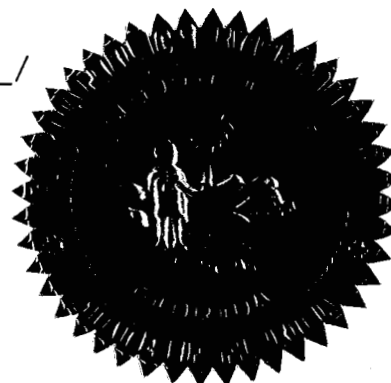


BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 060598-TL

In the Matter of:

PETITION TO RECOVER 2005 TROPICAL SYSTEM
RELATED COSTS AND EXPENSES, BY BELLSOUTH
TELECOMMUNICATIONS, INC.



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PROCEEDINGS: PENSACOLA SERVICE HEARING

BEFORE: CHAIRMAN LISA POLAK EDGAR
COMMISSIONER J. TERRY DEASON
COMMISSIONER MATTHEW M. CARTER, II
COMMISSIONER KATRINA J. TEW

DATE: Wednesday, October 25, 2006

TIME: Commenced at 4:06 p.m. (CST)
Concluded at 5:25 p.m. (CST)

PLACE: Hagler Auditorium
Pensacola Jr. College
1000 College Boulevard
Pensacola, Florida

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

1 APPEARANCES:

2 JAMES MEZA, III, ESQUIRE, BellSouth
3 Telecommunications, Inc., 150 West Flagler Street, Suite 1910,
4 Miami, Florida 33130, appearing on behalf of BellSouth
5 Telecommunications, Inc.

6 CHARLES J. BECK, ESQUIRE, Office of Public Counsel,
7 c/o The Florida Legislature, 111 W. Madison Street, Room 812,
8 Tallahassee, Florida 32399-1400, appearing on behalf of the
9 Citizens of the State of Florida.

10 ADAM TEITZMAN, ESQUIRE, FPSC General Counsel's
11 Office, 2540 Shumard Oak Boulevard, Tallahassee, Florida
12 32399-0850, appearing on behalf of the Florida Public Service
13 Commission Staff.

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I N D E X

WITNESSES

NAME: PAGE NO.

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BRAD HATTAWAY

Direct Statement

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LINDA BILLER

Direct Statement

11

DAVE HOXENY

Direct Statement

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CERTIFICATE OF REPORTER

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EXHIBITS

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NUMBER :		ID.	ADMTD.
1	ADX Communications letter dated 11/6/04	18	19

P R O C E E D I N G S

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CHAIRMAN EDGAR: Good afternoon.

COMMISSIONER CARTER: Good afternoon.

CHAIRMAN EDGAR: Thank you all for coming to join us this afternoon. I'll start by calling the service hearing to order.

I'd like to go ahead and make some introductions. I am Lisa Edgar, and I have the honor of serving as the Chairman of the Florida Public Service Commission. And with me here at the table in the front of the room is Mr. Charlie Beck with the Office of Public Counsel, Commissioner Terry Deason, Commissioner Matthew Carter, Commissioner Katrina Tew, Beth Salak of our staff and Adam Teitzman of our staff.

Next I'm going to ask our staff counsel to read the notice, please.

MR. TEITZMAN: By notice issued September 28th, 2006, this time and place has been set for a customer hearing in Docket Number 060598-TL. The purpose is as set forth in the notice.

CHAIRMAN EDGAR: Thank you. And I'd like to go ahead and take appearances from the attorneys that are here with us today.

MR. MEZA: Thank you, Madam Chair. My name is Jim Meza, General Counsel for BellSouth.

CHAIRMAN EDGAR: And, Mr. Beck, I know I've

1 introduced you, but if you would go ahead as well.

2 MR. BECK: Thank you. Charlie Beck with the Office
3 of Public Counsel.

4 CHAIRMAN EDGAR: And Mr. Teitzman.

5 MR. TEITZMAN: Adam Teitzman on behalf of the
6 Commission.

7 CHAIRMAN EDGAR: Thank you. We do also have other
8 staff here from the Public Service Commission, and I believe
9 that BellSouth has staff as well. If there are questions that
10 our staff or their staff can help you with, we do have people
11 here. I think in the back of the room, I think I see
12 Commission staff. Would you please raise your hands back
13 there? If you have any other questions at all, please feel
14 free -- I know that they would be glad to try to be helpful.

15 This is an official hearing and it will be
16 transcribed and become a part of our official record. As such,
17 those who would like to address us today will need to be sworn
18 in, and we will do that together here in just a few minutes. I
19 hope that you saw there are speaker sheets, I believe at the
20 front of the room, and we will call people -- Mr. Beck actually
21 I will look to to call people to come and speak to us in order
22 as you are on the sign-up sheet. And if there is anybody here
23 who would like to give us some comments but would not prefer to
24 speak, there are blue sheets in the back of the room that you
25 can fill out and submit to us or they can be mailed in. And

1 also if you know of other people who are not able to come today
2 but would like to make comments, they can fill in on these
3 sheets as well, and they're also available on our website, and
4 that then will become a part of the record as well.

5 I'm going to ask the attorney from BellSouth and from
6 the Office of Public Counsel here in just a moment to make a
7 statement, and then I will swear you in as a group. And if
8 there's anybody that comes in later, we will do that
9 individually, or collectively if they come in as a group, and
10 then we'll move to public testimony. And so with that,
11 Mr. Meza, would you like to make a statement?

12 MR. MEZA: Sure. Thank you, Madam Chair. Thank you
13 for the ability to be here today to listen to our customers and
14 to continue the hearing process regarding our petition related
15 to recovery of 2005 tropical system related expenses.

16 BellSouth just has some very brief comments, and
17 first I'd like to introduce some of our employees that are here
18 today starting with Mr. Jerry Hendrix. He is the Vice
19 President of Regulatory for BellSouth in Florida. With us also
20 is Charles Stout. He is an area manager for installation and
21 maintenance for the company. His turf is Escambia and
22 Santa Rosa Counties. Also with us is Steve Johnson. He is an
23 area manager for engineering for Escambia and Santa Rosa
24 Counties as well.

25 Because this is a public hearing, we would like to

1 take this opportunity to listen to our customers and to address
2 and hear any concerns or questions they may have. And with
3 that, I'll sit down, Madam Chair. Thank you.

4 CHAIRMAN EDGAR: Thank you, Mr. Meza.

5 Mr. Beck.

6 MR. BECK: Thank you, Madam Chair. Just a few brief
7 comments. As everybody is very, very aware, 2004 and 2005 were
8 very difficult years throughout Florida from hurricanes where
9 we had extensive damage. We've had quite a few cases by
10 different utilities concerning requests for charges to help pay
11 for the hurricanes. With the electric utilities, they were,
12 most of them were in 2004. We had some very strongly litigated
13 cases where we thought the utilities were asking for costs that
14 they'd recover in their regular monthly charges as well so that
15 in effect there was a double-dipping. We appreciate the
16 Commission's rulings on that. I think that they stopped that
17 practice by some of the companies.

18 And in this case I think BellSouth has complied, the
19 best we can tell, with the rulings of the Commission which
20 allow the companies only to ask for incremental costs; in other
21 words, the extra costs incurred from the hurricane over the
22 normal level they would incur.

23 We've had one case with Sprint, which is now Embarq,
24 for 2004 hurricane costs. In that case they were allowed to
25 charge 85 cents a month for the extra cost from hurricanes. In

1 this case the maximum exposure is 50 cents per month, and
2 that's because the Legislature enacted a statute that caps the
3 amount that can be recovered from customers at 50 cents per
4 month for one year, no matter how much damage the companies
5 have incurred. And in this case we think that would affect
6 BellSouth's position. If their full level of the cost study
7 that they say they incurred on an incremental basis were
8 allowed to be flowed through to customers, it would be almost
9 triple the 50 cents per month. So the statute puts that cap on
10 it and it can't be -- they won't be allowed to recover any more
11 than that.

12 Besides the cases from the companies on requests for
13 hurricane surcharges, the Commission has also been very
14 aggressive in getting the utilities to upgrade their
15 infrastructure and to do inspections that hadn't previously
16 been done. In the case of BellSouth and in the electrics,
17 they've mandated eight-year inspection cycles for all of their
18 poles that they have. And it's not just a look and see, it's a
19 very complete and comprehensive exam.

20 Any comments you have about your experience from the
21 hurricanes and BellSouth, I'm sure the Commission would
22 appreciate that. With that, I want to thank you for coming
23 tonight, and I look forward to your testimony.

24 CHAIRMAN EDGAR: Thank you, Mr. Beck. I would like
25 to again echo those comments. We have come here to hear from

1 customers and we would like to hear about what's on your mind
2 today. We will start here in just a moment.

3 As I said, I think a few minutes ago, the comments
4 that we receive are being transcribed and they will become a
5 part of the official record for this proceeding. And we will
6 swear, swear those customers who are here today in as a group.
7 When you do come to speak and Mr. Beck calls your name, please
8 tell us your name. It's helpful if you tell us who your
9 telephone service provider is, and that will also then go into
10 the record.

11 And with that, those customers who are here and who
12 would like to speak, if you would stand with me and raise your
13 right hand and we'll swear you in.

14 (Witnesses collectively sworn.)

15 CHAIRMAN EDGAR: Thank you. Okay. I think we are
16 ready to move on to hear from customers.

17 Mr. Beck, I'll ask you to call the first name,
18 please.

19 MR. BECK: Thank you, Madam Chairman.

20 The first witness is Brad Hattaway.

21 BRAD HATTAWAY

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

24 DIRECT STATEMENT

25 MR. HATTAWAY: Good evening. I am Brad Hattaway with

1 the Escambia County Department of Public Safety, Division of
2 Emergency Management. I'm not speaking on behalf as a
3 customer, just speaking -- I'm not picking a side either
4 opposing or, officially opposing or supporting the rate
5 increase; however, felt it was necessary to express to the
6 Commission we are the ones that are in the Emergency Operation
7 Center and BellSouth is part of our disaster committee and has
8 been for several years. They support the Emergency Management
9 Operation Center in providing information, coordinating their
10 efforts and the recovery and response efforts for the community
11 itself. Again, they have been a very responsive member of the
12 committee. They do assign staff to our EOC and they do
13 coordinate and are responsive to our requests of priority needs
14 in responding to the community. That was basically all. Thank
15 you.

16 CHAIRMAN EDGAR: Thank you.

17 MR. BECK: Thank you.

18 Our next witness is Linda Biller.

19 Whereupon,

20 LINDA BILLER

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

23 DIRECT STATEMENT

24 MS. BILLER: Good evening. I am Linda Biller, CEO of
25 the American Red Cross of Northwest Florida. And similar to

1 Mr. Hattaway, I came to speak, not necessarily to weigh in one
2 way or the other, but to share with you the importance of what
3 BellSouth did for us during the 2005 hurricane season.

4 As you can imagine, it was devastating for us. And
5 we are, similar to the EOC, an organization that needs to be up
6 and running as quickly as possible. And BellSouth is extremely
7 responsive, very -- we could not have performed as well as we
8 did without their support. They were immediately getting phone
9 lines and working with us. And BellSouth has been a wonderful
10 help for us during our hurricanes. Thank you.

11 CHAIRMAN EDGAR: Thank you.

12 MR. BECK: Thank you.

13 Dave Hoxeny.

14 Whereupon,

15 DAVE HOXENY

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

18 DIRECT STATEMENT

19 MR. HOXENY: Howdy. My name is Dave Hoxeny and I own
20 a business here. So we've heard from government and charity,
21 and I'm going to try to speak a little bit for private
22 business.

23 First of all, I'd like to thank you all for having
24 your first customer service hearing here in the Panhandle. We
25 appreciate your interest in coming up our way.

1 Secondly, I'd like to apologize for my speech. Half
2 of my mouth is not working due to some dental procedures this
3 afternoon, so I'll do my best.

4 The two things that your report addressed were the
5 utility's petition, which you just spoke about, and also some
6 comments on recovery efforts of BellSouth. And as amateurs
7 it's really hard to know what's fair as far as the utility's
8 petition. I guess we really have to defer to y'all because
9 you're very experienced in these matters. However, I'd like to
10 speak a little bit about the recovery efforts that BellSouth
11 made in our area.

12 Your focus at least financially is mostly on 2005.
13 We were still recovering here in 2005 from Ivan in 2004, and I
14 believe BellSouth spent substantial money in our market, well,
15 in both years, of course, to try to put us back together. And
16 really the people here did a great job. They worked very hard.
17 There were a number of people that were in from out of town and
18 they worked -- well, since my office is next to one of their
19 hotels, the best I could tell they were working sunup to
20 sundown and I think seven days a week, all of which was
21 appreciated.

22 However, one thing that we did learn here in
23 Pensacola was how much we depend on BellSouth. Yes, there is,
24 there is competition today, but BellSouth has the legacy
25 benefits of having tremendous investment in plant and most of

1 the customers. And so for infrastructure, i.e., copper lines,
2 fiber optic lines, stuff like that, really BellSouth controls
3 that market even though they do rent to others. So they're
4 very, very important to Pensacola and to business here.

5 And what happened here particularly -- do y'all live
6 in Tallahassee or from all over?

7 COMMISSIONER DEASON: All over. I live west of
8 Tallahassee.

9 MR. HOXENY: Okay. From all over the state. Well,
10 what we experienced here was tremendous slowdowns in not only
11 repair but installation work. And, you know, cell phones work
12 okay as long as the T1 lines to the cell towers work, and we
13 did have some problems with that, although they got on that
14 pretty quick, but they're no good for faxes or for data lines.
15 So getting the copper plant back together is critical and it
16 takes jillions of man-hours.

17 And I'd like to put in the record some communication
18 I had with the company -- if you would pass that down --
19 covering these issues. And my perspective is, is that
20 BellSouth did not marshal enough outside resources. I know you
21 also care about how Gulf Power works, and they brought in, I
22 believe, 4,000 people and within a month they were out. Now no
23 doubt about it, it's a lot easier to fix power lines than it is
24 to fix telephone lines. Telephone lines take, take many, many
25 more man-hours per square mile.

1 My point, I guess, is that Gulf Power found a way to
2 get the extra help in here to get us back together very
3 quickly, and BellSouth simply wasn't able to do that. Part of
4 the problem, I think, and maybe I have "Hey, we're in the
5 Panhandle and people in Florida don't really care about us
6 Syndrome." Of course, you're here today, so that belies that.

7 But the -- all of Florida was really, has had a tough
8 couple of years in hurricanes and BellSouth has, therefore, had
9 some tough times. However, it seems to us in the Panhandle
10 that BellSouth having no local management here doesn't really
11 focus at all on our problems. They're much more concerned
12 about the rest of the state. At one time we had a general
13 manager here, a commercial manager here and things like that.
14 The closest person I could find to write to was the president
15 in Miami. Now there are lobby people and public relations
16 people in Tallahassee, but they're not really worried about
17 commercial issues. Now we have installation managers here and
18 technical managers here, who I, again, think they did just a
19 fabulous job. But I don't believe they have the ability to get
20 the attention of their company to get more help for Pensacola.

21 And so one of the things I'd like to address to -- we
22 actually do have some senior managers here today from
23 BellSouth -- is to consider the millions of dollars that they
24 take in revenue from our area every month and make the
25 investment of having a general manager or a commercial manager

1 here, somebody that we in the community can interface with.

2 Thanks very much.

3 CHAIRMAN EDGAR: Thank you.

4 COMMISSIONER DEASON: Madam Chair?

5 CHAIRMAN EDGAR: Mr. Hoxeny --

6 COMMISSIONER DEASON: No. No. I don't have a
7 question.

8 CHAIRMAN EDGAR: Okay.

9 COMMISSIONER DEASON: I have -- I'd like to, just for
10 the record with your permission, I'd like to ask our staff if
11 they could look at staffing levels of personnel in the
12 Panhandle of Florida in comparison to other sections of Florida
13 for BellSouth. If it cannot be done within the confines of
14 this docket, I understand it may take more manpower to do a
15 comprehensive study, but it may be something for a review and a
16 briefing of the Commission at some future time, but I think it
17 would be helpful. And I would ask staff too that at whatever
18 point in time that that review is completed, that they would
19 share that. I'm sorry, sir, I may mispronounce your name,
20 but --

21 MR. HOXENY: Dave is fine.

22 COMMISSIONER DEASON: Okay. To share that -- and, of
23 course, it would be public record, it would be available for
24 all. But I think it may be a worthwhile endeavor. And subject
25 to the constraints of our staff's work times and other

1 requirements of their duties, I understand that, but I think
2 it's a valid question that's being asked and I think it's
3 something that we need an answer to.

4 MR. HOXENY: Of course, Commissioner, what I'm really
5 focusing on is lines of commanding authority within the company
6 as opposed to just how many, you know, supervisors and that
7 kind of thing. Who can really make a decision in the Panhandle
8 to make things happen up here, and I couldn't find anybody when
9 I looked.

10 COMMISSIONER DEASON: I think it's a good question.
11 I consider myself a resident of the Panhandle. I don't live in
12 BellSouth territory.

13 MR. HOXENY: Well, Bellsouth is really, really
14 important to us here in Pensacola, and I guess probably to the
15 rest of the state too. But we greatly value what they do for
16 us. And it's -- I know they've got to make money, but having
17 some good local leadership would be good.

18 CHAIRMAN EDGAR: Commissioner Deason, I think that
19 you've raised some excellent questions in response to Mr.
20 Hoxeny's comments. And I see that Ms. Salak has been taking
21 notes as we've been talking, and I know that she will follow up
22 and get back to us.

23 So, Mr. Hoxeny, thank you for your comments.

24 MR. BECK: Thank you.

25 Madam Chairman, Mr. Hoxeny is the last witness who

1 signed up ahead of time.

2 CHAIRMAN EDGAR: Okay. Let me first ask
3 Mr. Teitzman, with the letter that Mr. Hoxeny supplied to us,
4 we need to number it, we need to label it, and will you help us
5 take care of that?

6 MR. TEITZMAN: Sure. Let's see. We can title it
7 "ADX Communications letter" and have it identified as Exhibit
8 1.

9 CHAIRMAN EDGAR: Thank you. And that will become
10 part of the record of this hearing.

11 (Exhibit 1 marked for identification.)

12 CHAIRMAN EDGAR: Mr. Teitzman, I'll look to you for
13 suggestion, but I propose that we go on break for a period of
14 time to see if, if there are other customers that will come in
15 a little while.

16 Mr. Beck, do you have a preference or a request or a
17 suggestion?

18 MR. BECK: Well, I know I got lost coming here, so I
19 say take a break.

20 CHAIRMAN EDGAR: Okay. All right. Then,
21 Commissioners and everybody else who is interested, at this
22 point I'd rather not set a definite time, so if you can just
23 kind of stay in the area and relax and take a break and we'll
24 wait. And if there are other customers that come, we will come
25 back and go back on the record and begin again.

1 All right. Then we are in recess.

2 (Recess taken.)

3 CHAIRMAN EDGAR: We are going to go back on the
4 record. Mr. Beck, have you had anybody else sign up to speak?

5 MR. BECK: I've seen nobody else. No, there's nobody
6 else signed up.

7 CHAIRMAN EDGAR: Okay. Is there anybody who has come
8 in that did not have a chance to sign up on the sign-up sheet
9 that would like to address the Commission at this time?

10 Seeing none, please let the record so reflect.

11 Mr. Teitzman, any other business?

12 MR. TEITZMAN: We just need to enter that one
13 exhibit, Exhibit Number 1, into the record.

14 CHAIRMAN EDGAR: Okay. Please show Exhibit 1 entered
15 into the record of this proceeding.

16 (Exhibit 1 admitted into the record.)

17 Mr. Beck, any closing thoughts?

18 MR. BECK: No, ma'am.

19 CHAIRMAN EDGAR: Commissioners? Okay. Then thank
20 you all for being with us here today. We appreciate it very
21 much. And this customer service hearing is adjourned.

22 (Service hearing adjourned at 5:25 p.m. (CST).)

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1 STATE OF FLORIDA)
 : CERTIFICATE OF REPORTER
 2 COUNTY OF LEON)

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

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

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

DATED THIS 15th DAY OF NOVEMBER, 2006.

Linda Boles
 LINDA BOLES, CRR, RPR
 FPSC Official Commission Reporter
 (850) 413-6734

AD X

ADX Communications

9031 Woodrun Road
Pensacola, Florida 32514
(850) 494-7060

November 6, 2004

Mr. Joseph P. Lacher, President - Florida Operations
BellSouth Telecommunications
150 West Flagler Street, Suite 1901
Miami, Florida 33130-1536

Dear Mr. Lacher:

This is a plea for help from the other end of Florida.

The people in the Pensacola Metro counties were devastated by Hurricane Ivan. So was the BellSouth plant.

Please motivate BellSouth corporate to send us more telephone technicians, trucks and materials from within BellSouth, telephone contractors and other RBOC's that you share emergency relations with. The hundreds of people BellSouth sent here are working hard, but cannot handle our community's needs. We seem to need double or triple the number of extra telephone workers.

It has been 7 weeks since Hurricane Ivan, and distant BellSouth call centers are still scheduling Pensacola work to be completed in 20+ days rather than the typical 3 days. Our investor-owned electric utility brought in 4000 workers, and got its facilities substantially restored in 2 weeks. These power crews slept in local schools, and then went home with the pride of accomplishing their mission.

Our community is working hard to get businesses back to business, so that full commerce can resume and people can get back to work. Escambia and Santa Rosa businesses need working, reliable telephone voice, fax and data connections.

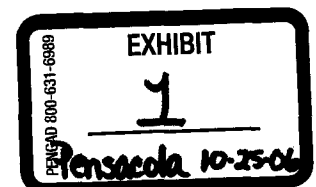
We understand that fixing telephone infrastructure is significantly more complicated than restringing power lines. Both require huge man-hours and many materials. Gulf Power did an excellent restoration job. Based on citizen comments, there are still many pending BellSouth problems. BellSouth delay is a top complaint.

My comments are not about the leadership and workforce within your Pensacola technical departments. These folks are doing good work. But BellSouth corporate should have sent greater resources here a month ago.

Thank you for your consideration of this request. We seek more resources, rather than a public relations solution.

Sincerely,

David E. Hoxeng



P.S. This request is being sent directly to you because we were unable to locate any community-based BellSouth management other than sales and technical departments. Apparently general management positions have been outsourced in favor of remote management from distant parts of our state.

cc: Evon Emerson-Chamber, George Touart-Escambia County, Don Salter-Santa Rosa County, Mike Moore-PR