

BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

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In the Matter of : SPECIAL PROJECT NO.  
Fair and Reasonable : 980000A-SP  
Residential Basic Local :  
Telecommunications Rates. :  
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PROCEEDINGS: PUBLIC HEARINGS  
WEST PALM BEACH, FLORIDA  
BEFORE: JULIA L. JOHNSON, Chairman  
J. TERRY DEASON  
SUSAN F. CLARK  
JOE GARCIA  
E. LEON JACOBS, JR.  
DATE: Tuesday, August 25, 1998  
TIME: Commenced at 10:16 a.m.  
Concluded at 1:20 p.m.  
PLACE: Omni West Palm Beach Hotel  
1601 Belvedere Road  
West Palm Beach, FL 33409  
REPORTED BY: Pilar Ananos, R.P.R.

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## 1 APPEARANCES :

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

(Hearing convened at 1:20 p.m.)

1  
2  
3 MS. JOHNSON: We'll begin the hearing this  
4 morning. I wanted to thank everyone for coming  
5 out. We did -- we are starting a little late. We  
6 were trying to secure our Internet transmission.  
7 We were unable to do that due to the phone lines.  
8 So this particular hearing will not be  
9 transmitted. We're going to have to report that  
10 to the P.S.C.

11 This hearing will not be transmitted over  
12 the Internet, but we will have our court reporter,  
13 so that this will be transcribed, which it just  
14 will not be broadcast over the Internet. And  
15 with that, counsel, could you please read the  
16 notice?

17 MS. KEATING: Notice issued August 10th,  
18 1998. The time and place has been set for a  
19 hearing in undocketed special project 980000A,  
20 dash, SP, on fair and reasonable residential  
21 basic rates. The purpose is set forth in the  
22 notice.

23 MS. JOHNSON: Okay. We'll take appearances.

24 MR. BECK: My name is Charlie Beck. I'm with  
25 the Offices of Public Counsel in Tallahassee,

1 appearing on behalf of Florida citizens.

2 MR. GROSS: My name is Michael Gross. I'm  
3 the Assistant Attorney General with the office of  
4 the Attorney General in Tallahassee, also  
5 representing the interests of the consumers of the  
6 state.

7 MS. KEATING: And my name is Beth Keating,  
8 and I'm appearing for the commission staff.

9 MS. JOHNSON: I'm Julia Johnson, I'm the  
10 chairman of the Florida Public Service Commission.  
11 Again, I wanted to welcome you here this morning.  
12 To my far left is Commissioner Leon Jacobs.  
13 Seated next to him is Commissioner Susan Clark.  
14 To my right is Commissioner Terry Deason. And to  
15 my far right is Commissioner Joe Garcia.

16 Today you do have the full commission here to  
17 listen to your concerns, your thoughts, your  
18 questions and your suggestions as to fair and  
19 reasonable rates.

20 By way of background, if you had the  
21 opportunity to receive the green handout that was  
22 provided by Ms. Bev DiMello, it provides a history  
23 of how we got to where we are now and why we're  
24 here today. The legislature passed house bill,  
25 4785, and in that they asked that the commission

1 study the issue of rates, fair and reasonable  
2 rates, to look at what's affordable; how do  
3 customers value their services; what are the rates  
4 in other areas; what do customers want, expect and  
5 would like to see through the legislative process?  
6 How do they feel about the companies that now  
7 serve them? How do they feel about competition?

8 That's what we're here today -- we're serving  
9 as fact finders so that we can gather up your  
10 comments, your thoughts, your concerns; issue a  
11 report to the legislature so they can make a  
12 determination as to what will be or what is  
13 necessary to advance in competition and to bring  
14 advanced technology to the state of Florida.  
15 They, as do we, value your comments and your  
16 input. That is why at the appropriate time  
17 we'll ask you all to stand, for those of you who  
18 would like to testify. We're going to swear you  
19 in so that your comments will be a part of the  
20 official record, and it will be a basis that we  
21 can rely upon for whatever information we send  
22 forward.

23 Let me introduce to you some of our staff  
24 members, because I understand that some customers  
25 have questions that relate to electric or they may

1 have questions that relate to waste, water or just  
2 some general questions that relate to  
3 telecommunications. If you feel more comfortable  
4 talking to a staff member or talking to us after  
5 the formal proceeding, please feel free to do  
6 that. The staff members here, again, Beth Keating  
7 introduced herself. She's the attorney that will  
8 be representing the commission and staff today.

9 Rick Moses is seated next to her. He's from  
10 our division of communications. He's an engineer,  
11 and he's worked on several of our  
12 telecommunications issues.

13 Ms. Bev DiMello was the young lady that met  
14 you outside. She's got a series of brochures that  
15 go over slamming, cramming, life line programs,  
16 other telecommunications programs that we have  
17 available.

18 And Sandy Moses is seated over here to your  
19 right. She's also available to assist you with  
20 any questions that you might have.

21 Again, for those of you who don't want to  
22 testify but would like to provide us with written  
23 comments, if you look at your green sheet, the  
24 last page of the section where you can write your  
25 comments, fold it over, it's already addressed,

1 and send that to the commission. We've also  
2 included our 1-800 number and our web site  
3 address so that if you go home tonight and you're  
4 thinking about the issues and there's more that  
5 you'd like for us to hear, feel free to contact us  
6 through any of those mechanisms.

7 And with that, if there are any other  
8 preliminary matters? None?

9 MS. KEATING: None that I'm aware of.

10 MS. JOHNSON: Then can we proceed then to our  
11 first customer?

12 MS. KEATING: I believe we're ready.

13 MS. JOHNSON: Let me at this time go ahead  
14 and swear all the customers in that would like to  
15 speak, and then we will allow public counsel the  
16 opportunity to call the witnesses.

17 If you could stand and raise your right hand.  
18 In this matter before the Florida Public Service  
19 Commission do you swear or affirm to tell the  
20 truth, the whole truth and nothing but the truth?  
21 Thank you. You may all be seated.

22 I wanted to personally thank Senator Klein  
23 for his involvement. I've had the opportunity to  
24 work with him through the legislative process. He  
25 sits on the substantive committee that deals with

1 telecommunications issues.

2 He had the honor of testifying several times  
3 last session. He has always been concerned about  
4 the impact of any of the decisions that we've made  
5 as well as the laws that are passed, how they  
6 actually impact the consumers. I wanted to thank  
7 him for participating.

8 And Ms. Kanter wrote me and called my office  
9 about letting me know the environment in which I  
10 was dealing and the fact that a lot of the  
11 customers in this area, and the senator also  
12 followed up with that, aren't here now. We did  
13 want everyone to know that yes, we decided to go  
14 ahead and hold this hearing and take whatever  
15 public input we can have at this particular  
16 hearing, but we're gonna hold another hearing in  
17 this area on October 19th. That way we're hopeful  
18 that that will accommodate those that are not in  
19 the state at this time, that weren't available to  
20 testify.

21 It will be a panel consisting of two of our  
22 commissioners. All of the staff members will be  
23 here. It will be recorded, and we will also have  
24 that information to rely upon as we make our  
25 recommendations and issue our reports to the

1 legislature. Senator Klein, Ms. Kanter, thank you  
2 very much.

3 And with that, public counsel?

4 MR. BECK: Senator Klein.

5 SENATOR KLEIN: Thank you very much. I  
6 appreciate the opportunity of being here today and  
7 thank the commission for putting the agenda  
8 together so that you have the opportunity to be  
9 here in West Palm Beach and Palm Beach County, and  
10 this part of the state, not only at the beginning  
11 but almost at the end of your proceedings, so by  
12 that point in time we will even have an  
13 opportunity to hear and get some information  
14 feedback from you about what you've been hearing  
15 from other parts of the state as well.

16 As we know, and we were talking about before  
17 the meeting started, there is a tremendous amount  
18 of diversity in the state of Florida, lots of  
19 different concerns, lots of different issues. I  
20 think the overriding concern of the legislature is  
21 making sure that we have a healthy  
22 telecommunications market, we have one that is  
23 competitive. Because I think there is a strong  
24 recognition that it helps drive not only quality,  
25 but products and services as well as costs. And I

1 think that recognizing that there are certain  
2 obligations that the public policy bases, we want  
3 to make sure everybody has a dial tone and various  
4 other things.

5 We certainly at the same time want to make  
6 sure that Florida is competitive in the world of  
7 telecommunications, so that not only our  
8 consumers, being residents but also our businesses  
9 that we are trying to allow to build in this state  
10 and be successful in this state, that we will  
11 continue to be a good attractor and a good  
12 environment for telecommunications, which are such  
13 an integral part of today's business community.  
14 In the discussion of the legislature, and this is  
15 also by way of information for some of the people  
16 that will be commenting today, there was lots of  
17 discussions and a few different strategies that  
18 were presented to the legislature in the form of  
19 legislations last year and to how to drive  
20 competition and quality and various other things  
21 that were already mentioned.

22 There is a recognition or acknowledgment that  
23 the long distance markets, wireless markets offer  
24 a whole complement of competitive services and  
25 lots of competition, and people have many choices.

1 And there seems to be a lot of good things going  
2 in that area. But in the local area, despite the  
3 efforts of the federal and the state deregulations  
4 over the last number of years, there has not been  
5 much activity in the local telecommunications  
6 market. So when you're purchasing local service,  
7 although in the long distance basis you can choose  
8 between AT&T or LDDS or various other companies or  
9 Sprint, there were, in this area, we use  
10 BellSouth, because that is the provider that has  
11 been the traditional provider, and there really  
12 hasn't been a lot of movement into that area.

13 There have been a few companies that have  
14 talked about it, Adelphia and Comcast have been  
15 trying to market some packages, but by and large  
16 it was at least identified some limitations in  
17 terms of entering into the market. One that was  
18 talked about predominately two years ago was  
19 access charges.

20 And the discussion of the legislature seemed  
21 to be all the focus on if we reduce access  
22 charges, then we will have solved the problem. I  
23 know in our senate interim study last December we  
24 asked them to go out in our staff and determine  
25 whether it was only access charges or maybe that

1 was one of a series of issues that were limiting  
2 competition or entry into the market. It appears  
3 that there are some other issues.

4 We know that there are some building issues,  
5 entry into building, commercial buildings.  
6 Landlords have some concerns about the amount of  
7 space they can provide for wires and various other  
8 supporting equipment into the telecommunications  
9 space that they have. And if they want to just  
10 sell all their building, as to one  
11 telecommunications provider, how does that affect  
12 the costs.

13 So there are some barriers. And I think  
14 that, you know, we're very interested in hearing  
15 both from businesses and consumers, residential  
16 consumers, on what they would be prepared to do or  
17 what their interests are in trying to help, you  
18 know, encourage local service.

19 One of the suggestions that got a lot of  
20 attention last year, and it was passed over by one  
21 of the house committees was to just raise the  
22 rates, the fixed-base rates, \$2.00 or some fixed  
23 amount. And that was with the understanding that  
24 that would, again, affect some of the access  
25 charges. It would help make the whole environment

1 more competitive, and therefore would result in  
2 competition and reduced costs.

3         The problem with that, at least from many of  
4 the constituents that I heard from, there seems to  
5 be some concern that it presupposes that, you  
6 know, by raising the rates there will  
7 automatically be a consequence or follow through  
8 that automatically you're going to get new  
9 companies coming in, and that there will be  
10 competition which will reduce those rates once we  
11 have a fully -- we don't have a regulated market,  
12 but I think we have a fully competitive market.  
13 And I think there was a lot of concern in the  
14 senate that we are not going to be prepared as  
15 legislators just to force an increase in charges  
16 with the assumption -- and we all know what  
17 happens when we assume -- with the assumption that  
18 there's going to be competition.

19         So I think it's been suggested and I think  
20 that some of our local telecommunications  
21 providers need to consider the idea, if we are  
22 talking about any type of adjustment of rates,  
23 that we have discussions about it.

24         Now, one thing, what are people getting in  
25 exchange for the dollars? I think I was just

1 speaking, part of the meeting, with somebody, and  
2 they said well, I think Marjorie Shields, one of  
3 my constituents, wrote me a letter saying that she  
4 got the bill, and it was so confusing in terms of  
5 the different taxes and the additional factors and  
6 AT&T now has a \$3.00 thing that they're putting on  
7 it if we don't use the service. This is a  
8 tremendously confusing world of billing today. So  
9 in terms of expectations, there's a lot of  
10 confusion.

11         Somebody said well, how about if we just have  
12 the companies give us, this is what you get and  
13 this is what you're going to pay for, bottom line.  
14 For \$20, that includes tax, tip, dealer  
15 destination, everything out the door. You will  
16 get a certain amount of service.

17         That will allow you to call a certain local  
18 service area or give you access to a long distance  
19 carrier who, supporting the fact that we're going  
20 to have Internet in our schools and libraries and  
21 a lot of various things, so that, you know, that  
22 you're comparing, you know, BellSouth to XYZ  
23 company, to Sprint, anybody else who wants to  
24 provide service, as opposed to we have a local  
25 fixed rate of X amount of dollars. And beyond

1 that, to compare one area to another outside the  
2 state of Florida or within the state of Florida is  
3 very confusing to the average consumer.

4 And I think businesses would also agree that  
5 what are they concerned about, the bottom line.  
6 What does it cost in terms of the fixed expense  
7 for me to provide -- for me to receive certain  
8 telecommunications services. And I think that we  
9 need to simplify the system.

10 I know there's tax issues and lots of other  
11 things involved there, but I know from hearing  
12 from a lot of constituents we need to find some  
13 way to simplify and make it easier to understand,  
14 people need to understand what their choices are,  
15 what they're going to receive for those choices  
16 and what value and what new products and how this  
17 whole new 21st century model comes on line.

18 So I'm just going to close on that note. And  
19 I'm very interested in hearing -- I've heard from  
20 a lot of constituents. I plan on continuing to be  
21 very active in the center of, and think to sort of  
22 be a point person on this issue, So I plan on  
23 attending a number of your meetings around the  
24 state.

25 But I would like to dually encourage people

1 here today to give us their thoughts. I'll be  
2 listening, and also -- I'd also like to suggest,  
3 contact my office as well, feel free, whether you  
4 live in my district or not. I need to hear from  
5 you as businesses, as residential consumers, so we  
6 can try to take the recommendations that come on  
7 the PSC.

8 The intention is that the PSC can report to  
9 us in the next legislative session, and we want  
10 to, if we feel it's appropriate, do something with  
11 this information. And obviously, it's a hot  
12 potato. And we want to get good substantive  
13 information so we can make the right decision.

14 So again, I thank the commission; I thank all  
15 the members, the attorney general, public counsel  
16 who were with us today, and I appreciate it.

17 Thanks.

18 MS. JOHNSON: Thank you, Senator.

19 MR. BECK: Scott Sherman?

20 MS. JOHNSON: Sir, if you could state your  
21 name and address for the record. And after you've  
22 relayed your comments, if there are questions,  
23 I'll allow individuals an opportunity to answer  
24 them.

25 MR. SHERMAN: Thank you. My name is Scott

1 Sherman. I live at 6205 Wood Lake Road in  
2 Jupiter. And I'm a minister. I've just retired  
3 from a church here in West Palm Beach. The  
4 congregation that I served, as many of the  
5 churches and synagogues in our community, often  
6 struggled financially.

7 And I've learned through the course of the  
8 newspaper information on this that we have -- and  
9 I suppose I knew it also as the minister of the  
10 church that the church's businesses, social  
11 services agencies, pay considerably more for our  
12 services than do the home consumer. And in trying  
13 to inform myself on this I've learned that this is  
14 the result of this competition issue that is, you  
15 know, now being raised.

16 And there are people who are much more  
17 informed than I on that. So I won't go into it,  
18 but the issue is, very simply, small businesses,  
19 churches and synagogues, social service agencies,  
20 are paying around 2 and-a-half times more just for  
21 basic services than the residential consumer. And  
22 I think this is something that I would hope the  
23 competition of which the senator just presented  
24 would assuage and we could get a balance.

25 But there have been no promises I know from

1 the telephone companies. But I believe that the  
2 kind of competition we're speaking about can very  
3 easily balance this.

4 I want to share just one other aspect of  
5 this. I am quite in tune with small business,  
6 beyond the church that I serve. Four and-a-half  
7 years ago my wife started a not for profit  
8 educational organization here, which she operates  
9 from our home. And during that four and-a-half  
10 years she has dedicated herself, her life, her  
11 hours and some of our family savings to serve the  
12 people of our area through this not for profit  
13 organization.

14 She too, her organization, is paying two  
15 and-a-half times more for a telephone that sits on  
16 her desk than the telephone that sits in the  
17 corner as a residential phone. I think that  
18 this -- the fact that in our nation in the last  
19 year small businesses, mom and pop operations,  
20 have provided 90 percent of the new jobs in our  
21 country, I don't think many people realize that.

22 When we get into these conversations, it  
23 seems as though it's a conflict between big  
24 business, such as BellSouth, and the residential  
25 consumer, people, who people say need to be

1 subsidized. I don't think that's the issue at  
2 all.

3 My opinion, small businesses, social  
4 agencies, are doing incredible work, and they end  
5 up being the subsidizers of the residential  
6 consumers as well. And so this is my primary  
7 concern, and I think that the issue before you and  
8 before the senate, and before our legislature  
9 rather, needs to be looked at very hard to see if  
10 it is fair for those organizations that are now  
11 providing new jobs, new prosperity for our whole  
12 nation, are being put in a position for  
13 subsidizing individuals.

14 It certainly isn't the American way, I don't  
15 believe. But once again, becoming a nation of,  
16 almost the way we were in the early 17 hundreds, a  
17 nation of shopkeepers, small business. It's  
18 growing faster than any other area. Corporate,  
19 corporations, as you know are downsizing very  
20 often. These people, some of them, will be  
21 providing the jobs in the future, when they begin,  
22 are really hard pressed to pay the difference in  
23 price.

24 That's all I have to say. Any questions?

25 MS. JOHNSON: Thank you, Mr. Sherman. Any

1 questions?

2 MR. GARCIA: I wanted to ask you real quick,  
3 from obviously, as someone who is working in a  
4 parish, it's a business to some degree, especially  
5 to the telecommunications companies, you're just  
6 one more.

7 MR. SHERMAN: Just another business, correct.

8 MR. GARCIA: Have you felt competition there?  
9 Have you felt, for example, I assume you've been  
10 doing this for a while?

11 MR. SHERMAN: Yes, a long while, 29 years.

12 MR. GARCIA: Okay. So it's clear you've seen  
13 a change in terms of your long distance bills and  
14 people vying to get that service. Has that been  
15 beneficial?

16 MR. SHERMAN: Not particularly. Because our  
17 long distance -- we had -- there's a great deal of  
18 competition for long distance carriers. I have  
19 had months -- and I hesitate to say this, but it's  
20 the truth -- I've had months for my long distance  
21 bills; that is, out of state long distance bill,  
22 obviously, from the local charities we get within  
23 the state -- was under \$15.00. Because of the  
24 incredible competition from the long distance  
25 carriers we had -- probably everyone in this

1 room -- we have calls every week of someone trying  
2 to change, change your system and our carrier and  
3 promising lower rates.

4 So there's plenty of competition there. But  
5 no one has said we'd like to change your basic  
6 rate. That hasn't happened yet.

7 MR. JACOBS: Mr. Sherman, when you pay for  
8 your local service, in your mind, what does that  
9 include?

10 MR. SHERMAN: Well, in my mind, that  
11 basically, that basically includes the ability to  
12 call and receive calls in a local area that is  
13 perhaps a radius of 30 miles from -- that may be  
14 too far -- 25 to 30 miles from my church, that's  
15 about it. That's what I consider local service.

16 To anything beyond that, any other services  
17 or add ons, we have very few of those at our  
18 church. Most churches don't. They'll just put in  
19 another line and have, again, another business  
20 charge for the next line, and then put in a third  
21 line, put in a fax. That's another line, another  
22 commercial line. So basically, that's what we're  
23 getting.

24 MR. GARCIA: Ballpark, let me ask you, what  
25 is -- and just so that for other people that may

1 come up, if I do ask, you don't have to tell me --  
2 but what's your, what was your basic monthly rate,  
3 more or less, that you were paying, in total? And  
4 the reason I say in total, just so as you think  
5 about it --

6 MR. SHERMAN: You mean the total bill?

7 MR. GARCIA: The total bill that you have,  
8 long distance, local, combined services,  
9 everything.

10 MR. SHERMAN: We also had directory  
11 advertising. So it's a little tough for me. But  
12 I believe it fell in the range of a hundred and  
13 sixty to a hundred and eighty dollars a month.  
14 Then we have some directory advertising on top of  
15 that.

16 MR. GARCIA: The reason I mention that is  
17 because -- and, obviously, I think you understand  
18 that they all affect each other. In other words,  
19 clearly, there's a social policy that was  
20 implemented many years ago by the legislature,  
21 this commission, and the governor or branches of  
22 government to try to benefit the consumer and the  
23 residential customer to try to get the phone in  
24 the home.

25 MR. SHERMAN: I understand that. But the

1 other piece of that is, of course, my wife  
2 starting her business, and --

3 MR. GARCIA: What's she paying for, more or  
4 less? And obviously, it's a small business,  
5 but --

6 MR. SHERMAN: Right. Her basic rate is just  
7 under \$30, and then there are the taxes and all on  
8 top of that. And then of course, she has local  
9 area phone calls. So her bill, as I recall, not  
10 counting long distance, averages quite close to a  
11 hundred dollars a month. And she's basically a  
12 one-person business.

13 MR. GARCIA: And that is a home-operated  
14 business. Just out of curiosity, we're talking  
15 about probably one line going out, a fax line as a  
16 second line?

17 MR. SHERMAN: She doesn't even have a fax.  
18 This is her one line, basic business line, listing  
19 in the -- so they can be listed in the phone book.

20 MR. GARCIA: Right.

21 MR. JACOBS: I have another question. Do  
22 you -- for purposes of your church or business  
23 that you -- do you consider cellular service as an  
24 alternative?

25 MR. SHERMAN: Not for the business itself.

1 Now, I -- my wife has a cellular phone and I have  
2 a cellular phone. And we do use that when we're  
3 away from -- in fact, our home, which is our place  
4 of business. So that is an additional -- that's  
5 an additional cost as well.

6 MR. JACOBS: And the traffic that goes --  
7 that you are using the cellular phone, does that  
8 take away from the number of calls that you would  
9 make on your local?

10 MR. SHERMAN: Yes, it does. It definitely  
11 does, because we will place calls -- or of course,  
12 mostly in the car when we're traveling or when we  
13 get to that distant spot, lecture, whatever, then  
14 we'll place a call to someone whose call we might  
15 have missed.

16 MR. GARCIA: Let me place this in the proper  
17 context. One more question, and I promise not to  
18 grill anyone again. We have no regulation over  
19 cellular service in Florida, and this commission  
20 has very little to do with cellular communication  
21 with the exception of how they intersect .

22 Have you benefitted from competition from  
23 cellular -- and I assume if you have a phone now,  
24 you've had a phone probably for a while. Has  
25 there been a benefit?

1 MR. SHERMAN: Yes, we -- ironically, my wife  
2 and I each have a different company that we work  
3 with. And I'm not gonna comment on which ones and  
4 which one's more happy with their service. But  
5 yes, we have benefitted.

6 We started with one carrier, and then I  
7 switched because the prices began to drop. The  
8 thing that strikes me as strange though is that if  
9 you have your telephone you may as well throw it  
10 away, because you can't seem to -- if you transfer  
11 companies, the phone becomes useless, at least so  
12 far, that's been my experience. I think we now  
13 own four cellular phones, and we only have two  
14 lines.

15 MS. JOHNSON: Let me ask a question, and I  
16 know you talked about the competition in the long  
17 distance market. But if you look at your total  
18 bill over the last three or four years, have you  
19 seen the total bill go down, remain the same, or  
20 how would you -- looking at the total bill --

21 MR. SHERMAN: My experience is that my total  
22 bill, the church, and the home, and at Heidi's  
23 business, they have not been decreased; they have  
24 increased. That's been my experience. Some I  
25 realize are taxes. But my experience is that all

1 of these are going up, except for long distance,  
2 that has not been going up.

3 MS. JOHNSON: So then because the legislature  
4 capped the local rates, and the long distance is  
5 going down, would it be caused by the extra  
6 services, or the price of services?

7 MR. SHERMAN: Yes, it's the extra services,  
8 and I would -- I don't know this, but other people  
9 in this room who do, I believe the taxes are --  
10 have increased.

11 MR. GARCIA: One more question. Reverend,  
12 what do you see if -- if I determined basic  
13 services, if I were to say what basic service is,  
14 and the legislation has been very definitive about  
15 it, but I just want to get your perception. What  
16 would you consider basic service or essential  
17 services to, let's say a low-end rate, just to  
18 have service?

19 MR. SHERMAN: Well, he or she has to be able  
20 to phone neighbors, services, businesses, social  
21 service agencies within, I would say, a 20 to  
22 25-mile radius of his or her home.

23 MR. GARCIA: Would you consider it also  
24 limited admissibility as to call -- Florida is one  
25 of the states that allows the consumers -- and I

1 think it's to a great benefit, but that's just my  
2 opinion, and I guess it's been the opinion of the  
3 commission -- no limit on calls, as long as you're  
4 within your local --

5 MR. SHERMAN: Yeah, I absolutely agree with  
6 you. I think I can remember back some years in  
7 another state when we had called -- a limited  
8 numbers of calls -- and it just drives you crazy  
9 trying to keep track, especially if you have  
10 children.

11 MR. GARCIA: Reverend, thank you. And I'm  
12 sorry for all the questions.

13 MR. JACOBS: In your experiences, are you  
14 familiar with one of your parishioners or other  
15 members of the community who struggle with  
16 maintaining their phone service while they can't  
17 afford phone service?

18 MR. SHERMAN: I have not had comments from  
19 individuals within my congregation that I can  
20 recall except on one occasion where they had not  
21 been able to maintain. And then the -- on that --  
22 the reason I recall is that the church took it  
23 upon itself to help that individual pay his  
24 bill -- it was a couple, actually -- pay their  
25 bill and get them back on so that they would be

1 able to have service. That's the only one I  
2 personally know of.

3 MS. JOHNSON: Sir, let me ask you a somewhat  
4 related question, and it is subjective, really. I  
5 know when you began your testimony you talked  
6 about the business rate being two times the local  
7 rate, and I'm assuming that you believe it's too  
8 high?

9 MR. SHERMAN: It's two and-a-half times, I  
10 believe.

11 MS. JOHNSON: Yes, two and-a-half times. How  
12 do you feel about the local rate? Do you  
13 believe -- I don't want to have a leading  
14 question. How do you feel about the --

15 MR. SHERMAN: I think it's a real bargain, I  
16 really do. I think for the price of two theater  
17 tickets you get a month of service and have enough  
18 left over for popcorn. It's really amazing to me.

19 MR. GARCIA: Would you go further to say it's  
20 too low?

21 MR. SHERMAN: I don't consider myself an  
22 expert, but it's a real bargain.

23 MS. JOHNSON: Thank you. You've been very  
24 helpful.

25 MR. BECK: Dennis Grady?

1 MR. GRADY: Good morning. My name's Dennis  
2 Grady. I'm president of the Chamber of Commerce  
3 of the Palm Beaches. We're located in West Palm  
4 Beach.

5 We've been in existence since 1913. We have  
6 over 18 hundred businesses in our membership.  
7 Welcome to Palm Beach County, for at least four of  
8 you, commissioners. Commissioner Garcia, welcome  
9 back.

10 We watched very carefully the debate, the  
11 discussions during the 1998 legislative session on  
12 the telecommunications issue, discussions on  
13 social pricing. Residential rates versus business  
14 rates were not only a concern to us here in Palm  
15 Beach County, the business community, but to the  
16 entire business community in the state of Florida.  
17 House bill 4785, as Senator Klein indicated,  
18 resulted in you, the members of the commission and  
19 staff, being charged with putting together a  
20 report which will ultimately determine for us what  
21 that rate, reasonable rate, should be for the  
22 consumers out here in the state of Florida.

23 What's important for y'all to remember, and I  
24 know you do, is that to a lot of us it's not  
25 residential versus business, we're both the

1 consumers. And many us, if not all of us in the  
2 entire business community also are residential  
3 consumers. And many of those businesses who make  
4 up my membership, and I think chambers of commerce  
5 throughout the state of Florida, if not throughout  
6 the entire country, are finding themselves  
7 becoming home-based businesses, are combining work  
8 at home with work in what is in the past  
9 conventional business climate, in office  
10 buildings, in downtown, in industrial parks, et  
11 cetera.

12 We are looking forward to your report, which  
13 will hopefully determine the true cost of  
14 residential service as well as business services.  
15 It will be a welcome one to us. Why? Because  
16 business rates, I think, have been recognized as  
17 being subsidizers for residential rates, not only  
18 in the state of Florida, but I think it needs to  
19 go on the record that this form of subsidy, as it  
20 exists in the phone system throughout the country  
21 where commercial rates, business rates, were  
22 subsidizing residential rates.

23 Rates seem to be fair and equitable for the  
24 consumer, both at home and at their place of work.  
25 And it's our hope that when you issue your report

1 that finally a true competition will take place in  
2 the market place.

3 And that will only materialize, in our  
4 opinion, consumers are paying the real cost for  
5 the services, not an artificial subsidized rate.  
6 We appreciate you holding today's hearing here in  
7 Palm Beach County. And as Senator Klein  
8 indicated, we look forward to you coming back in  
9 October. I've listened to your first series of  
10 questions, and if I could address a couple of  
11 those from my perspective.

12 Commissioner Garcia, you asked about cellular  
13 phone competition. 15 years plus as a consumer of  
14 cellular phone services, absolutely, we the  
15 consumers, both residentially and businesswise  
16 have benefitted from that competition. The cost  
17 of the air time, the market place and the  
18 creativity from the multitude of companies that  
19 have joined the market place here in Florida have  
20 resulted in packaging that I think has benefitted  
21 business men and women and residents here in our  
22 state.

23 I think you have heard from Senator Klein how  
24 his constituents have told him the confusion that  
25 exists in reading the phone bill. Rest assured

1 that that confusion is shared by many businesses  
2 and many of my members in determining, especially,  
3 the taxes involved in that bill.

4 MR. GARCIA: Let me just say that  
5 Commissioner Clark -- I mean, Commissioner  
6 Johnson, Chairman Johnson, is trying work with the  
7 FCC, and we're considering that being put on the  
8 docket about understanding the bill because of all  
9 the different companies. Now we have the FCC.  
10 Competition has created a differentiation of  
11 terms that each of them use to describe different  
12 taxes imposed by the FCC or federal government.  
13 And so we're trying to either create a vocabulary  
14 for Florida, which I think would be more confusing  
15 to the company, at least on a national level, see  
16 if we can get a vocabulary together.

17 Believe it or not, even our efforts in trying  
18 to help customers in our consumer complaints  
19 findings figure out the bill, have to refer to  
20 lots of terms in which companies have different  
21 terms for the same thing. So it is a very  
22 complex --

23 MR. GRADY: I wish you well on that, Madam  
24 Chair, because that would be welcomed not only by,  
25 obviously, the residents but also members of --

1 MS. JOHNSON: Let me follow up on that, also,  
2 from the federal level. If the fees --  
3 certainly, they have opened a docket to look at  
4 how can they make the billing process more easy  
5 from a national level. And Senator Rockefeller,  
6 at the national level, he's filed a bill called  
7 truth and billing to make sure that residents and  
8 businesses understand all the costs and some of  
9 the savings.

10 The reverend spoke about the fact that the  
11 long distance rates were going down. Senator  
12 Rockefeller suggested that well, one of the things  
13 customers need to know, they need to see that on  
14 their bill. Just like they're seeing additional  
15 charges, they need to understand when companies  
16 are receiving the benefit, what that benefit was  
17 too, so that customers can determine whether or  
18 not the companies are actually passing those costs  
19 on.

20 Again, we're going to continue to work with  
21 the federal government and try some of our own  
22 initiatives, because this has been a problem that  
23 we've heard from many customers here and a lot of  
24 businesses, and we appreciate that comment.

25 MR. GRADY: My I final comment with --

1 regarding questions to the speaker before me,  
2 Commissioner Jacobs --

3 MS. JOHNSON: Could you speak more into the  
4 microphone?

5 MR. GRADY: Commissioner Jacobs, you asked  
6 with regard to the telephone service. My  
7 interpretation of your question would have  
8 elicited the following answer from me. First of  
9 all, I think the telephone, telecommunications, as  
10 we know it through the telephone long ago passed  
11 from a luxury to a necessity.

12 And when we discussed the submitted bills and  
13 the general discussion on this issue during the  
14 last session, members of our governmental affairs  
15 committee within the chamber were very concerned  
16 about the universal service fund because we think  
17 that it's absolutely critical that a mechanism be  
18 in place that will provide this necessity to  
19 everyone in the market place, also balancing off  
20 the costs obvious to us in an urban setting that  
21 are much less than if you ran a telephone line to  
22 the top of Walter's Mountain to service one  
23 person.

24 So I think it's absolutely critical from our  
25 perspective that you and your fellow commissioners

1 keep that in mind.

2 MR. GARCIA: Let me ask you another question  
3 stemming from that, in your business' involvement.  
4 There is the social question which you address  
5 about trying to keep everyone hooked into the  
6 system. There's been those who argue from a  
7 social perspective, but from a business  
8 perspective, saying that lowered phone rates to  
9 residential is as essential because it keeps your  
10 customers and the public and the people who work  
11 for you linked into the central office; in other  
12 words, it promotes communication, which is  
13 beneficial in a business environment, which is  
14 beneficial overall to a society, and that we  
15 should consider that also when determining a rate.  
16 What's your feeling about that?

17 MR. GRADY: Well, I think when you determine  
18 a rate, and there's some guidance and --

19 MR. GARCIA: I'm sorry. I used the wrong  
20 word. Rate is important, but in determining the  
21 cost. And whether it's a social cost that should  
22 be taken into the equation to weigh the rates over  
23 the benefits

24 MR. GRADY: I think that definitely has to be  
25 part of what you weigh in determining the cost.

1 After that, I think what's key and which doesn't  
2 exist now in the situation we're discussing is  
3 that, comparing once again to the cellular phone  
4 rate, the packages and the competition that has  
5 resulted in the market place allows us, the  
6 consumer, to very well balance the cost and never  
7 jeopardize the service that cellular phones are  
8 providing to us.

9 We can buy packages at X amount of dollars  
10 that provide us so many minutes. We can buy a  
11 package that provides very inexpensive if not  
12 almost free service during certain hours. So we  
13 as a consumer are allowed to take what is  
14 available in the market place, balance it out to  
15 our needs and always have service available to us.

16 I think ultimately you get to a position at  
17 some point in time -- I think your question is  
18 leading to should everybody have a phone in their  
19 home, that God forbid an emergency, that they can  
20 pick it up, dial 911 and know that ambulance,  
21 police, fire, or whatever life saving service will  
22 respond.

23 MR. GARCIA: And to toot our horn a little  
24 bit more, this commission has been good about that  
25 too. In other words, in Florida if your phone

1 gets cut off because of nonpayment, I think  
2 temporary disconnection, you have 911 service.  
3 You don't have any other service, but you have 911  
4 so in case of an emergency. I think that's  
5 essential.

6 And believe it or not, it's interesting that  
7 you speak about competition. Most cellular  
8 companies have free 911. In other words, you  
9 could be disconnected and still dial 911 and get  
10 an emergency operator.

11 MR. GRADY: And I think the concern of the  
12 commission to that transcends telecommunications,  
13 because I think it is also exercised by many of  
14 the electric utilities that you all regulate. You  
15 all understand that need as I do.

16 MR. JACOBS: In that consideration that you  
17 give for the cellular, would it occur that perhaps  
18 the business would forgo putting in an extra local  
19 line, landline, because of the value that's  
20 received from the wireless service, or would  
21 that --

22 MR. GRADY: I think that's a case by case  
23 determination. Rather than talking about my 18  
24 hundred members, as the association, let me share  
25 with you -- wouldn't result in that for us. The

1 landline is essential for us, and it is probably  
2 90 percent of our traffic.

3 Now, incumbent upon that is -- I assume and I  
4 understand, you know, that we're not only using  
5 telephones over those lines, you know, but we have  
6 a great deal of Internet traffic and I think in  
7 our business, which is right now far increasing  
8 beyond or greatest expectations. So we're locked  
9 in expanding landlines.

10 We're talking about additional lines that  
11 are necessary for video conferencing capability,  
12 which is now being utilized by a lot of our  
13 businesses here locally. It's going to be  
14 utilized by our association on behalf of our  
15 membership to communicate with some of you all  
16 from Tallahassee a lot easier than we have in the  
17 past, and a lot of our elected public officials in  
18 Washington, D.C. So landlines are important to  
19 us.

20 MR. JACOBS: One final question. You brought  
21 that question I asked regarding the affordability,  
22 and I don't want to venture into the question of  
23 service calls, that's the subject of another  
24 docket we're working on, but I would be interested  
25 in your sense of if there's a line, if there's an

1 income level, if there is a social fear, if you  
2 will, where the sensitivity to telephone calls is  
3 somewhat greater than people, maybe higher income,  
4 or different living circumstances -- what I'm  
5 interested in, where -- are you sensitive in this  
6 community to where those costs become more  
7 sensitive, more sensitive to where people who need  
8 to make decisions about whether or not they want  
9 to maintain their services or not? Tough  
10 question.

11 MR. GRADY: Obviously, that is a health,  
12 safety, welfare -- we're talking about police,  
13 fire and ambulance. Obviously, to avail yourself  
14 of those services anymore, whether you're in  
15 business or a residential home consumer, the  
16 telephone is the first thing -- let's be honest, I  
17 mean, I think some of the testimony we all saw  
18 from Hurricane Andrew is what do people try to do  
19 first of all? They try to pick up that phone.  
20 And that's their first, that's their ingrained  
21 response to an extent, to pick up the phone.

22 MR. GARCIA: And to someone who is down there  
23 when this occurred, it's -- the phone keeps the  
24 fabric of our site altogether. I mean, more so --  
25 I mean, I guess, equal to electricity. Then down

1 in Andrew we found that when businesses couldn't  
2 call their employees to come in, didn't matter  
3 that they had power, I mean, nobody would come to  
4 work, and no clients would come in, so there was  
5 no way --

6 MR. JACOBS: One final question. Are you  
7 familiar with this program? Are you familiar with  
8 groups who can't afford telephone service and  
9 programs that may be reaching out to them?

10 MR. GRADY: Yes. I think our United Way does  
11 an excellent job of meeting residential needs.  
12 Some of the counseling that we do through our  
13 small business community, Commissioner, helps  
14 those who are starting their businesses, to  
15 evaluate very carefully their expenditures in the  
16 area of telecommunications.

17 MR. JACOBS: But they are struggling with  
18 those costs?

19 MR. GRADY: No question about it.

20 MS. CLARK: Maybe you could also comment on  
21 something Mr. Sherman said with respect to the  
22 cost of local residential service, and I guess if  
23 it's around the price of two tickets to a movie or  
24 popcorn is probably a bargain. Do you agree with  
25 that?

1 MR. GRADY: That's definitely a bargain, no  
2 question about it.

3 MS. JOHNSON: When you look at over the  
4 years -- I know you mentioned that your cellular  
5 rates have gone down, and necessarily --

6 MR. GRADY: Not only the rates, but I think  
7 the entire packaging. I wouldn't want to take  
8 anything away from the entire play of marketing in  
9 the cellular telephone industry and the creativity  
10 to this phone, this package, this rate, and the  
11 multitude of those, first of all.

12 Second of all, Madam Chair, the number of  
13 companies in the business providing the growing  
14 multitude of marketing opportunities has  
15 definitely benefitted, both businesses and I also  
16 feel residential usage here in the state of  
17 Florida.

18 MS. JOHNSON: Looking at your residential  
19 bill as a whole, not just the rates but the bill,  
20 have you seen a decrease, increase, has it stayed  
21 about the same, or how do you gauge that?

22 MR. GRADY: Not for telecommunication, not  
23 for cellular, but for my regular phone?

24 MS. JOHNSON: Yeah.

25 MR. GRADY: Unfortunately, mine's gone up.

1 I'm a victim of Internet, fax machine and a  
2 17-year old daughter. So I now have two  
3 residential lines. So my bill went up.

4 MS. JOHNSON: So those are --

5 MR. GRADY: Overall, my residential bill has  
6 increased primarily because of the extra line.

7 MS. JOHNSON: I see.

8 MR. GRADY: And very little more. I don't  
9 have a lot of the -- you know, the only additional  
10 add-on I have is call waiting, which kind of goes  
11 hand in hand with the 17-year old, you know. So  
12 my wife and I can on occasion communicate over the  
13 telephone too.

14 But other than that, the rates have been  
15 pretty stable and a bargain.

16 MS. JOHNSON: You had mentioned one other  
17 thing in your testimony about because of the role  
18 of the Internet and some of the video  
19 conferencing, that there's a greater need for  
20 businesses, and perhaps in some instances  
21 residences have the ability to receive more  
22 information. Have you had any problems with the  
23 infrastructure? I mean, is technology available  
24 to give you what you want? Is that a concern of  
25 yours?

1 MR. GRADY: That's a tough question. You got  
2 to ask AOL. The technology is -- it's obviously  
3 getting better, modem speeds. I have in the  
4 closet at home a pre-Pentium 486 computer that I'm  
5 just, a couple more years and I'll ship it off to  
6 the Smithsonian, and they'll gladly accept that.  
7 Technology -- and I think, Madam Chair, you  
8 touched on this -- the technological advances  
9 within the Internet play have been outstanding.

10 At some point in time all those who are  
11 actively involved in the Internet -- we get one  
12 Internet class a week, and for the past year and a  
13 half that class has averaged 25 to 35 business  
14 people every week who come in to learn more about  
15 the Internet, not only for their business but also  
16 for their personal use. At some point in time the  
17 Internet will be restricted by the capability of  
18 those landlines to move.

19 It could be the fastest modem in the world,  
20 it's not gonna get it done. We've got cable  
21 companies who are getting into it, which evolves  
22 into another wave of technological advancement for  
23 us users and believers in the Internet.

24 MS. JOHNSON: Thank you.

25 MS. CLARK: Let me just ask one question.

1 You say you're paying a lot more. How would you  
2 compare how much you're paying to the value of  
3 what you are now getting?

4 MR. GARCIA: In total?

5 MS. CLARK: Yeah.

6 MR. GRADY: I think the value residentially,  
7 Commissioner, my residential -- I think the value  
8 is the same there. My double cost, quite  
9 honestly, in the example of me and my family  
10 personally is, obviously, driven more by  
11 convenience.

12 MS. CLARK: Well, convenience is something  
13 you value though, right?

14 MR. GRADY: And as a consumer have chosen to  
15 pay more.

16 MS. CLARK: I think it's valuable to be able  
17 to get through on a line when your daughter is  
18 talking all day long. I know how that is. It's  
19 nice to be able to have that interrupted. But let  
20 me ask you a question.

21 MR. GRADY: And the features that allow  
22 you -- I'm not even touching on those.

23 MS. CLARK: Besides call waiting, that's the  
24 only thing you have?

25 MS. JOHNSON: Thank you. Appreciate your

1 testimony.

2 MR. BECK: Thank you.

3 Sally Kanter?

4 MS. KANTER: Well, I think I've got it. Can  
5 you hear me? First, let me thank the chair.  
6 First, allow me to thank the chair, Julia Johnson,  
7 for her efforts in getting the meeting going and  
8 also for getting your postponement for an  
9 additional meeting for October with the people who  
10 could not be here today. Then I'd like to mention  
11 that we do miss Jack Sweet (phonetic), and it's  
12 the first time that he's been forced to miss one  
13 of these public meetings due to the fact that his  
14 wife is very, very ill. He has always  
15 participated to a large extent with us. But his  
16 assistant, Charlie Beck, is here. So thank you  
17 for that.

18 First, folks, let me quote a short sentence  
19 which came from the Palm Beach Post editorial.  
20 The telephone companies have gone the way of the  
21 war department. That kind of threw me. I don't  
22 know how they compared it to the telephone  
23 company, but there must be something to it. And  
24 I'm wondering if they will put another headline in  
25 next time that will gun ammunition be next.

1 All this is in the way of, I think, getting  
2 consumers' money, and the goal of tearing the eye  
3 out of consumers. Some companies might even  
4 change their names with the purchase coming up.

5 But getting down to business and issues at  
6 hand here, BellSouth needs a rate increase. And  
7 the question is: Do they? Do they need it here?  
8 Do they need it for the residence, or do they need  
9 it for the commercial end of things?

10 They barely made a profit of a hundred and 26  
11 million last year, and I'd say it's a mere spit in  
12 the ocean, according to what I read. And did I  
13 also read that BellSouth costs to the company for  
14 additional services to them is one cent, and yet  
15 they charge the customer four cents. How accurate  
16 are these BellSouth figures?

17 Are Public Service Commission figures really  
18 correct, and have you challenged them? The  
19 profits for your second quarter indicate eight  
20 hundred eighteen million dollars. That's a mighty  
21 mountain to cry about. And phone usage should be  
22 absolute for that amount.

23 Some things are not done up honorably, and  
24 some things are. Sometimes they let us know what  
25 they're doing; sometimes they don't. For example,

1 they sneaked up on us with the 35-cent phone booth  
2 fee. They didn't let us know just then, so that  
3 when we reach the airport, as we did at one point,  
4 to call somebody and tell them we are there to be  
5 picked up, we start begging for this change for 35  
6 cents from passers by. And that's not honorable.  
7 They should let us know.

8 And let's hope that this is the worst thing  
9 they're pulling over on us. Let's deal with fair  
10 and reasonable rates. It's a must for local  
11 users, especially for the subsidized callers, for  
12 people in the lower financial brackets, especially  
13 lone widows, widowers, and life line devices.  
14 They should not have their lives endangered due to  
15 some unconscionable deed like big business.

16 If BellSouth is being accused of subsidizing  
17 its residential costs by big business, I would say  
18 BellSouth should be highly commended for this  
19 procedure. This life line help is something we  
20 can be very proud of, and I think BellSouth should  
21 be. I suggest you change your name to BellSouth,  
22 people's division. No other company would dare  
23 copy it, nor match it.

24 I haven't had the pleasure of meeting V.P.,  
25 Mr. Cortlano (phonetic). His game seems to be to

1 protect his turf up here. I'm sure he must be an  
2 honorable gentleman; however, is he here now? I  
3 don't know.

4 However, he must bear in mind that that turf  
5 may turn into ground dust and evaporate when fast  
6 moving areas turn against him because of increased  
7 rates.

8 Economic factors play a crucial role in this  
9 issue. And if you feel that residents' fees are  
10 being crippled by south bell -- BellSouth's  
11 income, stop and think for a moment, what would  
12 happen if these customers took their walking shoes  
13 and bags to seek other outlets, if there were a  
14 change and if there were increases.

15 Thank you for your time, and we hope you see  
16 things from the point of view of the consumers.

17 MS. JOHNSON: Thank you, Ms. Kanter.

18 Questions for Ms. Kanter?

19 MR. JACOBS: Yes. You mentioned the life  
20 line program. Are you familiar with people who  
21 are enrolled in that program?

22 MS. KANTER: Am I what?

23 MR. JACOBS: Are you personally familiar with  
24 anyone enrolled --

25 MS. KANTER: I'm personally -- no, I am not

1 involved personally; however, the people in my  
2 community, numerous ones, are involved in it. And  
3 I really appreciate the fact that BellSouth has  
4 instituted this life line.

5 MR. JACOBS: Are you aware of people who  
6 struggle with their phone calls but are not  
7 enrolled in life line?

8 MS. KANTER: I don't get that.

9 MR. JACOBS: Do you know people in your  
10 community who struggle with their finances and  
11 their ability to pay their bills but who are not  
12 enrolled in the life line program?

13 MS. KANTER: Well, there may be some that did  
14 not come to my attention. We have 2,000 people in  
15 our community, so that I don't know the financial  
16 situations of all of them. However, those that  
17 have needed that kind of help are getting it.

18 And there may be others to whom they have not  
19 been told. But it would be a good idea to let the  
20 consumers and the users of phones know what  
21 BellSouth is doing, because this is something that  
22 we don't have to hide but we are proud of in our  
23 community.

24 MS. JOHNSON: Let me follow up on that  
25 particular question, and someone earlier had

1 mentioned the life line program. We have some  
2 brochures out front on the life line and the link  
3 up program. For those that don't understand the  
4 life line program, it provides a \$10.50 credit off  
5 of your local bill.

6 The link up program provides a \$30.00 credit  
7 off of your initial connection fee. The  
8 commission signed an inter-agency agreement with  
9 the Department of Elderly Affairs and the  
10 Department of Human Resources, I think that's what  
11 it is, family and -- children and families. And  
12 we've been working with public counsel and other  
13 groups to promote those particular programs.

14 The programs as they currently exist were  
15 authorized by the legislature, and in fact, they  
16 require the companies to actually provide the life  
17 line and the link up programs to its citizens. We  
18 are trying to work with interested companies and  
19 interested parties to make sure that those  
20 individuals that are eligible -- and there is an  
21 eligibility list, generally, if you receive  
22 Medicaid, Social Security, supplemental  
23 assistance, those kind of programs, you would be  
24 eligible to receive those particular benefits.

25 So if you do know of other people, I am

1 pleased and thankful that Ms. Kanter raised it,  
2 because she keyed in on an excellent point that  
3 there are those people that need assistance, and  
4 that we do have those programs available. Please  
5 pick up the brochures or call the commission, and  
6 we'll try to help in any that way we can.

7 MS. KANTER: Yes, I think that it's an  
8 extremely valuable program. And I know what  
9 happened years back when you did not have the  
10 program, when people came knocking at each other's  
11 doors saying please, get me a doctor or please,  
12 get someone to fill this prescription for me. And  
13 that was horrible.

14 And today those things do not exist in my  
15 community. Maybe there are people that we haven't  
16 reached, but I think that in the main, we've  
17 reached a lot of them. And I think that's a great  
18 program.

19 Joe Garcia made some valid points on the  
20 effect of residents if rates are increased. I'd  
21 like that --

22 MR. GARCIA: Let me ask you a question that I  
23 asked some of the other witnesses. Have you seen  
24 any competition in your long distance? Do you  
25 feel that it's less today, it's more today, or

1 does it not benefit you because you don't make  
2 long distance calls?

3 MS. KANTER: Yes, I make quite a number of  
4 long distance calls, because my children are all  
5 over the country, whether I like it or not. And  
6 they can't afford to make calls. They'll call me  
7 once a month, but I'll call them every week. So  
8 yes, we do use that.

9 MR. GARCIA: Do you think you've benefitted  
10 from that, from the competition in long distance;  
11 in other words, do you have --

12 MS. KANTER: I am bombarded with all kinds of  
13 communications, letters from various companies.  
14 At this moment I haven't paid too much attention  
15 to them, because I feel that I have been working  
16 with BellSouth for quite a while, and if there are  
17 problems I get in touch with them and I think  
18 those problems get solved pretty much, sometimes  
19 not.

20 There was a time in the past few months when  
21 my phone went out of order. I had to leave on a  
22 meet, for a meeting down in south Miami, and there  
23 my phones were shut off and were broke. I called  
24 and called and I couldn't get anywhere. I finally  
25 called the office myself to Mr. Sipo (phonetic)

1 and a few other people there, and they immediately  
2 got me service.

3 And before I left that day, by five o'clock  
4 in the afternoon, that phone was working. I had a  
5 friend of mine who's very active in the community,  
6 who suddenly had all her phones off. She's down  
7 in the -- different part of Palm Beach County, and  
8 has a phone, and had several meetings to attend.  
9 And she said, Sally, what am I gonna do? I've  
10 been waiting for two days now and I can't get them  
11 to do something. I'm going crazy here.

12 So I made a call to the office of BellSouth,  
13 to the people, and believe it or not by the end of  
14 day they did get service. A few trucks pulled up  
15 and went to work on that. And I was grateful for  
16 that.

17 MR. JACOBS: Ms. Kanter, if I could ask you a  
18 couple of brief questions. One is: You indicated  
19 that most people considered the local service, the  
20 ability primarily to gain contact to the cripple  
21 services, medical and so forth. Is that what you  
22 consider, when you buy local service, the most  
23 critical thing?

24 MS. KANTER: I'm not quite sure.

25 MR. JACOBS: When you buy local service --

1 MS. KANTER: Right.

2 MR. JACOBS: What's the most critical aspect  
3 for you?

4 MS. KANTER: The most critical aspect of it?

5 MR. JACOBS: Yes.

6 MS. KANTER: For local service?

7 MR. JACOBS: Yes.

8 MS. KANTER: Well, for the people who have  
9 special rates, that's great. For some of us who  
10 don't have the rate increase because we're  
11 speaking for seven to eight minutes, I think  
12 that's okay too.

13 I hope it remains that way. I hope there are  
14 no changes, because if something is going to  
15 happen where we have to extend the telephone  
16 conversation, I, for example, am a very active  
17 person in the community. Sometimes two minutes  
18 doesn't mean a thing when I have to explain  
19 something.

20 MR. JACOBS: Are you able to make your most  
21 critical calls without having to pay long distance  
22 or whatever? Are you able to make those calls  
23 without having to pay long distance services?

24 MS. KANTER: I do have to make quite a number  
25 of long distance calls. I have to be in touch

1 with speakers who come down and all sorts of  
2 things, so yes, those bills add up. And as a  
3 matter of fact, at one point when I've been  
4 calling someplace out of town, out of the state,  
5 I get a better rate than what is happening up  
6 here.

7 MR. JACOBS: More so than your general calls,  
8 I really want to focus in on those calls that you  
9 consider to be most valuable, either to the doctor  
10 or to a close friend. Are you able to make those  
11 calls without having to pay long distance?

12 MS. KANTER: Well, as to the rates on them  
13 and the convenience of them, I want to tell you  
14 that that has very little to do with BellSouth, I  
15 think, because the doctors and the pharmacies have  
16 their phones jammed up and sometimes you can hold  
17 on for ten or fifteen or twenty minutes. And you  
18 can't get through to a doctor.

19 The same is true with the pharmacy. And  
20 after a while I'll hang up and try again. But I  
21 don't think it's something that BellSouth has  
22 control over. I wish someone had control over it.  
23 But there's no end to it sometimes. After twenty  
24 minutes you hang up, and they're still going.

25 And well, the interference of "this line is

1 busy" has been a joke here in Palm Beach County.  
2 I think it's a real stink sort of thing. Some of  
3 us have gotten rid of it, and someone told me how  
4 to get rid of it. So I don't have it now. But --  
5 "this line is busy."

6 MR. JACOBS: Thank you.

7 MS. JOHNSON: Ms. Kanter, one final question.  
8 How do you feel about the rate that you pay now;  
9 is it too high, too low, the local rate. How do  
10 you personally feel about that rate?

11 MS. KANTER: Well, looking at the charts and  
12 looking at the comparisons, I would say if we keep  
13 the rate as it is, which is most, most, most  
14 important to us, I think that's great. Because  
15 this community down here consists of seniors, sick  
16 seniors, very, very old seniors who have nurses at  
17 home, and so on. And if anything was to change,  
18 it would be tragic.

19 MS. JOHNSON: Thank you. Any other  
20 questions? Thank you very much for your  
21 testimony.

22 MR. BECK: Thank you.

23 Bob Marx?

24 MR. MARX: Good morning.

25 MS. JOHNSON: Commissioner, does he need

1 help?

2 MR. GARCIA: I think he's got it.

3 MS. CLARK: You can take the microphone.

4 MR. GARCIA: You can take it out.

5 MR. MARX: Well, let's try this again. Good  
6 morning. My name is Bob Marx. I'm the president  
7 of Reed Robert's Marketing Communication. We're  
8 an advertising public relations firm in Palm  
9 Beach.

10 And like my previous business predecessors I  
11 represent the small business, slash, business  
12 community here in Palm Beach County. And part of  
13 which a major focus for our business, as many  
14 small businesses, is telecommunications. It's a  
15 vital link for us, for number one, just being in  
16 business. And more importantly, it's a vital link  
17 for to us continue to stay in business. And  
18 probably more importantly than that, it's a vital  
19 link for to us grow our business.

20 And all of us that are in Palm Beach County  
21 will agree that without business growth, the  
22 economy itself and the overall quality of living  
23 that we enjoy will not remain the same. Business  
24 growth is essential for the economy to continue to  
25 grow and prosper as it currently is.

1 I think the one word that we're going to be  
2 talking about here, the operative word is service.  
3 We've heard that word mentioned frequently. And  
4 the word service, to me, means just that. You  
5 provide the maximum amount of attention to each  
6 and every consumer regardless who or what domain  
7 they represent.

8 One point I'd like to offer you that as we  
9 look at a possible rate rebalancing, which may  
10 have a rate or may have an effect on businesses,  
11 as all of us know and it was brought out earlier,  
12 we're consumers as well as business people, and in  
13 my case an entrepreneur, that if a business rate in  
14 fact is adjusted, that affects our cost of doing  
15 business. And if we're able to lower our cost of  
16 doing business, that's a flow through to the  
17 consumer.

18 If it costs us more to do business, it's a  
19 pass through to the customer. And we cannot  
20 certainly absorb increased costs without passing  
21 them on to the consumer. So if there's a way that  
22 as a business we can lower our cost of doing  
23 business, that is a way we can pass that on to the  
24 consumer which will result in further savings to  
25 them without having any effect whatsoever on their

1     respective telephone bill.

2             The third point I'd like to bring up to each  
3 of you as well as the individuals behind me, that  
4 if I asked each of you to provide subsidy for my  
5 business on a monthly basis and I didn't so much  
6 as give you a thank you or provide you any return,  
7 I'm not sure you'd be really happy with it. And  
8 that's important to businesses today, that we're  
9 subsidizing a lot of people, individuals, and  
10 we're not getting any appreciable return on that  
11 investment. And we're not even getting a thank  
12 you.

13             And that's important to businesses, that we  
14 cannot continue and should not be obligated to  
15 subsidize other people when we're just trying to  
16 survive ourselves. And it's a daily problem,  
17 trust me, to keep a business going these days.

18             With my seven people I worry frequently, am  
19 I going to be able to meet payroll; am I going to  
20 be able to do the things I have to do to support  
21 my business. And then when I get zapped with  
22 another increase of some sort, that, needless to  
23 say, is like a -- is an excellent left hook. And  
24 it hurts after awhile.

25             Another point I think is important is that

1 in any type of rate rebalancing that may result  
2 from these hearings, it's gonna improve  
3 competition. And those of us in business, I think  
4 we all recognize, and consumers as well, all  
5 recognize the value of competition. Because when  
6 there is competition in the market place, that's  
7 going to do two things. It's going to improve  
8 that proverbial word of service that we keep  
9 talking about, and it's also going to have a  
10 profound effect on overall rates.

11 I'm in a competitive business, in a marketing  
12 business. And I know that I can only charge so  
13 much for my services without losing customers. So  
14 competition is a very integral part of the way  
15 that we do business on a daily basis. And I know  
16 that a rate rebalancing will, I'm sure, have an  
17 effect on the way, in this case, BellSouth would  
18 do business, because, obviously, competition is  
19 certainly an integral part and important to the  
20 consumers and all of us today.

21 A recommendation in closing I might make to  
22 you to consider is, as I said, I'm not a telephone  
23 techy; I have no clue; I can't fix things; I can't  
24 repair things. I can barely hammer, you know, a  
25 nail into a board. But I do know marketing very

1 well. And the one thing I know about marketing is  
2 that people want to be satisfied, their needs and  
3 wants satisfied.

4 And an area you may want to look at is an  
5 area that we can take from the cruise industry,  
6 and that's making purchasing very simplified. In  
7 other words, bundling. How can we bundle services  
8 so that the consumer has a package plan to choose  
9 from?

10 And there might be four or five packages  
11 that that consumer can pick from, anything from  
12 basic 911 service all the way up to they want  
13 caller I.D., they want every bell, whistle in the  
14 free world. But this way it allows the consumer  
15 to purchase exactly what they want, and it takes  
16 us off the hook of subsidizing people. And  
17 everybody, as far as I'm concerned, should pay  
18 their own way. Thank you.

19 MR. GARCIA: You're in public relations; you  
20 probably have a cell phone. Tell me, have you  
21 benefitted from competition in that industry?

22 MR. MARX: Well, Commissioner, I will say one  
23 thing, a cell phone -- this is Bob Marx speaking  
24 now; this is an opinion, and I have a cell phone.  
25 I look at a cell phone as a convenience, not a

1 necessity.

2           And because, first of all, if you want -- if  
3 you want to get my attention, ask me the  
4 importance of my hard-wired landlines, and I'll  
5 tell you that I cannot live without those. If  
6 you came to me and you took my cell phone away,  
7 while I might be a little weepy for a few minutes,  
8 I'm gonna get over it.

9           So to answer your question yes, I've noticed  
10 a benefit, but it hasn't been -- that's not  
11 something to move my needle.

12           MR. GARCIA: Okay. There you opened a door  
13 for me. So let me follow. Your land phone is,  
14 essentially, as a business it is essential. Don't  
15 you think that there is a social good that derives  
16 for all business, to all society as a whole, that  
17 we have a phone in everyone's house?

18           Isn't society as a whole better that we have  
19 as many phones out there as possible, and aren't  
20 you too benefitted as a business that you have a  
21 way of contacting every potential client? Your  
22 business may not reach out to residential clients.  
23 But every person out there, isn't a there a social  
24 good that we all benefit from by having  
25 artificially low residential rates that do

1 benefit?

2 I mean, you said as a business, I can't live  
3 without my phone. I would contend that probably  
4 most people in today's world can't live without  
5 residential service. Would you agree with that,  
6 or where am I wrong?

7 You made a strong argument against that. You  
8 said that businesses are giving a subsidy, and  
9 they're not getting thanked for it. I assume that  
10 you are, you were referring to the subsidy of  
11 residential customers. How do you balance that?  
12 How do we balance it; how does the legislature  
13 balance it?

14 MR. MARX: Well, to answer your question, is  
15 a phone vital to people? Not -- obviously, I  
16 haven't done any kind of market research, but --

17 MR. GARCIA: No. I'm just asking you, you  
18 have an opinion that you've stated. And I just  
19 want to get --

20 MR. MARX: I mean, I think -- I think a  
21 phone, as far as I'm concerned, it is important if  
22 for no other reason than it's important for life  
23 line programs that we're talking about. In terms  
24 of a social good, I'm gonna be much better  
25 equating that to a commercial good, because again,

1 with all due respect to BellSouth, if you took the  
2 phone out of my house, I probably wouldn't miss  
3 that either.

4 I'm fickle, so I don't need -- I don't have  
5 a lot of activity. As a matter of fact, I'm glad  
6 when I don't have to answer the phone at home.  
7 But to me, during the day, it's of utmost  
8 importance. So I equate phone service as a  
9 commercial value, not necessarily the social  
10 value.

11 MS. JOHNSON: Let me ask that question in a  
12 different way, because you brought forward some  
13 excellent suggestions with respect to the  
14 bundling of packages and such. And as you  
15 talked about the thought that local service may  
16 be subsidized by business services, you said that  
17 you had not been thanked.

18 But one of the issues that I look at, and we  
19 have to explore all of the issues that have been  
20 brought to the table, but in fact, maybe there is  
21 a thanks. Because what happens is, to the extent  
22 that people can afford local service, they have a  
23 telephone; they can call your business. And you  
24 have an ubiquitously employed network.

25 So in that way, perhaps, there is some

1 benefit to the company to have people with the  
2 ability to call them. But more to the point, to  
3 the rate itself, we talked about the cellular. I  
4 understand, and I agree with you with the  
5 discretionary nature of the cell phone. But how  
6 do you feel about the local service and the rate?  
7 Is it a good rate; is it too high; is it too low?  
8 From the residence perspective, what would your  
9 opinion be?

10 MR. MARX: Well, like my predecessors, I  
11 think it's an absolute bargain. And I recently  
12 moved from Atlanta, so I had BellSouth in Atlanta.  
13 And one of the few things in my life that dropped  
14 when I moved to Florida was my residential phone  
15 service.

16 MR. GARCIA: We've done a good job here at  
17 the commission of the legislature keeping your  
18 rates low.

19 MR. MARX: I set you up for that, very nice.  
20 So yes, it's a bargain. I mean, I -- you know,  
21 you would have to be living in a cave to not  
22 appreciate the value of -- and I know that's the  
23 key word here is price and value are commensurate.  
24 But I also have to go back and say that if in  
25 fact -- we'll isolate here -- if my business is

1 subsidizing my residential phone bill or even  
2 anybody else's residential phone bill, I don't  
3 think that's fair.

4       Because it's imperative to my business and  
5 a lot of other business people, especially in Palm  
6 Beach County where small business is so important,  
7 that we're able to afford and increase our  
8 telecommunications so we can continue to do  
9 business. And so, it's probably, if we really  
10 look at it, it's important for residential or  
11 residents to have phones, but it's equally for  
12 businesses to have phones.

13       And believe me, I could speak for businesses,  
14 because I work with a number of them, we don't go  
15 out and just buy phone services because we want to  
16 have another bell and whistle. I know a whole lot  
17 of people who have residential phones, and they've  
18 got a litany of caller I.D. and everything else,  
19 and they don't necessarily need it. They just  
20 want it.

21       In our business, in the world of commerce,  
22 we've got to have this stuff just to keep going.  
23 And believe me, it's something that, you know, if  
24 we could get rid of some of it, it had would be a  
25 nice cut off our bill.

1 MR. DEASON: Mr. Marx, I have a question.  
2 You've raised some valuable comments in terms of  
3 concept of value of service and concept of costly  
4 service. And you've indicated you highly value  
5 your business service, may not say the same thing  
6 about your residential service, but your business  
7 service is certainly highly valued. The  
8 commission in the past has utilized the concept  
9 of the value of service. And that has resulted  
10 in business rates being relatively higher in the  
11 area of two and-a-half times the residence rates.  
12 Is it your position though that that concept of  
13 value of service is antiquated now in a  
14 competitive environment and that we should  
15 concentrate on cost of service?

16 MR. MARX: Yes.

17 MR. DEASON: Okay. So you think that should  
18 be the driving force now is the cost of providing  
19 service?

20 MR. MARX: Yes.

21 MR. DEASON: Okay. Thank you.

22 MS. JOHNSON: Any other questions? Thank you  
23 for your testimony.

24 MR. BECK: William Kollmer?

25 MR. KOLLMER: Good morning. I'm Bill

1 Kollmer. I'm a residence of Juno Beach for 25  
2 years, and I'm a partner in a small business.

3 MR. GARCIA: Mr. Kollmer, could you spell  
4 your last name for me, please?

5 MR. KOLLMER: K-O-L-L-M-E-R.

6 MR. GARCIA: Got it all wrong. K-O --

7 MR. KOLLMER: L-L-M-E-R.

8 MR. GARCIA: Great. Thank you.

9 MR. KOLLMER: The last three previous  
10 speakers from a business community have actually  
11 stated all of my comments that I was going to  
12 present to you this morning. So I can be  
13 extremely brief.

14 I was here to talk about rate rebalancing.  
15 I support it. I think that we need to determine  
16 the correct cost of services, and I think that  
17 small businesses should not subsidize other  
18 customers. I'd be happy to answer any questions  
19 that the commissioners may have of me this  
20 morning.

21 MR. GARCIA: Let me ask you a few quick  
22 questions. How many lines does your small  
23 business own?

24 MR. KOLLMER: We have five lines.

25 MR. GARCIA: Can you give me an idea -- I'm

1 not asking for private information -- how much you  
2 pay a month, total for your phone packages?

3 MR. KOLLMER: About \$500.

4 MR. GARCIA: In terms of long distance, do  
5 you think you've been benefitted by competition?

6 MR. KOLLMER: That is so confusing. I tell  
7 you, the long distance rates -- we get calls  
8 weekly, at least, from different carriers wanting  
9 us to switch, and we've made the switch a few  
10 times, and we can never really figure out if we're  
11 getting a deal or not. I do know that our rates  
12 have been maintained about the same though, the  
13 last couple years.

14 So I don't think we've gotten any great  
15 deals from going from one to the other. Our long  
16 distance rates account for about two thirds of  
17 that monthly bill. We do a lot of long distance  
18 calling. I have a small real estate office.

19 MR. GARCIA: And cell, cell phones, you have  
20 a real estate business, I assume you've got some  
21 cell phones?

22 MR. KOLLMER: Yes. And --

23 MR. GARCIA: How many employees have used  
24 those cell phones?

25 MR. KOLLMER: My cell phone -- again, I also

1 agree with it's more of a convenience than a  
2 necessity. I got along without it a few years  
3 ago, and I was able to sell real estate then. And  
4 so I assume that if I didn't have it now I could  
5 still do it, but it is a convenience.

6 I do find that when I get in the office I  
7 need to turn it off now, because I'll be talking  
8 on the phone, and I can't have the other one ring.

9 MR. JACOBS: When you say it's more of a  
10 convenience, I take it then you're saying that  
11 your landlines are your necessity?

12 MR. KOLLMER: Yes, definitely, definitely.  
13 And that's why I feel it's very important that the  
14 services that are -- that we pay are shared fairly  
15 from all the customers. I think that the  
16 residential rates now are, again, such a bargain.  
17 I think they're unofficially low and we shouldn't  
18 be subsidizing them.

19 MR. JACOBS: Are you able to make your  
20 critical calls without having to incur the toll  
21 charges?

22 MR. KOLLMER: Critical meaning?

23 MR. JACOBS: To your business.

24 MR. KOLLMER: To my business?

25 MR. JACOBS: Yeah. I'd be interested in

1 residential also.

2 MR. KOLLMER: Yes. A real majority of all my  
3 critical business calls are local.

4 MR. JACOBS: How about from home? Are you  
5 able to make your, let's say your medically  
6 necessary calls from home?

7 MR. KOLLMER: Yes.

8 MS. JOHNSON: Any other questions?

9 MS. CLARK: How many phone lines do you have  
10 into your home?

11 MR. KOLLMER: One.

12 MS. CLARK: Do you have any services like  
13 call waiting or anything like that?

14 MR. KOLLMER: We used to, but we've  
15 eliminated all of those. And I don't want to hear  
16 the beep. And if somebody calls me on the phone,  
17 I have them wait.

18 MS. JOHNSON: Thank you.

19 MR. KOLLMER: Thank you.

20 MR. BECK: Max Davis?

21 MR. DAVIS: Madam Chair, Max Davis. I've  
22 been a resident of Florida for almost 50 years.  
23 I'm a founder of a business that has been here for  
24 almost 30 years. The former speakers -- Dennis  
25 Grady, I'm a member of his chambers, so everything

1 he has said I would underscore and support what he  
2 said.

3 My concern, when you mentioned concerns  
4 earlier, I would like to know the actual cost of a  
5 business phone bill; I would like to know the  
6 actual cost of a residential phone bill. One of  
7 my challenges in our business was to work with our  
8 phone bill. At one time it exceeded over \$10,000  
9 a month. And through competition we have -- and  
10 efficiencies and other opportunities -- we have  
11 reduced that. Competition is helpful.

12 I also feel that the cellular phone is  
13 somewhat of a luxury, not necessarily a necessity.  
14 As to phone lines in my home, we have three. We  
15 have caller I.D., we have call waiting, we have  
16 voice mail, we have fax machines and  
17 grandchildren.

18 MS. JOHNSON: Any questions?

19 MR. GARCIA: Well, you've answered pretty  
20 many of the questions I had. But -- and I'm sorry  
21 if I missed your earlier part, but I'll look at  
22 the recorded testimony later. But I wanted to ask  
23 you about the essential nature of the service, and  
24 how you feel about that?

25 In other words, do you think that there's a

1 societal good associated with everybody having a  
2 phone; at least the basic landline phone, and  
3 I'm not talking cellular, I'm not talking about  
4 caller I.D., call waiting, but just that basic  
5 landline.

6 MR. DAVIS: I think so.

7 MR. DEASON: I take it then you do agree that  
8 the current price for residential service is a  
9 bargain?

10 MR. DAVIS: It's a huge bargain. It's --

11 MR. DEASON: What about the price for a  
12 business line, do you consider that a bargain?

13 MR. DAVIS: No. That's my competition.  
14 We're constantly looking at competition. We have  
15 problem with subsidizing, if you will, other  
16 phones. I think if there's a better way -- I  
17 don't have an answer to that, but there used to be  
18 a better way.

19 MR. DEASON: You indicated you would like to  
20 see the actual cost of a business line versus a  
21 residential line. That's information, obviously,  
22 that we're all interested in, and we're trying to  
23 get a handle on that. I take it that you feel  
24 that rates should be based upon cost?

25 MR. DAVIS: You can't sacrifice too much

1 service for cost, because you're cheapening;  
2 cheapening cost is effective. It's a cost of  
3 doing business. And it affects your bottom line.  
4 And we guard it; we watch it. It's a major item  
5 in your budget today, in your phone, business.

6 MR. DEASON: Thank you.

7 MR. JACOBS: Do you think it's  
8 disproportionate to you?

9 MR. DAVIS: I don't know what the real cost  
10 is, so I can't answer that. I don't know what the  
11 real cost of a business line; I don't know the  
12 real cost of a residential line. I can't answer  
13 that without the facts.

14 MR. JACOBS: Are you aware of -- let me go  
15 back to the question we asked previously about  
16 your home. Are you able to make most of your  
17 critical calls, medically necessary calls without  
18 paying a toll?

19 MR. DAVIS: That's correct.

20 MR. JACOBS: Thank you.

21 MS. JOHNSON: Any other questions? Thank  
22 you, Mr. Davis.

23 MR. BECK: Larry Gibbs? Larry Gibbs?  
24 Gilberg, B. Gilberg?

25 MR. GILBERG: My name is Bernard Gilberg. I

1 live in Wellington. I'm here because I was  
2 brought to tears by BellSouth's problem with the  
3 residential bills. I wanted to surrender my phone  
4 before they go out of business.

5 First of all, they only had a 60 percent  
6 increase in stock price in the last 52 weeks.  
7 They pay the lowest dividend as a percentage of  
8 all the bell companies. Their profits, while are  
9 not usurious, are well within the percentage  
10 allowed to any other bell subsidiary.

11 Now, getting back to the subsidizing the  
12 residence. Every person in business who has a  
13 telephone bill passes that cost on to the person  
14 who subscribes to their product, if you don't, you  
15 can no longer stay in business.

16 If the price of your phone bill went down,  
17 it would go to the bottom line. You would never  
18 drop the price of your merchandise unless  
19 competition forced you down. So this business  
20 about me -- the business subsidizing my bill,  
21 that's nonsense.

22 The airlines were deregulated ten or fifteen  
23 years ago. I guarantee the price of an airline  
24 ticket is higher today than it was ten years ago;  
25 and the price of oil is \$6.00 a barrel less. So

1 where is the nonsense?

2 Every business is entitled to a fair profit.

3 If you want all the additional services, you need  
4 to pay for them. You want call waiting, pay for  
5 it. You want directory assistance, pay for it.

6 This graft that you put down is for the cost  
7 of local services by city. Well, you haven't told  
8 us whether -- what it costs to operate in  
9 Tallahassee, Florida as opposed to Louisville,  
10 Kentucky. You may make more money in  
11 Louisville -- less money in Louisville than you  
12 make in Tallahassee. Why is no one here from  
13 BellSouth, to defend themselves?

14 MS. JOHNSON: There are some representatives  
15 here.

16 MR. GILBERG: Why don't they get up and talk  
17 so we can ask them questions?

18 MR. GARCIA: I'm just going to say the  
19 purpose of this is to hear from the customers.  
20 We're going to get a shot of hearing from  
21 BellSouth.

22 MR. GILBERG: I've lived in many areas. I  
23 lived in Clearwater for 20 years before I moved to  
24 Wellington. And I saw Jack Shrieve, many years  
25 ago just mop his brow. He said Florida companies

1 came in for rate increases, whatever they ask for  
2 they get a percentage less. That's all part of  
3 the game.

4 Now, I'm not saying that this commission is  
5 part of the game. They never get turned down.  
6 Now, why are the rates so low in Florida? I don't  
7 believe it's because of the commission. It costs  
8 less to do business in Florida than it does to do  
9 business in Georgia. And if you look at all the  
10 10K's of BellSouth you will see, if they break out  
11 their cost, that Florida has to be one of their  
12 lowest costs.

13 Now, what percentage of their earnings does  
14 BellSouth pay in taxes? Most residents pay a  
15 minimum of 15 percent to a high of 36 percent in  
16 taxes. I'll bet the effective rate of BellSouth,  
17 though I've never seen it, is probably under 20  
18 percent. I'm just talking off the top of my  
19 head. This isn't perjury, is it?

20 So that is all I have to say. And I had  
21 nothing else to do.

22 MR. GARCIA: Well, then we can ask you  
23 questions all day then.

24 MS. CLARK: Can I just make a comment?  
25 Mr. Gilberg, I want to point out that we have when

1 people have come in and asked for rate increases,  
2 we have not granted them. And in fact, in one  
3 instance we made them reduce their rate. It was a  
4 GTE phone case towards the beginning of the  
5 1990's, and we found not only were they not  
6 entitled to an increase, they needed to --

7 MR. GILBERG: Well, you ought to be  
8 commended, because most public service commissions  
9 have in the past have granted the increase.

10 MS. CLARK: Well, I don't want to say that  
11 we haven't, but we do scrutinize what they ask  
12 for. And it isn't always granted what they ask  
13 for because of the fact they come before us.

14 MR. GARCIA: Okay. Let me ask some of the  
15 issues you've discussed, and you've heard what  
16 I've been saying and what I've been asking. Tell  
17 me where the balance is for you, since you have a  
18 very strong opinion that BellSouth is making  
19 nothing. Do you think that our local rate is  
20 then -- I don't think you feel it's a bargain; it  
21 should be even lower then?

22 MR. GILBERG: No, I don't believe -- no I  
23 believe it's a bargain. I pick up the phone; it  
24 works. As far as I'm concerned, that's a bargain.  
25 If I pay \$3.00 and it didn't work, it's not a

1 bargain. So I have no complaints.

2 I've never spoken to any anyone at  
3 BellSouth, because you always get onto the menu,  
4 and after you've gone through the menu three times  
5 you have no idea what they're asking for anyways.  
6 And your question isn't on the menu, so it's  
7 virtually impossible to ever get through.

8 MR. GARCIA: Well, compare for me BellSouth  
9 versus GTE.

10 MR. GILBERG: I had GTE in Clearwater:  
11 Awful. I had them from 1977 to 1997, okay. For  
12 the first three or four years, if you got through  
13 one out of three times you were fortunate, okay.  
14 They got considerably better, then they tried  
15 getting into the cable business, and that turned  
16 into a fiasco.

17 BellSouth's service is a thousand times  
18 better than GTE. There isn't any comparison at  
19 all. I'm fully satisfied with BellSouth's  
20 service. I have no complaints at all. It's as  
21 good as I've ever had it in any place I've ever  
22 lived.

23 So I don't have any complaints about the  
24 service at all. Also, their cost of doing  
25 business has even gone down. Copper has gone

1 down; the cost of telephones has gone down; they  
2 have less labor. The only thing that's cost them  
3 more money are health benefits.

4 But other than that, I'll bet you their labor  
5 costs have stayed the same the last three or four  
6 years. So they're entitled to a profit, of  
7 course, they are. They've desperately tried  
8 getting into the long distance business, but  
9 they've been rebuffed for various reasons. And  
10 then maybe my long distance bills have gone down,  
11 except AT&T has a little repetitive thing, if you  
12 call on long distance and you don't get through,  
13 they charge you for a minute. You'll see it most  
14 every time.

15 If you call them, they'll take the charge off  
16 the bill, but they do that every time you call and  
17 you don't get through, they charge you for a  
18 minute.

19 MS. JOHNSON: That's something we'll look  
20 into, because they shouldn't be able to --

21 MR. GARCIA: If you have that, I would  
22 greatly appreciate it.

23 MR. GILBERG: Well, I'll tell you what  
24 happened, the last bill was -- there was a 15-cent  
25 charge. I pay 15 cents a minute for my daughter

1 in California, okay.

2 I call them, and there's an automated system  
3 where you press in how much you want deducted. I  
4 pressed in 15 cents three times. They wouldn't  
5 accept it. So I pressed in a dollar fifty, and  
6 they accepted it. So I figure now for the next  
7 three or four months they can charge me the 15  
8 cents 'til I get even.

9 But when I called them the first time it  
10 happened, they said well, people call the  
11 answering machine and they hang up, and that's  
12 where the charges are. I said well, if I call the  
13 answering machine, I mean, I wouldn't call you for  
14 15 cents. It's a matter of principle.

15 MR. GARCIA: Well, could you do us a favor,  
16 there's a 1-800 number here that gets through to  
17 our consumer affairs staff.

18 MR. GILBERG: I'm not Judge Star, forget it.

19 MR. GARCIA: What?

20 MR. GILBERG: You know who Judge Star is.

21 MR. GARCIA: No, I mean, if you don't --  
22 think about it. It's not a Judge Star; this is  
23 not going after the president. But I think it's  
24 very important that if you're not being charged  
25 properly, it may be a calling card, and there are

1 different rules that apply to a calling card, but  
2 I would just ask you --

3 MR. GILBERG: Well, this is strictly AT&T.

4 MR. GARCIA: Ms. DiMello's in the back of the  
5 room. Please talk to her about that, because --  
6 and we'll call you; you don't have to worry about  
7 the 15-cent call or whatever.

8 MR. GILBERG: I pay a flat fee of 15 cents a  
9 minute, any time of the day, any state, okay.  
10 Now, there's another thing about this subsidizing,  
11 the business of subsidizing the consumer. The  
12 consumer normally does not call in the height of  
13 the business day. If you have kids, they're in  
14 school.

15 Now, the lines are most -- are loaded from  
16 nine to five. So if your kids come home from  
17 school at three, four, five o'clock at night,  
18 that's when all the big flurry starts. By that  
19 time most businesses, if you're in the same time  
20 zone, have shut down. So you don't have the  
21 overload. But I don't believe that -- and  
22 business people are crying because they're  
23 subsidizing a poor widow lady.

24 I feel sorry for the business guy, because  
25 for some people another \$2.00 a month may mean

1 lunch. And I'm willing to pay the extra \$2.00 so  
2 this lady can have lunch.

3 If the business guy doesn't want to do it,  
4 it's just too goddamned bad. I feel sorry for  
5 them.

6 And I was a very successful businessman. And  
7 the phone bill was a huge part of my overhead.  
8 You charge it off to the customers. They pay for  
9 it.

10 Do you think that when you -- now that  
11 Nations Bank and Barnett have merged and their  
12 phone bill has gone down, do you think they're  
13 going to pass it on to the banker? Do you think  
14 they're going to give you another percent interest  
15 on your CD? No, they're gonna charge you an extra  
16 20 bucks if you bounce a check, hoping you bounce  
17 a check.

18 MR. JACOBS: Mr. Gilberg, you distinguished  
19 the add ons versus the basic service. In your  
20 mind for basic service, what does that include?

21 MR. GILBERG: To me? Just making any long  
22 distance -- any local phone calls and access to  
23 the long distance carriers. That's all I have.

24 MS. CLARK: And you wouldn't want access to  
25 911?

1 MR. GILBERG: Yes, I think that's very  
2 important.

3 MS. CLARK: And directory services, right?

4 MR. GILBERG: Well, directory services are  
5 fine except if you call -- I made a phone, a  
6 directory assisted call to New York State, and the  
7 charge was \$2.25. Now, the phone call, when I got  
8 through, cost me 45 cents. But it cost me \$2.25  
9 to get the phone number.

10 Now, how am I supposed to have the phone  
11 number for someone in upstate New York? When I  
12 called AT&T, and they said they would call a  
13 representative, and they just got their rate  
14 increase and all that nonsense, I was never  
15 satisfied.

16 MS. CLARK: Well, let me ask you, when you  
17 called directory assistance, did they ask you if  
18 they could connect you and you let them connect  
19 you?

20 MR. GILBERG: No.

21 MS. CLARK: Okay. So you called long  
22 distance directory assistance and that's what they  
23 charged you?

24 MR. GILBERG: They gave me the number, and I  
25 dialed.

1 MS. CLARK: You hung up and called again?

2 MR. GILBERG: Excuse me?

3 MS. CLARK: You hung up and then called  
4 again?

5 MR. GILBERG: No. It was not operator  
6 assisted. It was directory assisted. I got the  
7 phone number, but they charged me \$2.25 for the  
8 call, which I called them about. And I thought it  
9 was outrageous. That's the first and last call I  
10 will ever make for directory assistance.

11 MS. CLARK: Let me go back to the comment you  
12 made about AT&T charging you for a call that  
13 didn't go through.

14 MR. GILBERG: Yes.

15 MS. CLARK: It actually rang and nobody  
16 answered?

17 MR. GILBERG: That's correct.

18 MS. CLARK: How long did you let it ring?

19 MR. GILBERG: Well --

20 MS. CLARK: Some -- I don't know if AT&T does  
21 this, but some phone companies --

22 MR. GILBERG: I would say a minimum of two  
23 rings, a maximum of three. Because I think it was  
24 to my daughter, who I think her answering machine  
25 kicks in on the 4th ring. So it was either two or

1 three rings. But this has happened on many  
2 occasions. This is not the first time.

3 MR. GARCIA: This is why we're asking that  
4 you speak to our consumer affairs staff because  
5 that way --

6 MR. GILBERG: It --

7 MS. CLARK: It is important for us to know  
8 because one of the things we're doing more of is  
9 making sure that you get the service you've  
10 contracted to get. If you didn't say -- if they  
11 said when you don't reach, you're not being  
12 charged for it, and you are in fact being charged  
13 for it, we need to audit them and find out if  
14 they're doing it to other people.

15 So it's important to know those things. It's  
16 not making a federal case out of it. It's just  
17 making sure that you --

18 MR. GILBERG: You may have to wait another  
19 month, because I get the phone bill, and my  
20 electric bill, it's taken directly out of my  
21 checking account. So it takes, you know, a month  
22 to reconcile. It does, it does reconcile.  
23 Whatever the difference is in the next bill it's  
24 taken off. It doesn't make any difference.  
25 But --

1 MS. CLARK: But you shouldn't have to do  
2 that. It should be right the --

3 MR. GILBERG: I know. But listen, now as far  
4 as the electric bill goes --

5 MR. GARCIA: But you got to think of the --  
6 think of the broader question here, you --

7 MR. GILBERG: They've done it a million  
8 times; what do they make?

9 MR. GARCIA: You do it a million times in  
10 Florida at 15 cents --

11 MR. GILBERG: That's right -- no, in the  
12 nation. Again, it could be the nation.

13 MR. GARCIA: Well I don't know what other  
14 commissions can do about it, but I know that we in  
15 Florida can, and we have a very, I think, the best  
16 in the nation, consumer services.

17 MR. GILBERG: I don't doubt that. When I  
18 called them to find out why they did it, like I  
19 said, there are a lot of people who do that, who  
20 really only talk for a minute and say they have  
21 never completed the call, so --

22 MS. CLARK: There are some phone companies  
23 that say if you let it ring more than eight times  
24 you actually get charged.

25 MR. GILBERG: No.

1 MS. CLARK: But I don't think AT&T is one of  
2 them.

3 MR. GILBERG: Maximum of three.

4 MS. JOHNSON: You raised a good point with  
5 respect to if the rates were lowered for  
6 businesses, you don't believe that they would pass  
7 those on to the consumer?

8 MR. GILBERG: Never, not in a million years.  
9 They'd have to be fools.

10 MS. JOHNSON: And you use the --

11 MR. GILBERG: Because I don't know what this  
12 guy's phone bill is, and if he says his product is  
13 a dollar ninety-five, and it costs him a nickel  
14 less, he's not going to charge me a dollar ninety,  
15 he'll charge a dollar ninety-five.

16 MS. JOHNSON: And you used the airlines as an  
17 example as to the oil pricing going down. And I  
18 thought that that was an excellent --

19 MR. GILBERG: They don't pass it on to you.  
20 If it goes up, they pass it on to you.

21 MS. JOHNSON: There was -- and I know that  
22 particularly currently in our legislation, when  
23 the legislature did reduce the access fees for  
24 in-state calls, that it had a mandatory pass  
25 through to require the company pass through. I

1 would think that -- and the information that  
2 you've just provided saying that if you don't  
3 require it, it's not going to be passed through.

4 MR. GILBERG: No, it won't. There's just a  
5 93-cent bill that was added on the phone, I think  
6 it was AT&T who added on, and some nonsensical  
7 explanation, okay. After it was billed they send  
8 you the explanation.

9 What the hell are you gonna do? You don't  
10 have a choice then, you got to pay the 93 cents,  
11 not that I would discontinue the service. And at  
12 this point I don't know whether AT&T is  
13 competitive or not. Everybody calls.

14 But having grown up and lived in New York all  
15 my life AT&T is the carrier, and you dial through,  
16 you get through. So I stayed with AT&T. Whether  
17 I'm overpaying or underpaying, it really isn't a  
18 consideration, so another 5 or \$10.00 a month, it  
19 doesn't make any difference.

20 But you asked a question about should  
21 everybody have a telephone. I don't believe that.  
22 That may come as a surprise. I think they should  
23 have access to a phone, maybe a free phone, not in  
24 their home. But I think that, you know, whether  
25 you consider the phone a luxury or not, should,

1 everybody have a TV set, or a radio?

2 You know, that's democracy. You want a  
3 telephone, I mean, you have the right to have a  
4 phone. I wouldn't have caller I.D. That to me is  
5 nonsensical. Nor would I allow phones in  
6 automobiles.

7 I think that's something that's an absolute  
8 disgrace and a tremendous traffic hazard. I see  
9 people with a phone and a cup of coffee. Now, I  
10 don't know what's driving, but I see it all the  
11 time. And I really think that -- I don't know  
12 whether you're in power to do anything about it,  
13 but I don't believe that we should have the driver  
14 be allowed, while he's driving, to be on the  
15 phone.

16 MS. JOHNSON: Thank you. Any other  
17 questions? Appreciate your testimony. Thank you.

18 MR. BECK: Wayne -- I'm not sure of your last  
19 name, Gron, G-R-O-N, Okeechobee Boulevard?

20 Arnold Halperin?

21 MR. ARNOLD HALPERIN: Thank you for letting  
22 me stand up and stretch. My name is Arnold  
23 Halperin. I live at 8663 Egret Isle Terrace in  
24 Lake Worth. I am president of the Lake Worth West  
25 Democratic Club. And I represent about 300

1 families, and probably 99 percent of them are  
2 senior citizens.

3 I just want to make a few comments, because  
4 the gentleman in front of me, the predecessor  
5 speaker was on the same wave length as I was. So  
6 I just want to comment generally that to answer to  
7 some of your questions fast, my long distance  
8 calls are made when it is their cheapest rates. I  
9 call out of state to my family on a Sunday because  
10 they give it to me for 10 cents a rate.

11 I do not have a cellular phone; I do not have  
12 call waiting. I, as a matter of fact, I resent  
13 it, because I call my sister, and I'm calling from  
14 Florida to New York, and she gets on the phone and  
15 says I'm calling California. I says, so what do  
16 you want to do, flip a coin? One of us is gonna  
17 lose out.

18 The old days was so convenient to me. I got  
19 a busy signal, and I'd wait to call. I didn't  
20 have to lose out on the cost of a call. Anyway,  
21 local calls are very important to me as an  
22 activist within the local community. When I had  
23 to call Senator Klein's office in Boca, it used to  
24 cost me about 75 cents a call.

25 Fortunately, we finally won a battle with

1 BellSouth which made a 25-cent call available, and  
2 that was a tremendous help. I think that local  
3 calls are not a bargain. I think that they're  
4 stable, and without being able to call locally at  
5 a set price within the 25 or 30-mile limit, I  
6 think it would be a catastrophe if we didn't have  
7 that, because telephone costs within Florida were  
8 atrocious.

9       Going just to, for a moment, concerning  
10 competition. I'm afraid of competition lately. I  
11 find that there are too much, there's too much  
12 deregulation going on quite fast. We had the  
13 airlines, we had cable deregulation. All we saw  
14 was prices going higher, not lower. Yes, some  
15 things did happen. The telephone lines may have  
16 been better, but I really don't think that we  
17 should eliminate services, especially minimal  
18 services.

19       We have senior citizens in Florida, a very  
20 high percentage rate. We also have low-income  
21 move here. These people deserve a telephone. If  
22 I was to live in an apartment house in New York  
23 City, one of the things that I would look to get  
24 would be from the telephone company a public phone  
25 to be hooked up in the hall somewhere so that they

1 would have access to 911 and other situations.

2 Bottom line is is the telephone company  
3 making money? Well, I don't know what their  
4 costs are, and I don't know if anyone does except  
5 them. But the -- what we do see, and I am  
6 involved in the market and I see the statistics  
7 coming through on their profit and loss  
8 statements, quarterly and annually, they're not  
9 doing bad.

10 They're doing quite well. 14, 15 percent  
11 profit, net profit, net, is pretty good when other  
12 corporations come out with only 5 percent. So I  
13 don't think they're starving.

14 I would just like to mention one last thing  
15 on business. And I was in business, as I said,  
16 for 40 years. And business has ways of deferring  
17 their costs. Number one, as a consumer I can't  
18 write off my costs. When I pay my telephone bill,  
19 that's it.

20 When a business pays it, they do have some  
21 subsidy and tax returns. There is something that  
22 someone neglected to tell you about again.  
23 Anyway, I believe in our economic system, and I  
24 believe in a fair share that everyone can share  
25 with everyone as a community effort. And I think

1 it is up to you to try to find that common  
2 denominator. And I'm sure that you will. Thank  
3 you.

4 MS. JOHNSON: Thank you, sir.

5 Any questions?

6 MR. JACOBS: Excuse me, Mr. Halperin?

7 MR. ARNOLD HALPERIN: Yes?

8 MR. JACOBS: Are you aware of anyone in your  
9 community who has difficulty affording a  
10 telephone?

11 MR. ARNOLD HALPERIN: I don't know if it's  
12 difficulty in paying it. But remember, the  
13 telephone bill may require an extra few dollars  
14 for them to pay, and I'm sure that somehow they're  
15 going to scrape that up. Because this is a  
16 necessity. The other things are not.

17 For example, someone this morning came to me  
18 and started crying about his tax increase in Palm  
19 Beach County. And he said I'm on a fixed income.  
20 I know you've heard it before. But I'm on a fixed  
21 income, and my taxes, I just received a proposed  
22 bill, and it's going up \$400. And \$400 is a lot  
23 of money.

24 So what are we saying, \$2.00? But take the  
25 \$2.00 that everybody else would be increased and

1 multiply that by the total number of telephones,  
2 and they're getting a big benefit.

3 MR. JACOBS: Thank you.

4 MS. JOHNSON: Any other questions? Thank  
5 you.

6 MR. ARNOLD HALPERIN: Thank you.

7 MS. JOHNSON: Public counsel?

8 MR. BECK: Milton Kleinman? Milton Kleinman?

9 MR. KLEINMAN: Morning. My name is Milton  
10 Kleinman, K-L-E-I-N-M-A-N. I live in Boca Raton  
11 in South Florida.

12 Whatever I say I do have documentation to  
13 prove. But I'll try -- I'm not going to go  
14 through all of this. I'll just be brief. Let's  
15 first talk about residential services, which is  
16 critical to people like myself. I can't think of  
17 a more important service than my telephone,  
18 because I live alone, and as you get older, you've  
19 got friends that don't travel that well and our  
20 sole communication many times is by the telephone.  
21 Now, let's talk about cost. I think, I feel, and  
22 I find that the cost to me in operating my  
23 telephone is most reasonable and most appreciated,  
24 because firstly, many of my friends are in the  
25 local area, and then BellSouth has the arrangement

1 of having certain areas of local calls.

2 A good part of South Florida are considered  
3 local calls. And I think that's a gift to the  
4 consumer here in South Florida. The -- my other  
5 costs are very reasonable, and I'll tell you why.  
6 There was a time when I was active in business,  
7 not too long ago, what I used to spend, between a  
8 thousand and two thousand dollars a month on  
9 telephone calls, which included international  
10 calls.

11 Then as I got a little older in the last few  
12 years and my -- I began to withdraw from active  
13 business, I had to find some way of reducing my  
14 telephone bill. And again, I've been most  
15 fortunate in finding services that are available.  
16 Beside the local calls to BellSouth, I've got that  
17 10 cents a minute routine, and it does work  
18 through all of the remaining parts of United  
19 States.

20 I also found an international company whose  
21 rates are a third of AT&T, so I can't complain.  
22 I'm thrilled. I get good service, and I feel that  
23 the average resident has a very good deal down  
24 here in South Florida.

25 Now, in talking about subsidies between

1 businesses and a residence, I totally disagree,  
2 and let me tell you why. I was in business for  
3 many, many years. I was one of the first to even  
4 get into telemarketing. And what you have heard  
5 is that these small businesses are subsidizing the  
6 rates of the resident.

7 But that's untrue for this reason. If you're  
8 a manufacturer, you've got raw material problems,  
9 procurement, bringing in inventory, machinery,  
10 design, tooling, everything, those are costs of  
11 the product. But when you're doing marketing and  
12 everything else similar to marketing, that is your  
13 tool and you should pay a fair rate for it. So,  
14 because you're paying a little more, and if you're  
15 paying a little more, it's part of your doing  
16 business. It has nothing to do with subsidizing  
17 the resident who has a different requirement  
18 totally for his telephone.

19 Now, I have a newspaper article here, which I  
20 can leave with whoever, which was out about two  
21 months ago, Associated Press from Washington, D.C.  
22 And it talks about the phone companies designing  
23 guidelines for anti-cramming and slamming. And  
24 it does mention BellSouth as one that will be part  
25 of that program eliminating this problem of

1 crammng. I will leave this with you.

2 Now, I've been involved -- when I say  
3 involved, I've been taken by a company that  
4 slammed me. Fortunately, I found out very quickly  
5 and I called BellSouth and cut that out quickly.  
6 There were all kinds of little charges there, but  
7 I was tickled to death to have caught it quickly,  
8 so I didn't nit pick it to death.

9 Now, I went into one of these companies that  
10 gives you this 10 cents a minute nationally, and  
11 you have to have a cut-rate number. Well, that  
12 company has been cramming thoroughly. For  
13 example, I mean, I've got the bills here. On one,  
14 the same day at 5:30 in the afternoon, they  
15 charged me for seven minutes for a phone call. A  
16 minute later they charged me for six minutes for  
17 another phone call. To me, that arithmetic don't  
18 add up.

19 MR. GARCIA: Do you have that bill, sir?

20 MR. KLEINMAN: Yes.

21 MR. GARCIA: Could you show it to Ms. DiMello  
22 before you leave today?

23 MR. KLEINMAN: Let me go over that. They  
24 have been cramming me every month. They charge  
25 you when you call and the line is busy. They

1 charge you when there is no connection. They  
2 charge you even if you make a call, from one to  
3 the other they'll charge you for three minutes.  
4 And then a minute later after the first charge  
5 started they'll charge you for another three  
6 minutes, which means I get charged for 6 minutes  
7 in a one-minute period.

8 And I've complained to BellSouth about it.  
9 And according to the anti-cramming -- and they  
10 understand, and they said -- and I told them I  
11 will personally contact the cramming company;  
12 please take it off my bill, which is part of the  
13 understanding that that's the way it's supposed to  
14 be done.

15 I've called this cramming company and have  
16 been on the phone hour after hour asking for  
17 numbers writing to the headquarters. And they  
18 give me a lot of double talk. They say we'll look  
19 into it. They come back -- and they don't come  
20 back. They never call back. And, obviously,  
21 they're admitting they're doing something wrong.  
22 And I think those people should be put out of  
23 business.

24 MR. GARCIA: This commission just passed  
25 probably one of the strongest slamming, one of the

1 strongest slamming rules in the nation. It's  
2 being challenged by certain carriers, but it is  
3 very strong; it is very consumer friendly.  
4 Nonetheless, our success rate would probably be a  
5 little bit better than yours at getting at that  
6 company. If you speak with Ms. DiMello before  
7 you leave today, and we'll get that taken care  
8 of.

9 MR. KLEINMAN: I have all my documents.

10 MR. GARCIA: Great.

11 MR. KLEINMAN: The other thing is you  
12 mentioned 911. All I can tell you is I was a  
13 customer. I was 911 four times in one year. And  
14 thanks to that service I am here today. And every  
15 one of those cases, they were critical. The  
16 people were fabulous.

17 In one case I had cardiac arrest; I had  
18 everything. In a matter of minutes the people  
19 were there. And I think it's a magnificent  
20 service. There is one suggestion, where there's a  
21 weak little link; I don't want to take up your  
22 time, I'll discuss it with senator.

23 MR. GARCIA: Well, if it's a phone service we  
24 could probably do a better job.

25 MR. KLEINMAN: Well, I can tell you what the

1 problem is quickly. The problem is this: There's  
2 a regulation to 911 that the customer has to be  
3 taken to the closest hospital, which in a way  
4 makes sense.

5         However, I live in Boca West, in Boca Raton.  
6 We're about a hundred yards over that technical  
7 border so that I have to be taken to the West Boca  
8 Hospital. Meanwhile, my cardiologist is waiting  
9 for me at my hospital, at Boca Raton Hospital.  
10 And he told me if I hadn't come there because a  
11 friend of mine got the 911 people to take me to  
12 Boca Community Hospital, and in another seven  
13 minutes I would have had brain damage.

14         My only suggestion is this, very simply, I  
15 don't know who to talk to -- you people probably  
16 are the ones. All you have to do is when you  
17 call 911 I understand there's a tape where  
18 automatically they know the address and  
19 everything. Well, if they could add to that tape,  
20 for those people that volunteer it, the hospital  
21 of preference, it will save many lives.

22         Because I know of cases where even the nurse  
23 here in this the Boca area was taken to the wrong  
24 hospital and passed away because they didn't have  
25 the medical records of what her existing problem

1 was. So it would be a simple thing.

2 MR. GARCIA: You'll find that that probably  
3 has to do with your county government who sets up  
4 the range of how those ambulances work.

5 MR. KLEINMAN: See, but then I'm not in the  
6 position to --

7 MR. GARCIA: No.

8 MR. KLEINMAN: -- between the county and  
9 the --

10 MR. GARCIA: No, I understand.

11 MR. KLEINMAN: I thought I'd have the  
12 senator --

13 MR. GARCIA: The senator probably can direct  
14 you to the right way.

15 MR. KLEINMAN: But otherwise it's an  
16 indispensable service. I think it's fantastic.

17 MR. GARCIA: Let me ask you one more  
18 question. I've been asking this, and through your  
19 experience in business, do you think it's  
20 essential, should we look at that social need for  
21 everyone to have a phone?

22 Should that be a component that -- that  
23 we've always looked at? And Commissioner Deason  
24 probably stated it well, probably more clearer  
25 than I can, but the social needs that we've always

1 looked at, the benefit of having a phone in  
2 everyone's home, as a benefit; in other words,  
3 lowering the price as much as possible so that  
4 residents have to do nothing on the business side  
5 so that subsidy exists?

6 Do you think that that has been a good  
7 policy, and should be a policy of the  
8 legislature?

9 MR. KLEINMAN: Because as we get older you  
10 really need it more because you do not have the  
11 locomotion that you normally have when you're  
12 younger, and your communication is critical, even  
13 if it's only mental, social, or just to be able to  
14 talk to somebody, because a lot of these people  
15 are isolated. They're looking at the ceiling or  
16 they're isolated to four walls. A telephone is  
17 just indispensable.

18 MR. GARCIA: Thank you.

19 MS. JOHNSON: Any other questions for  
20 Mr. Kleinman? Thank you very much. We appreciate  
21 your testimony.

22 MR. BECK: Monte Belote?

23 MR. BELOTE: Good afternoon, Commissioners.  
24 My name is Monte Belote. For the last 14 years I  
25 have served as director and staff at the Florida

1 Consumer Action Network, a statewide grass roots  
2 consumer and environmental amnesty organization,  
3 and have been following BellSouth rate cases since  
4 1988.

5 But I came today out of my own pocket. I no  
6 longer work with the Florida Consumer Action  
7 Network. I've been spending some time with my  
8 son. But I came specifically to encourage  
9 consumers here in this room to stay vigilant, to  
10 keep everyone's eye on the ball in this process.

11 You, and particularly people like Sally  
12 Kanter have fought Southern Bell, and efforts  
13 time and again, whether it's local measured  
14 service playing the cash cow of touch tone service  
15 or most recently, thanks to the public counsel,  
16 attorney general, AARP and the Florida Consumer  
17 Action Network defeating the largest telephone  
18 rate case in Florida history, which has served  
19 customers well, more than a billion dollars.

20 And BellSouth should receive some credit in  
21 this process too. They're providing good service.  
22 But with all due respect to Senator Klein who has  
23 been one of the few lawmakers who has actually  
24 questioned the massive lobbying of the phone  
25 companies, I believe the public was defrauded by

1 deregulating local telephone service in 1995.  
2 They promised lower cost and lots of choices for  
3 local telephone service. They promised to open up  
4 competition and finally to break the monopoly of  
5 local phone service.

6 But it's more than three years later, and we  
7 still have no choice, other than BellSouth, to  
8 make a basic local call in this market. Thanks to  
9 that 1994 rate case settlement we do know that  
10 BellSouth has made so much profit in the meantime  
11 that they've had to actually give back some of it.

12 Last year, as Ms. Kanter pointed out, that  
13 amounted to more than a hundred and twenty  
14 million dollars. Meanwhile, they have been  
15 happy to raise rates where they can. A  
16 40-percent rate increase for a pay phone call,  
17 selling services that we've already paid for.

18 While I was driving in this morning, the  
19 latest is, use three-way calling, it will only  
20 cost you 75 cents, you want to make a call. Well,  
21 we paid for that switch to make that happen. And  
22 is there a cost? Virtually nothing.

23 Now they want you to get the Public Service  
24 Commission to do their work by trying to divide  
25 and conquer customers. Residential customers

1 versus business customers; local customers versus  
2 long distance customers. But until the phone  
3 monopolies open up basic local telephone service  
4 to real competition, which I define as several  
5 choices, not one, serving a significant number of  
6 customers, not a handful, throughout the entire  
7 service area, not just in one local business  
8 market, I for one would say no way, BellSouth.

9       Why is it fair and reasonable to make basic  
10 local telephone customers pay for things such as  
11 BellSouth's far flung offices reaching from South  
12 America to Hong Kong? Why is it fair and  
13 reasonable for customers to pay for an airplane  
14 for the president of BellSouth, especially, since  
15 sometimes he seems to get fogged in in  
16 Tallahassee?

17       Why is it fair for customers to make  
18 investments in the wireless cable markets? Why  
19 is it fair and reasonable for basic local  
20 telephone customers to pay for their lobbyists  
21 in Tallahassee who have been fighting to keep out  
22 competitors, and even local governments, like  
23 Gainesville or Lakeland, who would like to use  
24 their fiberoptic lines to provide local phone  
25 service competition at a lower cost to those local

1 customers.

2 Frankly, it's not fair and reasonable to ask  
3 Florida customers to pay more for basic local  
4 telephone services just so that BellSouth can  
5 make more profits. Thanks to our legislature,  
6 there's no way to know for sure how much profit  
7 BellSouth is making.

8 But that's not the case for a  
9 moderate-income customer or senior citizen who  
10 is living on a fixed income, they know. Why  
11 should we be asked to consider raising our rates  
12 for basic local service when BellSouth won't open  
13 up their complete records so that we can judge  
14 what a fair and reasonable profit actually is?

15 Urging you to keep your eye on the ball.  
16 Telephone service is a declining cost industry,  
17 just like computers. They keep getting faster and  
18 keep getting less expensive. If anything, we  
19 should be discussing about lowering rates;  
20 certainly, not raising them.

21 Once those phone lines are in, there is  
22 virtually no cost whatsoever in making a basic  
23 local telephone call. We the customers have paid  
24 for those telephone lines and switches through our  
25 monthly bills. If there were competition, I'd

1 certainly be willing to argue about, quote,  
2 unquote, value and what's, quote, unquote, fair.

3 But it's more than three years later, and  
4 there's still no competition for basic, local  
5 telephone service for residential customers. The  
6 telephone monopolies are alive and well and  
7 laughing all the way to the bank. When you see  
8 candidates this fall in the legislature, I urge  
9 you a simple question, should you be raising my  
10 rates so that BellSouth can make more profits?

11 I would suggest no, no way. No way should I  
12 be paying more for basic residential rates. And  
13 there's a very simple way to solve the problem of  
14 increasing the participation of life line and link  
15 up. And that is to simply require the telephone  
16 monopolies to presubscribe customers. We live in  
17 a computer world. There's no good reason why the  
18 appropriate social services, whether that's  
19 Medicaid or what have you, can't transfer tapes  
20 once a month to their local billing centers and  
21 prebill and prepay those life line services rather  
22 than waiting for the monopolists to come out  
23 there and wait patiently for customers to finally  
24 subscribe.

25 Rate rebalancing, in closing, is just another

1 way to say more profits to BellSouth. I urge  
2 customers and urge you, commissioners, to report  
3 back to the legislature that our rates are fine,  
4 thank you. Now, stop blocking competition and  
5 follow through on your promises, or let's  
6 reregulate so we'll finally know what the full and  
7 complete truth is. Thank you.

8 MS. JOHNSON: Thank you, Mr. Belote. Any  
9 questions for Mr. Belote?

10 MR. GARCIA: One quick question. I've asked  
11 everybody this. Do you believe that the social  
12 policy of this commission should state decide to  
13 pass, sort of giving an advantage in terms of  
14 lowering the rates, do you think that's a policy  
15 it should make?

16 MR. BELOTE: Well, absolutely a telephone is  
17 a life line. Every customer should have a  
18 telephone, period. But buried into that question  
19 is an assumption that there is some sort of  
20 subsidy going on, and we know --

21 MR. GARCIA: Let's say that there is.

22 MR. BELOTE: That part is, but the social  
23 contract is good.

24 MR. GARCIA: Okay. But let's say there is  
25 no -- let's take your thinking on this, let's say

1 that there is no subsidy built in, let's say  
2 that --

3 MR. BELOTE: We don't know.

4 MR. GARCIA: We don't know?

5 MR. BELOTE: We don't know.

6 MR. GARCIA: And we don't know, so let's say  
7 that the phone service is at a competitive level,  
8 or I'm sorry, is set at a cost level, at its cost,  
9 or even better, they're making a profit on it.  
10 Should we regulate, or should the legislature  
11 legislate in the way that keeps that the way it  
12 currently is, or should we change?

13 In other words, we're seeing no entry of  
14 competition into the residential market. We're  
15 seeing some penetration in the larger business  
16 class customers. There is a more aggressive --

17 MR. BELOTE: Less than five percent in any  
18 market I'm aware.

19 MR. GARCIA: But that said, do you think if  
20 we get into a competitive atmosphere, don't you  
21 believe that that may be affecting the local  
22 market also? In other words, there may be a  
23 negative fact if it is as you say, it's being  
24 priced below cost -- I'm sorry, it's being priced  
25 above cost, would competition have a positive

1 effect on that?

2 MR. BELOTE: Well, I guess come back to the  
3 basic presumption that social contract suggests  
4 that everyone should have a telephone,  
5 particularly, in Florida where a preponderance of  
6 consumers are seniors who need that life line  
7 literally. It's critical.

8 But what we miss in hearings like this is a  
9 significant population that don't even have a  
10 telephone today. And, you know, I don't know that  
11 we're gonna actually see any groups during the  
12 course of these 22 hearings where there will be a  
13 large crowd of people who never had a telephone  
14 and still don't have one today. But they're out  
15 there.

16 And we should be looking at a statement like  
17 that and make sure that those customers have it.  
18 There is an additional value for a business  
19 customer that is far beyond the ability for a  
20 residential customer to have a telephone.

21 MR. GARCIA: Thank you, Monte.

22 MS. JOHNSON: Any other questions? Thank you  
23 for your testimony.

24 MR. BELOTE: Thank you.

25 MR. BECK: Robert Halperin?

1 MR. ROBERT HALPERIN: Good afternoon. My  
2 name is Robert Halperin, and I live in West Palm  
3 Beach. And I'm just a consumer.

4 One of the reasons why I came here today was  
5 because of the insert in the telephone bill. I  
6 happen to be one of those people that read those  
7 little inserts, and surprisingly, there's a lot  
8 of information if you do.

9 Another thing is I want to thank the Public  
10 Service Commission for having an 800 number. I  
11 think it's very important. And the people on the  
12 other end are very informative and very nice. And  
13 when you do call with a problem, they help you a  
14 lot and they usually get the thing solved for you.

15 And one example was when I called yesterday,  
16 the Public Service Commission, a wonderful  
17 woman -- and this was after five o'clock, she was  
18 talking on her own time -- named Nancy Simmons,  
19 and I complained about the problems I had on my  
20 telephone bill. She took care of them and handled  
21 them very nicely, and said she would have them  
22 removed off my telephone bill.

23 So thanks for that 800 number. If you have  
24 a problem with the FCC, there's no 800 number,  
25 and you can't complain. And I think that's one

1 of the reasons why Comcast can charge so much  
2 money, because most people will not take the time  
3 or the cost to call the FCC in Washington and then  
4 be put on the hold.

5 It takes a long time to get through, and  
6 it's on your nickel, and it adds up, the hold  
7 time. Speaking about Comcast, I wanted to  
8 complain that I think their service costs too  
9 much, and I pay about \$38 a month as a senior  
10 citizen.

11 And where I came from before I moved to  
12 Florida for the same service, was only \$10.00. So  
13 that's one area I think should be looked into. I  
14 think they're overcharging the public, and also if  
15 you look at their annual report they're making a  
16 fortune.

17 MR. GARCIA: Just to let you know, we do not  
18 regulate the cable. It's regulated by your local  
19 government.

20 MR. ROBERT HALPERIN: Well, it's just  
21 something I just wanted to say to somebody.

22 Getting back to my telephone bill, one of  
23 the things I heard today, which I don't agree  
24 with, is the long distance telephone assistance,  
25 as far as getting a telephone number if you have

1 to call somebody out of town. They charge almost  
2 \$2.00 for it. And that's a lot of money for a  
3 person to make a phone call when you're only  
4 paying 10 cents a minute when you do get the  
5 number.

6 And that charge is very excessive. And I  
7 had to do this, I found out if I call the library,  
8 they'll look it up in the phone book and give it  
9 to me for free.

10 But I do think the phone company owes it to  
11 give us telephone assistance if we don't have a  
12 telephone number to call somebody out of state.  
13 That's another peeve that I have with the phone  
14 company.

15 The other thing is they have taxes here,  
16 they have taxes on the telephone bill. They  
17 never tell you the amount of tax it is. They  
18 give you the amount, but they don't say six  
19 percent or seven percent or eight percent. And  
20 you won't know whether they're raising the taxes,  
21 if you can't even compare one tax to the other.

22 So that should be on the bill, five percent  
23 or six percent instead of it just being 50 cents  
24 tax. Another thing, which is very annoying lately  
25 is miscellaneous charges and credits. I'm getting

1 miscellaneous charges and credits from phone  
2 companies I don't even do business with.

3 I have here a miscellaneous charges and  
4 credits from a U.S. bill, and they're charging me  
5 19 cents. And it says for universal service, FD.  
6 I don't know what it is and why they're charging  
7 me.

8 I called public service, and they said  
9 they'll take it off and they'll put a claim to the  
10 company. I have another charge from a -- for  
11 non-regulated charges from a 311 Direct  
12 Incorporated for 65 cents. I don't know what it's  
13 for, and they don't explain why they put on there.

14 And I heard if you don't pay it, they will  
15 put it on your credit report and make you a dead  
16 beat type of person, which is not fair either.  
17 But I understand the Public Service said they'll  
18 take that off and file charges against them.

19 MR. GARCIA: Who is your long distance  
20 carrier?

21 MR. ROBERT HALPERIN: You know, it's a funny  
22 thing that I have a long distance phone call  
23 called OAN Services. They charge me 9 cents a  
24 minute. But look at this phone bill, all kinds of  
25 different phone companies are on there.

1 MR. GARCIA: Who did you think your long  
2 distance service was?

3 MR. ROBERT HALPERIN: Well, at one time I  
4 think that it was Telecom (phonetic). I don't  
5 have any complaints about these people, they  
6 charge me 9 cents a minute, which is very good.

7 But another problem I have is somebody  
8 called me collect from New York, and I accepted  
9 the call. And the charge was almost \$4.00 for  
10 less than a minute, \$4.00.

11 I got the phone number from these people  
12 that called me collect and called them back, and  
13 I spoke for 23 minutes for less than \$2.00. That  
14 doesn't make sense either.

15 So I think that that's something you ought  
16 to look into is why do they have a \$4.00 charge  
17 for a one-minute call on collect, and then you  
18 call them back and pay for 23 minutes, less than  
19 \$2.00. So, basically, these are the miscellaneous  
20 problems that I have on phone bill, which I  
21 figured I'd come over and speak to you and tell  
22 you about it.

23 And it's been on my chest all these years.  
24 And as far as, also, that 15-cent charge that  
25 someone else spoke about, I did have it one time,

1 ten times fifteen. And it was because somebody  
2 had an answering, an answering machine. I called  
3 three times; they weren't there, it was an  
4 important call I had to make, so I was a little  
5 insistent.

6 And I called them about ten times in one day.  
7 And I never, you know, they never answered, but I  
8 did get charged a dollar fifty, ten times fifteen  
9 on the bill. And that's basically what I wanted  
10 to speak about.

11 As far as the social service for people  
12 having telephone calls, I think if the telephone  
13 company could charge \$10.55 a month, they could  
14 put telephones in people's houses that can't  
15 afford telephones, just like we have First Alert  
16 for telephone -- for a fire alarm. It's gotten to  
17 the point where these services are so cheap that  
18 they can really be a social service to people who  
19 can't afford phone service, by everybody just  
20 having 911.

21 I'm not saying they have to call everybody in  
22 the world, but they should have the basic 911,  
23 just like you have First Alert. That's all I have  
24 to say.

25 MR. GARCIA: Thank you.

1 MS. JOHNSON: Any questions?

2 You did say that with respect to your  
3 complaints, they're already being handled by the  
4 Public Service Commission?

5 MR. ROBERT HALPERIN: Yes. Ms. Simmons said  
6 she gave me numbers for -- the case numbers.

7 MS. JOHNSON: Oh, great.

8 MR. ROBERT HALPERIN: So I wanted to thank  
9 you for being very efficient and having that 800  
10 number. It's nice to have someone to call when  
11 you have a problem.

12 MS. JOHNSON: Thank you, sir.

13 MR. BECK: Wendy Dohanian?

14 MS. DOHANIAN: Wendy Dohanian from Fort  
15 Pierce.

16 MS. JOHNSON: Spell your last name.

17 MS. DOHANIAN: Dohanian, D-O-H-A-N-I-A-N.

18 MS. JOHNSON: Did we swear you in at the  
19 beginning?

20 MS. DOHANIAN: No.

21 MS. JOHNSON: We'll do that now. Are there  
22 other witnesses, public counsel?

23 MR. BECK: There's two others.

24 MS. JOHNSON: Two others? If you have not  
25 been sworn in, if you could stand. If you would

1 raise your right hand.

2 In this matter before the Florida Public  
3 Service Commission do you swear or affirm to tell  
4 the truth, the whole truth and nothing but the  
5 truth?

6 Thank you. You may be seated.

7 MS. DOHANIAN: After hearing about how  
8 reasonable local rates are, I mean, I really live  
9 in a cave. I mean, I live in a cave on Mars.

10 We haven't -- we just got a phone in  
11 February. We hadn't had a phone for six years.  
12 We used pay phones. And we had an AT&T card,  
13 which they'll issue you even if you don't have a  
14 phone, they'll give you a card with a pin, which  
15 we had a surcharge on and had to pay so much a  
16 minute. And we've done that for six years.

17 And probably as -- when the competition  
18 started going we found out the rates were going  
19 down and there were other cards we could get.  
20 Started out with 30 cents a minute and down to 20,  
21 and last week it was 17 cents a minute. And I saw  
22 AT&T was averaging 50 cents a minute. I obviously  
23 wanted to use these other cards.

24 And at the time my husband had a job. And  
25 you have a job, you have access to a phone. So

1 anyone who needs to get a hold you of, doctors or  
2 family, can always just call and leave a message,  
3 and you'll call them back on the pay phone.

4 And then in February my husband found out  
5 with his medical condition he's going to have to  
6 go to the hospital for surgery. And he wasn't  
7 sure if he was going to be able to work anymore.  
8 So he applied for Social Security.

9 So we went from an \$8.00-an-hour job, that's  
10 what we were living on, and then Social Security  
11 comes out to minimum wage, basically, is what  
12 we're living on. Just one job, minimum wage is  
13 what Social Security turns out to be. So now  
14 without a job you have to have access to a phone,  
15 especially with a medical condition you have to be  
16 able to call, the hospital has to be able to get  
17 in touch with you, and you have to be able to  
18 call.

19 And our relatives are worried about you; they  
20 won't be able to find out how you are. So we  
21 called BellSouth and signed up, paid for the  
22 phone. They had the phone installed, or  
23 equipment, and they -- we got the minimum rate,  
24 which was, they told us was six-thirty a month,  
25 you get thirty calls. Get thirty calls a month

1 and then long distance access.

2 MS. JOHNSON: Did they not -- I apologize for  
3 interrupting -- but did they tell you about the  
4 life line or link up programs that were available?

5 MS. DOHANIAN: No. I just found out about  
6 that today.

7 MR. GARCIA: I didn't know that that existed,  
8 that minimum price for 30 calls.

9 MS. DOHANIAN: We feel \$6.00 a month, that's  
10 not too bad. But as it turns out, the bottom line  
11 after this toll access and other charges, it's ten  
12 forty-two is our basic rate. And I guess a  
13 typical month I made eight local calls. With an  
14 allowance of thirty calls I made eight local  
15 calls.

16 If I used the pay phone outside the house, it  
17 would have cost me \$2.80. And instead it cost me  
18 \$10.42 to make those eight calls. And I don't --  
19 I don't understand that. The fact that they're a  
20 business, I looked, it's 35 cents a call -- well,  
21 I thought -- like the pay phone, pay phones, where  
22 people actually pay like a business to have pay  
23 phones, they make enough money on that call to be  
24 able to pay the businessman something besides make  
25 a profit themselves. So that's local calls.

1           And then long distance, last month, maybe,  
2 ten minutes -- and I'm embarrassed, this is really  
3 embarrassing -- but the ten minutes, we  
4 differentiate between a phone as a necessity. It  
5 was a five-minute, touch base call. I have a  
6 nine-year-old in Arizona. And that's all that's  
7 necessary.

8           You know, if you want to talk 20 minutes,  
9 then that's entertainment. If you want to chew  
10 the fat for another half hour, that's  
11 entertainment budget.

12           So for ten minutes it cost us -- using my  
13 little local phone cards I used to get -- I got a  
14 neighbor who sells them -- say at 15 cents, maybe  
15 it would cost a dollar fifty. And it cost \$3.47  
16 on AT&T.

17           And I don't understand one thing, why taxes  
18 aren't a percentage of the bill? I mean, that to  
19 me is the fairest thing for low-income people.

20           Going to the supermarket is a percentage of  
21 what I buy. And here these big rates, about 350  
22 access, and I don't even know if I have pay that.  
23 If I go back to you and say what can I buy, do I  
24 have to pay that on my bill --

25           MS. JOHNSON: You mean, if you don't have the

1 local service?

2 MS. DOHANIAN: Yeah, if I choose not to  
3 have -- I mean, can I say I don't want a long  
4 distance carrier through BellSouth, and just buy  
5 cards at the supermarket and from my neighbor?

6 MS. JOHNSON: But you would still have your  
7 local service?

8 MS. DOHANIAN: Would I still have to pay the  
9 toll access, interstate toll access?

10 MS. JOHNSON: You would have to pay some of  
11 it. Because what happens is, although, when you  
12 have a pre-subscribed carrier, AT&T's your  
13 carrier, then AT&T charges.

14 But if you don't have a pre-subscribed  
15 carrier, then BellSouth will charge for national  
16 access, that's the 53 cents. Actually, I don't  
17 know. I'm not sure. Let me know.

18 MS. DOHANIAN: No, I'm talking about the one  
19 on the local bill. It says FCC charge for  
20 interstate toll access.

21 MS. JOHNSON: Oh, that's the pre -- that's  
22 the pre -- that's the private line charge.

23 MS. DOHANIAN: You have to pay that. It's no  
24 choice. You have to have local access through the  
25 state company?

1 MS. JOHNSON: Yes. And one of the reasons  
2 why the FCC years ago developed the program, the  
3 life line and the link up program was to kind of  
4 defer those costs for those that could not afford  
5 it.

6 Last year -- and they're not the same -- they  
7 would give you before the credit, was up a maximum  
8 of \$7.50. Last year it went up to \$10.50 to help  
9 defer some of those costs for low-income  
10 individuals.

11 The point that Mr. Belote raised, he raised  
12 with me several months ago, is that there is a  
13 problem with people knowing about the availability  
14 of those programs. Admittedly, you look at  
15 BellSouth, and I think the last time we did a  
16 survey they have more subscribers than anyone else  
17 of all the local companies in the state. But  
18 their subscribership level is still 2 point  
19 something percentage, very, very low.

20 MS. DOHANIAN: I would be honest, but I  
21 think, generally, my husband and I aren't the  
22 type to use a program like this, because -- well,  
23 it's like a -- it's a handout. It's a subsidy,  
24 and it's something we generally do without rather  
25 than go asking the government for things like

1 that.

2 And I don't understand why, why is it that --  
3 like I say, if I'm just -- I'm using pay phones  
4 and cards, the man that sells the card makes a  
5 profit, obviously, the company makes a profit, and  
6 the pay phone could make a profit when I make a  
7 call. So that to me is unfair. That's what it  
8 should cost.

9 Why is it to have -- when I have to have a  
10 phone line into my house -- and incidentally,  
11 since we've had a phone, I really -- we've made  
12 the long distance company probably a hundred  
13 dollars already by relatives calling us.

14 So we make them money by having a phone.  
15 Because the other relatives know we're on a  
16 budget, and they'll call us.

17 And the other problem we ran into -- it  
18 turned out my husband had to be at the hospital  
19 now, and he couldn't be here because he happens to  
20 be at the V.A. We've gotten -- the hospital  
21 needed access -- we thought we could use our home  
22 phone with the card. We ordered a card from  
23 BellSouth, and we thought what the card was, this  
24 is probably pretty naive, I thought we'd pay a  
25 little surcharge, because your -- I thought you

1 pay a phone charge, and that would give you access  
2 to your home account and then you'd get the same  
3 rates as the 15-minute rate from AT&T.

4 But then I found, they sent a card but didn't  
5 tell us what the rates were. It was like a  
6 reduction or something over something, which I  
7 didn't know what it was. And I called to find out  
8 it was a big surcharge. And so now I -- my  
9 husband refuses to use it. So I have to go --

10 MR. GARCIA: You can use your phone card from  
11 your, not just Southern Bell, but you can use a  
12 phone card, the ones you buy at the stores from  
13 any phone.

14 MS. DOHANIAN: Yes, yes. But now it's a  
15 matter of not being home where I had access to the  
16 man selling the cards, living right around here --  
17 sounds terribly cheap, I know.

18 MR. GARCIA: No, no. But there are, you  
19 know, various ways to control the spending that  
20 you have. My cousin's mother-in-law is from  
21 Columbia, and she couldn't -- and so he took out  
22 that option to use phone cards. And it's  
23 controlled. You know exactly what you have when  
24 you have a phone card.

25 MS. DOHANIAN: That's exactly what it is,

1 most surcharges. And I don't understand when the  
2 costs started going down, what they're thinking  
3 is because all the perks that everybody's buying.

4 We know relatives that run up hundred-dollar  
5 phone bills. Well, that's entertainment. People  
6 pay good money for entertainment. I don't get to  
7 the theater. I don't go -- we don't go out to  
8 eat. We don't spend money on things like that.  
9 And --

10 MR. GARCIA: But the driver there is exactly  
11 the opposite. What happens is because there's a  
12 stimulus, they use long-distance calls, these  
13 companies' margins get tighter and tighter because  
14 they're competing with each other, every phone  
15 card wants you to get their services.

16 And therefore, they lower the rates so that  
17 you'll buy them because you're making that choice.  
18 And that's why that price goes down, because it's  
19 totally unregulated.

20 MS. DOHANIAN: So isn't it really an  
21 inaccurate picture of what it costs BellSouth?  
22 Again, it would be nice to know how much it cost  
23 BellSouth, to send me a bill, and -- I mean, that  
24 I would understand. It's just that it seems like  
25 everything around is cheap, and then just to have

1 access costs money.

2 And in my mind, it's the person that makes  
3 the call should pay, and businesses, of course.  
4 We were in business; we know that that's a part of  
5 it.

6 But if a cell phone is making you more money,  
7 than you get a cell phone. Like I said,  
8 entertainment for business is totally different  
9 than when you just need a phone.

10 MR. DEASON: Over the number of years the  
11 FCC has made a policy of having cost of local  
12 network allocated to the federal, the interstate  
13 portion, based on a policy of more and more costs  
14 of fixed, flat, up-front charge bases as opposed  
15 to a per minute rate. One of the reasons our per  
16 minute rates have been going down so much, why you  
17 see rates at five and fifteen minutes, you get  
18 debit cards for seventeen cents a minute, there is  
19 one thing that enables them, the local  
20 competition, is the fact that cost recovery has  
21 been implemented on an up-front flat charge,  
22 \$3.50, subscriber line charge.

23 These other charges, which are just now  
24 coming about, that is part of a federal policy,  
25 and part of that policy is implemented in a way

1 that finds the other competition, and has to know  
2 the competition, and what you've seen is you've  
3 seen charges that were previously on a per-minute  
4 rate being on an up-front flat rate.

5 For those people that do not make very many  
6 long distance calls, it causes sharp increases in  
7 the flat amount they have to pay for month. If  
8 they don't make a lot of long distance calls,  
9 they don't get the benefit of the low per-minute  
10 rate. And that's one of the problems that we're  
11 confronting.

12 In fact, I had conversations the other day  
13 with a representative from AT&T and asked them  
14 the very same question, why can't they, a person  
15 just use, dial around on debit cards and not  
16 presubscribe to AT&T or another company and avoid  
17 these charges? Because right now AT&T is  
18 implementing a program of having \$3.00 a month  
19 flat rate, regardless of how many calls you make,  
20 just for the fact you being their customer. And  
21 you see others transcend to that.

22 And these are things that are coming about,  
23 and I'm not sitting here today telling you I have  
24 a solution. But I --

25 MS. DOHANIAN: How will we avoid that?

1 MR. DEASON: You choose another carrier and  
2 not use AT&T.

3 MS. DOHANIAN: I don't know, is there like a  
4 publication that puts all -- I didn't know there  
5 were differences between BellSouth and local  
6 carriers.

7 MS. CLARK: There may not be yet. But, you  
8 know, it seems to me that you could really benefit  
9 from talking to our consumer affairs people. And  
10 they could really help you make some comparisons  
11 and perhaps get on the life line where you would  
12 essentially be paying the same amount.

13 MS. DOHANIAN: This is good, but this  
14 shouldn't be necessary. Well, like I said, if it  
15 really does cost so much just to have a phone in  
16 the house, then you just can't afford a phone.  
17 You can work around it.

18 MS. CLARK: I think one of the ways you  
19 might look at it is that \$3.50, that charge  
20 everybody has to pay that the chairman pointed  
21 out, that was the one reason for providing for  
22 the life line was that people who could not afford  
23 to make a lot of long distance calls, maybe they  
24 shouldn't have to pay that. And there is a reason  
25 to provide for that credit, so that you could

1 counter-balance that. And the people who really  
2 do use it are paying for it.

3 MS. DOHANIAN: I guess that's all.

4 MR. GARCIA: Let me make a suggestion.  
5 Definitely speak with Ms. DiMello, and I think you  
6 have spoken, but also on your long distance,  
7 you're not tied into one specific company. And  
8 you will find --

9 MS. DOHANIAN: Is there like a publication of  
10 all the companies?

11 MR. GARCIA: Well, we can probably give you  
12 names and numbers of companies, although that's  
13 not generally what we do. But you will find that  
14 even your phone book was selections.

15 And if you watch your TV you will see a ton  
16 of them come on there that are competing for each  
17 other's business. And a lot of them don't have a  
18 fixed fee. I mean, you still have the pay the  
19 federal stuff, but -- and you may benefit if you  
20 do one of those different plans.

21 MS. DOHANIAN: But local, like \$10.00 a month  
22 for just having access to a phone, even if you  
23 don't ever pick it up; that's a fair amount?

24 MR. GARCIA: Well, that's what we're going to  
25 find out. If they --

1 MS. DOHANIAN: Personally, I think that's a  
2 lot of money. But I thought like for  
3 six-thirty -- when they originally said  
4 six-thirty, because back home, that was awhile  
5 ago, that's what I used to pay, like \$6.00, that  
6 was with the tax, just have 30 calls a month.  
7 That was adequate.

8 MS. JOHNSON: Any other questions?

9 MR. JACOBS: Do you -- through your travels  
10 or experiences, have you seen other people who are  
11 striving to maintain their phone or get access to  
12 a phone like you have?

13 MS. DOHANIAN: Well, basically, most of the  
14 people we know rack up the hundred, five-hundred  
15 dollar a month bills. Relatives, friends, yeah  
16 one woman on Social Security is paying sixty  
17 dollars a month for long distance. She can't  
18 afford -- in terms of the tax too -- but she said  
19 that's my entertainment budget.

20 She says I don't go to the movies. I want  
21 to be able to call grandchildren, whatever. And  
22 that, I understand that. And I think you should  
23 pay for your for entertainment. But it's not  
24 something -- for a percentage of the bill for  
25 tax --

1 MR. JACOBS: Do you know if that person  
2 forgoes other kinds of expenses?

3 MS. DOHANIAN: No. In this case it's just --  
4 it would just be like going to movies or going  
5 out, or something like that. But I can see from  
6 this, there obviously would be people. I think  
7 from a single person making minimum wage living in  
8 the house needs -- there's maybe an ailing mother  
9 across the street or across town, just -- or needs  
10 a phone to get for -- to get another job or maybe  
11 he's unemployed.

12 You know, it's like what should we have to  
13 pay just to have a phone, to have access, and  
14 whereas being, having access, like I said, helps  
15 the telephone companies, others calling us long  
16 distance.

17 MR. GARCIA: Certainly it has a value, which  
18 is something that's been argued. But there's,  
19 besides a social value, and Southern Bell's  
20 network is enhanced because you are part of that  
21 network, and people can call you. And therefore  
22 they profit.

23 MS. DOHANIAN: And I hear the government say,  
24 well, we better put them in all our schools. I  
25 mean, people that don't feel like they can afford

1 a home phone -- and especially if we don't agree  
2 with things like having Internet in the  
3 classrooms, I don't think for other reasons --  
4 that's just an opinion -- I just basically thought  
5 maybe we were a different kind of a case, and so I  
6 thought I'd come here and embarrass myself.

7 MR. JACOBS: Actually, you've given us a lot  
8 of good feed for thought.

9 MS. JOHNSON: Thank you, ma'am. Appreciate  
10 your testimony.

11 MR. BECK: Walter Lipiner?

12 MR. LIPINER: Good afternoon. My name is  
13 Walter Lipiner. I live at 228 Lake Dora Drive in  
14 West Palm Beach.

15 I have a partly written statement and partly  
16 I'll speak extemporaneously. I am here to  
17 protest the current request by BellSouth to raise  
18 phone rates. I'm a retiree, and live on a fixed  
19 income.

20 I rarely attend public communities,  
21 especially, when they are held during the dog  
22 days of summer and just before the Labor Day  
23 exodus. I am angry at the arrogance of BellSouth  
24 to petition the commission at this time. It seems  
25 to me their only motive is to make a profit and

1 more profits.

2           You can check me on this. A famous man once  
3 declared the price of freedom is eternal  
4 vigilance. Believe me, it pays to be vigilant.

5           And here's a case in point. I'm speaking  
6 extemporaneously. I have a bill dated July 2nd.  
7 Now, on page three there's a charge of 75 cents,  
8 and I questioned that charge. And I called up,  
9 and they told me -- excuse me -- that it was  
10 because it was a conference call.

11           I never authorized BellSouth to give me a  
12 conference service or whatever it is. What  
13 happened is a few days later, to be exact, July  
14 10th, they sent me this letter it. Said thanks  
15 again for choosing BellSouth and so on and so  
16 forth.

17           And then on the next page there was this  
18 explanation. It says optional line service and  
19 there were four different options; three-way  
20 calling, blocking, call return blocking, repeat  
21 dial blocking, denial of call tracing, dash, per  
22 activation. And in very fine print underneath  
23 this it says optional services may be canceled at  
24 any time without a cancellation charge. Basic  
25 line service may be ordered separately from

1 optional services.

2 I never ordered any of these services,  
3 never. And I'm wondering how many subscribers  
4 know of this and how many have been paying these  
5 unauthorized charges over the years. Is that why  
6 BellSouth's second quarter profit rose 17 percent  
7 to 18 billion as opposed to 701 million in the  
8 prior quarter? In conclusion, I urge to you deny  
9 this rate request.

10 MR. GARCIA: Let me -- just so you know, we  
11 also just asked telecommunications staff last week  
12 to begin working on a rule about them, and we're  
13 gonna ask them, so that someone will be able to  
14 explain billing. When someone bills you they  
15 should have to explain. Part of the problem -- in  
16 your case, BellSouth is able to explain what it  
17 is.

18 Did they finally charge you for this, or did  
19 they take it off your bill?

20 MR. LIPINER: No, they agreed to take it off  
21 my bill.

22 MR. GARCIA: And the whole point is gonna  
23 be --

24 MR. LIPINER: The whole point is I never knew  
25 these things existed on my ordinary --

1 MR. GARCIA: Were they there on -- you should  
2 look at your previous bills, because if they were  
3 there on previous bills, they should give you your  
4 money back for those also.

5 MR. LIPINER: Well, no, this is the first  
6 time or very rarely that this happened, but I  
7 always check my bill. And when I saw this  
8 outrageous charge of 75 cents, not 25 cents, not  
9 15 cents for a local call, I called up quickly.

10 MR. GARCIA: I just wanted to ask you, I  
11 guess you heard me ask about the question about  
12 basic phone and the importance of a basic phone.  
13 Do you think it's essential as a service, in other  
14 words, should we continue the present system that  
15 we have, or should we try remove subsidies so  
16 that, if there is a subsidy, so that price is  
17 closer to cost?

18 MR. LIPINER: I'm not opposed to a subsidy,  
19 provided it doesn't increase the basic rate for  
20 the ordinary consumer.

21 MR. GARCIA: Okay. I understand.

22 MS. JOHNSON: Let me clarify one point.  
23 During past legislative sessions there was  
24 legislation out there that were to -- and  
25 generated on the house side, not the senate

1 side -- but that would have allowed for some rate  
2 increases to occur over the years, that  
3 legislation did not pass. What passed was  
4 legislation to ask the commissioner to come out  
5 and meet with the customers and to determine what  
6 fair and reasonable rates might be.

7 We aren't here pursuant to BellSouth asking  
8 for an increase. We're here pursuant to the  
9 legislature saying go out and talk to the  
10 customers; find out how they feel about the rates;  
11 find out what they feel about affordability and  
12 the value of service. So I just wanted to make  
13 sure that you understood that at the end of this  
14 hearing we won't decide any kind of rate increase  
15 issues, that BellSouth, they have not asked to us  
16 do that. We're just reporting back to the  
17 legislature.

18 MR. LIPINER: I thought this was a hearing  
19 because BellSouth petitioned your commission for  
20 an increase.

21 MS. JOHNSON: No, sir, not in this instance,  
22 no, sir. And I'm not aware of any petitions --

23 MR. GARCIA: I think BellSouth would like an  
24 increase, but what we're doing is -- what we're  
25 doing is -- and I think that generally speaking --

1 BellSouth wasn't the one who asked us to do this.  
2 It was the legislature who asked us to do this,  
3 to try figure out what the cost of basic service  
4 is.

5 MR. LIPINER: Well, this is from Saturday's  
6 Post, says BellSouth to argue for hike. Who are  
7 they gonna argue to, you or the commission or  
8 what?

9 MS. JOHNSON: To the extent that that report  
10 is accurate, they will be arguing to the  
11 legislature. Because it will be heard next  
12 legislative session. We're just reporting to the  
13 legislation, but we won't make a decision on that  
14 issue.

15 MR. LIPINER: I hope the get a negative  
16 report.

17 MS. JOHNSON: Thank you, sir. We appreciate  
18 it.

19 MR. BECK: Marjorie Shields?

20 MS. SHIELDS: This is my first experience in  
21 addressing a public entity of any sort. I never  
22 used to go over my phone bill very carefully. But  
23 people have been talking to me about being  
24 scammed, so I suddenly got very upset and decided  
25 I better look the bill over.

1           And the first thing that struck me, and this  
2 is my latest phone bill, was a 93-cent charge on  
3 the AT&T portion under the heading of optional  
4 calling services. Well, I investigated the 93  
5 cents, and I found out that there was nothing  
6 optional about it, and I don't know why they're  
7 permitted to label it as such.

8           Then I look a little further and I realized  
9 that something I know all along, I had this \$3.50  
10 charge from BellSouth every month. But now there  
11 is an 85-cent charge from AT&T. That, also the  
12 way it was explained to me is access charges.

13           Well, I added all this up and discovered  
14 that I had \$5.28 worth of access charges a month.  
15 My long distance phone bill was \$3.00 for 30  
16 minutes worth of calling, because I'm always very  
17 careful to call only on the weekend and at night.  
18 I figured out that that's 17 cents a minute.  
19 That's a 70 percent sure charge.

20           Well, my real complaint is that these access  
21 charges favor the heavy users over the light  
22 users. I wouldn't mind paying a percentage of my  
23 bill, and then it's my problem. But I don't want  
24 to be forced to subsidize the heavy, long distance  
25 users, and there are many of them. That's about

1 mainly what any complaint is.

2 I'd also like to comment that a few months  
3 ago I made two telephone calls to Italy, neither  
4 one of which was answered. And I did get charged  
5 on my AT&T bill as a one-minute call on each of  
6 them.

7 When I complained to AT&T they removed the  
8 charges, but they blamed it on the Italian phone  
9 company. But that's all I've got to say.

10 MS. JOHNSON: Thank you. We really  
11 appreciate your testimony. Any additional  
12 questions?

13 Thank you very much. Appreciate your  
14 testimony.

15 MR. BECK: That's the end of the witnesses  
16 who signed up ahead of time.

17 MS. JOHNSON: I'd like to thank all of you  
18 for coming out to the hearing today. It's been  
19 quite informative for the commissioners. The  
20 information that you've provided to us, the  
21 testimony that you've provided, will be a part of  
22 and factored into the report that we will  
23 ultimately provide to the legislature.

24 The sheet that you have, the green sheet, I  
25 believe on the front page gives the lists of when

1 we will be drafting our report and submitting it  
2 to the legislature. The draft report is scheduled  
3 for January 13th. It will be presented to the  
4 commission on January 19th and submitted to the  
5 legislature on January 15th, 1999.

6 Again, thank you all for or your comments.

7 And remember, we will be back in this area on  
8 October 19th. Our meeting will be held in the  
9 government center building. Thank you very much.  
10 Appreciate the turn out and the testimony. This  
11 hearing is adjourned.

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## C E R T I F I C A T E

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2  
3 THE STATE OF FLORIDA, )  
4 )  
5 COUNTY OF PALM BEACH. )

6 I, Pilar Ananos, Registered Professional Reporter,  
7 certify that I was authorized to and did  
8 stenographically report the foregoing proceedings and  
9 that the transcript is a true and complete record of my  
10 stenotype notes.

11 DATED this 1st day of September, 1998.  
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16 PILAR ANANOS, R.P.R.  
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