for state-to-state  
10 calls. Is it true that after a local company reaches  
11 parity, it can raise the price for basic service by as  
12 much as 6% a year, or even as much as 20% a year, even  
13 if there is another competitor in that market?

14 THE SPEAKER: Representative Mayfield,  
15 you're recognized for a response.

16 REPRESENTATIVE MAYFIELD: Well, the answer  
17 -- thank you, Madam Chairman. The answer to your  
18 question is no. The primary goal is not to do what  
19 you just said. The goal of this legislation is to  
20 empower the Public Service Commission to manage this  
21 industry. That's the goal of this legislation. It is  
22 to -- and we do that by providing the Public Service  
23 Commission with the tools to do that. They're going  
24 to sit in judgment over these rate petitions, the  
25 petitions that come forward for the purposes of

1 increase or decrease. There's no guarantee that  
2 there's going to be a petition approved, or for that  
3 matter, Representative Prieguez, even one submitted.

4 THE SPEAKER: Representative Prieguez,  
5 you're recognized for a follow-up question.

6 REPRESENTATIVE PRIEGUEZ: Thank you very  
7 much, Madam Speaker, and this will be my last  
8 question.

9 I know that the bill extends Lifeline  
10 subsidies for basic service to more people by raising  
11 income eligibility to 125% of the poverty level. It  
12 also freezes the price of basic service for them, even  
13 though it will go up for others. But doesn't the  
14 price freeze for Lifeline consumers end once a company  
15 reaches parity, which is supposed to happen in two to  
16 four years? Does it not end after parity is reached,  
17 Representative Mayfield?

18 THE SPEAKER: Representative Mayfield,  
19 you're recognized for a response.

20 REPRESENTATIVE MAYFIELD: Thank you, Madam  
21 Chair.

22 The bill is actually silent on Lifeline  
23 increases. Lifeline customers are provided protection  
24 for two years. But beyond that, it's silent on  
25 whether Lifeline is going to increase or not.

1                   Again, I'll go back to the comments about  
2 competition. The best regulator for this industry is  
3 going to be competition. What we do to create  
4 competition in the local telecommunications market is  
5 going to do more to keep prices down than anything the  
6 Public Service Commission could ever do.

7                   THE SPEAKER: Okay. Further questions?  
8                   Representative Domino, you're recognized  
9 for a question.

10                   REPRESENTATIVE DOMINO: Thank you, Madam  
11 Speaker.

12                   Representative, how will this bill impact  
13 access fees for independent providers of DSL lines for  
14 broadband Internet access?

15                   THE SPEAKER: Representative Mayfield,  
16 you're recognized for a response.

17                   Representative Domino, could you repeat  
18 your question? You're recognized.

19                   REPRESENTATIVE DOMINO: Thank you. How  
20 will this bill impact access fees for independent  
21 providers of DSL lines for broadband Internet access?

22                   THE SPEAKER: Representative Mayfield,  
23 you're recognized for a reply.

24                   REPRESENTATIVE MAYFIELD: Thank you, Madam  
25 Chair.

1           The access charges actually flow through to  
2 the consumers. But with respect to broadband issues,  
3 this bill still leaves broadband in the control of  
4 local government.

5           THE SPEAKER: Further questions?  
6           Representative Fiorentino, you're  
7 recognized for a question.

8           REPRESENTATIVE FIORENTINO: Thank you,  
9 Madam Speaker.

10           Representative Mayfield, I understand that  
11 you were talking about the Lifeline being at 125% for  
12 those people in poverty, but is it not true that  
13 BellSouth has already reached that, so therefore it  
14 would not be expanded at all?

15           THE SPEAKER: Representative Mayfield,  
16 you're recognized for a response.

17           REPRESENTATIVE MAYFIELD: Thank you, Madam  
18 Chair.

19           I can't speak to whether BellSouth has  
20 reached that cap or not and whether or not the 125% is  
21 going to impact BellSouth's coverage. I believe it  
22 will expand Lifeline to their customers.

23           THE SPEAKER: Further questions?

24           Representative Sobel, you're recognized for  
25 a question.

1                   REPRESENTATIVE SOBEL: Thank you, Madam  
2 Chair.

3                   This is about the role of the Public  
4 Service Commission. Does Section 15 of this bill  
5 allow the Public Service Commission to reject any  
6 telephone rate proposal that does not create an  
7 overall benefit to residential customers? Could you  
8 explain that?

9                   THE SPEAKER: Representative Mayfield,  
10 you're recognized for a reply.

11                   REPRESENTATIVE MAYFIELD: Thank you, Madam  
12 speaker.

13                   Good question. It allows -- this  
14 legislation will allow the PSC to do exactly that. It  
15 will be able to reject any petition on the grounds of,  
16 again, creating competition in the local market and  
17 benefiting those customers that are being serviced by  
18 that local market. The PSC has absolute authority  
19 over that petition, whether or not to agree to it or  
20 reject it.

21                   THE SPEAKER: Further questions?

22                   Representative Attkisson, you're recognized  
23 for a question.

24                   REPRESENTATIVE ATTKISSON: Thank you, Madam  
25 Chairman.

1 Two questions. Representative Mayfield,  
2 Representative Prieguez asked a question a minute ago  
3 about the ability of a phone company to raise 6% a  
4 year if a competitor was in the marketplace. My  
5 question is, doesn't this sort of take care of the  
6 need to be concerned about 6% increases if competition  
7 will be eating up your market share? Why would you  
8 want to raise your rates, even if you had the ability  
9 to, if a competitor is over there getting ready to  
10 gobble up all your market share?

11 THE SPEAKER: Representative Mayfield for a  
12 reply. Thank you.

13 REPRESENTATIVE MAYFIELD: Thank you, Madam  
14 Speaker.

15 Representative Attkisson, you've answered  
16 your own question. It makes absolutely no sense for a  
17 local provider to be increasing their rates if they're  
18 going to lose business to a competitor that would be  
19 created in that marketplace.

20 THE SPEAKER: Representative Attkisson for  
21 a follow-up question.

22 REPRESENTATIVE ATTKISSON: Thank you, Madam  
23 Speaker.

24 The final question, we have seen in the  
25 paper, and it has been written that there will be



1 millions and millions of dollars of increases, yet,  
2 Representative Mayfield, the way you and  
3 Representative Ritter have explained your bill, you're  
4 telling me there will be no increases until the Public  
5 Service Commission, which has a history of treating  
6 consumers fairly and equitably, reviews each potential  
7 rate increase, and it must, it must be in the public  
8 interest.

9           Why do you think we keep hearing in the  
10 papers, and with the viciousness, that there is a  
11 potential for millions of dollars of rate increases  
12 when nobody will read the bill?

13           THE SPEAKER: Representative Mayfield for a  
14 reply.

15           REPRESENTATIVE MAYFIELD: Representative  
16 Attkisson, it makes great news stories. You've  
17 answered the question once again. It's because  
18 they're not reading the bill.

19           Madam Speaker?

20           THE SPEAKER: Representative Mayfield, for  
21 what purpose?

22           REPRESENTATIVE MAYFIELD: I have a motion.

23           THE SPEAKER: You're recognized.

24           REPRESENTATIVE MAYFIELD: I move we  
25 temporarily postpone this bill.

1 THE SPEAKER: Okay. Representative  
2 Mayfield moves we temporarily postpone House Bill  
3 1903. Any objection?

4 Without objection, show that motion  
5 adopted.


6 (Conclusion of consideration of House Bill  
7 1903 on April 30, 2003.)

8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

1  
2  
3 CERTIFICATE OF TRANSCRIBER  
4

5 STATE OF FLORIDA:

6 COUNTY OF LEON:

7 I, MARY ALLEN NEEL, do hereby certify that the  
8 foregoing was transcribed by me from an audiotape,  
9 and that the foregoing pages numbered 1 through 18  
10 are a true and correct transcription of the aforesaid  
11 proceedings to the best of my ability.12 I FURTHER CERTIFY that I am not a relative,  
13 employee, attorney or counsel of any of the parties,  
14 nor relative or employee of such attorney or counsel,  
15 or financially interested in the foregoing matter.16 DATED THIS 20th day of October, 2003.  
1718   
19 MARY ALLEN NEEL, RPR  
20 2894-A Remington Green Lane  
21 Tallahassee, Florida 32308  
22 (850) 878-2221  
23  
24  
25