

BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

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In the Matter of  
**Fair and Reasonable  
Residential Basic Local  
Telecommunications Rates.**  
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: SPECIAL PROJECT NO. 980000A-SP  
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PROCEEDINGS: PUBLIC HEARING  
Orlando, Florida

BEFORE: CHAIRMAN JULIA L. JOHNSON  
COMMISSIONER J. TERRY DEASON  
COMMISSIONER JOE GARCIA  
COMMISSIONER E. LEON JACOBS, JR.

DATE: Thursday, September 24, 1998

TIME: Commenced at 6:00 p.m.  
Concluded at 8:05 p.m.

PLACE: Orlando City Hall  
City Council Chambers (2nd Floor)  
400 S. Orange Avenue  
Orlando, Florida,

REPORTED BY: JOY KELLY, CSR, RPR  
Florida Public Service Commission  
Chief, Bureau of Reporting

DOCUMENT NO. 98-0000A-SP  
DATE  
11378 OCT 13 1998

1 **APPEARANCES:**

2                   **JUNE MCKINNEY**, Florida Public Service  
3 Commission, Division of Legal Services, 2540 Shumard  
4 Oak Boulevard, Tallahassee, Florida 32399-0870,  
5 appearing on behalf of the **Commission Staff**.

6                   **CHARLES J. BECK**, Deputy Public  
7 Counsel, Office of Public Counsel, 111 West Madison  
8 Street, Room 812, Tallahassee, Florida 32399-1400,  
9 appearing on behalf of the **Citizens of the State of**  
10 **Florida**.

11

12 **ALSO PRESENT:**

13                   **ANN SHELFER** and **LEVENT ILERI**, FPSC Division of  
14 Communications.

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

2 (Hearing convened at 8:00 p.m.)

3 CHAIRMAN JOHNSON: Ladies and gentlemen,  
4 we're going to go ahead and begin our hearing tonight.  
5 My name is Julia Johnson. I'm the Chairman of the  
6 Florida Public Service Commission. Can you hear me  
7 now? I'll speak closer into the microphone. I wanted  
8 to welcome you all here this evening.

9 Counsel, could you please read the notice.

10 MS. MCKINNEY: By notice issued August 27th,  
11 1998, this time and place have been set for public  
12 hearing in the Florida Public Service Commission  
13 Undocketed Special Project 980000A. The purpose of  
14 the hearing is set forth in the Notice.

15 CHAIRMAN JOHNSON: Again, I'm Julia Johnson.  
16 I'm the Chairman of the Florida Public Service  
17 Commission. Seated to my far left here is  
18 Commissioner Leon Jacobs. To my right is Commissioner  
19 Terry Deason, and to my far right is Commissioner Joe  
20 Garcia.

21 If you didn't get an opportunity to receive  
22 one of the blue sheets out in front, we'll have  
23 someone available that can pass the sheets to you. It  
24 provides you with a lot of background information  
25 about why we're here today and goes into quite a bit

1 of detail. If you will allow me, I'll go through a  
2 brief summary of what's in the materials.

3 Last year the legislature, in House Bill  
4 4785, determined that the Florida Public Service  
5 Commission should study and report back to the  
6 legislature our conclusions as to the fair and  
7 reasonableness of local residential rates. They gave  
8 us a couple of criteria which are set to guide us.

9 They asked us to look at the affordability  
10 of service, the cost of service, the value of service  
11 and also to look at comparable rates in other areas.  
12 Quite a bit of that information on the rates in other  
13 areas is provided in the blue information that we have  
14 for you.

15 Most importantly, they directed us to hear  
16 from you, the citizens across the state of Florida, to  
17 determine how you feel about local telecommunications  
18 services; how you feel about the level of competition,  
19 the need for competition; the value of  
20 telecommunications services to you, and any other  
21 thing you might want to present to the Commission so  
22 we can then forward that information to the  
23 legislature. So we're here basically and mainly to  
24 hear from you.

25 Now, if you have questions about the

1 Commission and any of our regulatory authority, feel  
2 free to ask those too. But mainly we want to hear  
3 from you, your comments, your suggestions. If you  
4 don't feel like providing any oral comments, you can  
5 turn to the last sheet in the blue packet and there's  
6 a section for you to provide consumer comments. If  
7 you want to write those comments and provide them to  
8 the staff here, that would be fine. If you prefer to  
9 call us, there's a 1-800 number. We also have our  
10 Internet address. If you want to file a complaint or  
11 a concern over the Internet, or if you'd like to  
12 listen to some of the hearings that have already  
13 occurred over the last several weeks, you can access  
14 those if you have the necessary equipment on your  
15 computer through the Internet process.

16 I wanted to give you a little bit of  
17 background. I do need to take appearances of the  
18 attorneys here. With that in mind, I'll take the  
19 appearances. And then at the appropriate time, those  
20 of you that would like to testify, I'll ask you to  
21 stand and we'll swear you in. The reason we do that  
22 is to make sure your comments can be made a part of  
23 the official record upon which we can rely when we  
24 make our final report to the legislature. And with  
25 that we'll take appearances.

1           **MR. BECK:** My name is Charlie Beck. I'm  
2 with the Office of Public Counsel in Tallahassee and  
3 appearing on behalf of the Florida citizens.

4           **MS. MCKINNEY:** June McKinney on behalf of  
5 Staff.

6           **CHAIRMAN JOHNSON:** Are there any other  
7 preliminary matters other than swearing in the  
8 customers that want to testify?

9           With that, if you'd like to testify today,  
10 if you could stand and raise your right hand.

11           (Witnesses collectively sworn.)

12           Thank you. You may all be seated. Any  
13 other matters?

14           We're also, at the conclusion of the fair  
15 and reasonable rate study hearing, we're going to also  
16 open back up the 407 area code hearing to allow those  
17 that weren't able to make it here earlier today to  
18 testify on that particular issue too.

19           There are two separate dockets. We have the  
20 fair and reasonable rate hearings, which I believe  
21 most of you are here to testify to that particular  
22 topic. But we also have another docket that we had an  
23 earlier hearing on today, and if those that would like  
24 to testify as to the area code change or the need for  
25 an area code change, we will allow you to do that

1 also, but we will have to read a separate notice and  
2 open that process up separately. Anything else?

3 **MS. MCKINNEY:** No, Chairman.

4 **CHAIRMAN JOHNSON:** Thank you. With that I  
5 think we're ready for the first customer.

6 **MR. BECK:** The first witness is Mr. Roy  
7 Pooley.

8 - - - - -

9 **ROY POOLEY**

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

13 **DIRECT STATEMENT**

14 **WITNESS POOLEY:** Ladies and gentlemen of the  
15 Commission, it's a pleasure to be with you and I thank  
16 you for the opportunity. I don't quite know how I got  
17 to be first. Yeah, I do. I was pushed into it by my  
18 neighbor there.

19 I'm from Jacksonville, Florida, retired  
20 architect. I'm chairman of the State Legislative  
21 Committee of AARP, and that's my position and I speak  
22 for that group.

23 Today we have heard from -- we spent the day  
24 on your business. We have heard from Mary Bane. She  
25 represented you wonderfully. She's a very effective



1 and the kind of person that you enjoy talking to and  
2 very believable. We also heard from Tom Hunt, who is  
3 with the telephone company. So we've heard these two.  
4 And tomorrow we have scheduled listening to one of the  
5 legislators. So we're trying to do our very best to  
6 study and be aware of what's going on. We have  
7 people, I suppose, who have sought to speak that  
8 probably can speak to you much better than I can as to  
9 technical aspects of what we're dealing with.

10 But things that concern us is, first of all,  
11 the hearings before the legislature last April when  
12 before the State Committee officers of telephone  
13 companies could not answer very simple questions, and  
14 that seemed odd. They had no idea what the cost of  
15 serving a residential, or business for that matter,  
16 customer cost them. There was no indication whatever  
17 as to really why they were there asking for -- or  
18 being considered for a rate increase.

19 At that same time a major officer of  
20 BellSouth presented a check for what -- facsimile of a  
21 check in the State Attorney's Office for \$123,000 some  
22 odd dollars, which represented the current and last  
23 payment on a refund of overcharges in the past five  
24 years. Prior to that, it was about \$197 million of  
25 the same kind, and those payments reduced the bottom

1 line for BellSouth to 13.11. I believe you're  
2 familiar with that.

3           And I'm also familiar with the fact that  
4 your mission has nothing to do with their profits. I  
5 think that's a shame, but I understand that is the way  
6 it is. Your mission seems to be, or you seem to have  
7 been instructed by the legislature, to determine what  
8 would be fair and reasonable residential rates, and  
9 that implies that they need to be increased. To me it  
10 implies that, particularly since they sought a  
11 doubling in April. And I just recounted the recovery  
12 of overpayments, excess profits, I guess you would  
13 call it.

14           Today among the materials provided us by the  
15 telephone company there were some strange looking  
16 estimates of the cost of producing and providing  
17 residential basic service. Obviously, it amounted to  
18 considerably more than the current rates. At the same  
19 time, there was an indication of the charges and costs  
20 and the result of profits much of what they called the  
21 vertical services, the extra services, the  
22 superservices, which they said were not part of the  
23 cost of basic service; which had nothing to do with  
24 the income from residential basis service. And we  
25 find that hard to believe. We find that hard to

1 swallow.

2           If I don't pay my phone bill and include all  
3 of those other services, including long distance all  
4 of which have profits for the telephone company, they  
5 would have no profit. They would have no income. It  
6 would be a loss. I believe a major loss.

7           It seems to me that the excess charges -- I  
8 can't say excess -- we've agreed to them. We're happy  
9 with them -- but at least the charges for vertical  
10 services, compared to the cost, provided an absolutely  
11 obscene level of profit. In some cases as much as  
12 9,000%. I think you have to take that into account  
13 when you look at whether or not rates should be  
14 raised.

15           I know that there are a lot of people in  
16 this state who need the lowest rates they can have. I  
17 know that not many of them avail themselves of that,  
18 something like 7- or 8,000 in the entire state; the  
19 Lifeline rates. At the same time a great many more  
20 are eligible. And I think those people need to be  
21 protected. I think there are a lot of people my age,  
22 my condition, living virtually on Social Security  
23 income who would find \$150 more a year to be a  
24 problem. I'm not saying by that it would be a big  
25 problem for me. I'm not even saying it would be a big

1 problem for most people that I know. Most of us, in  
2 my church and my social activities, we could stand an  
3 extra \$10, \$12, \$15; we can do that. But there  
4 doesn't seem to be any reason for it to happen.

5 And so I would ask you to look at it very  
6 hard. I know you will. I hope we can offer some  
7 sense of how the public feels about telephone rates,  
8 and I very much appreciate the opportunity to speak to  
9 you. Thank you.

10 **CHAIRMAN JOHNSON:** Thank you, Mr. Pooley.  
11 Any questions?

12 **MR. BECK:** Thank you, Mr. Pooley. You're  
13 second witness is Valerie Hikey-Patton.

14

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15

**VALERIE HIKEY-PATTON**

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

19

**DIRECT STATEMENT**

20

**WITNESS HIKEY-PATTON:** Well, I think that  
21 you people get enough money; the telephone company.  
22 Not you. They have -- for the first quarter they made  
23 17%. Have any of you made that much on any of your  
24 investments? In fact, our investments are going down.  
25 I do think that the elder people have to be

1 considered. They have very little money and their  
2 only contact with the outside world is that telephone.  
3 You know that they call their friends, and a lot of  
4 them are homebound, and even a couple of dollars they  
5 couldn't afford. So that should be a very, very great  
6 concern.

7           The middle class people are next. They all  
8 have teenagers, and if any of you have teenagers you  
9 know that they use the phone continually. They use it  
10 for their social life. We want them to seek to be  
11 home. We want them to be where we can see them, know  
12 what's going on, what they are doing, and the  
13 telephone company -- the telephone is a very important  
14 part of their social life. If you expect them to stay  
15 home, then not only do they like -- they don't  
16 particularly like television, but they like to talk to  
17 their friends. And if you raise it, the telephone  
18 bill, it takes something away from them. Something  
19 else has to go. Because people today are living, many  
20 of them, from week to week on their salaries.

21           So I ask you and I implore you to look  
22 carefully, make sure that there isn't any -- I can't  
23 say any reason -- if you can show me a reason to raise  
24 the telephone rates, then I might feel differently.  
25 But so far no one has shown me any reason. Just I

1 don't know what the reason is. Can anybody tell me  
2 that reason? Maybe the telephone company could tell  
3 me? Just to raise the rates because that's the thing  
4 to do I don't feel -- and they're making a profit. We  
5 all know that. We don't mind that. But I don't think  
6 it should be an exorbitant profit. They are doing  
7 well and they should have a little concern for their  
8 constituents and the rest of the people. Thank you  
9 very much.

10 **MR. BECK:** Thank you. Paul Holmes.

11 - - - - -

12 **PAUL HOLMES**

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

16 **DIRECT STATEMENT**

17 **WITNESS HOLMES:** Good evening, honorable  
18 board members. My name is Paul Holmes. I live in  
19 Orlando here and I have been here for 22 years.

20 I come with mixed emotions. I happen to be  
21 financially involved with the Southern Bell people,  
22 when previous to when I was still working the  
23 telephone people were very kind to the organization in  
24 which I worked. They had done all of the printing and  
25 done all of the paperwork, done all of our mailing,

1 put out our news bulletins and everything at no charge  
2 to this senior center in which I was involved in.

3           So I really, really would like to be honest  
4 to myself and honest to the telephone people. But at  
5 this time we have all been bombarded by other  
6 influences that come out of Washington D.C. that so  
7 many things have happened that are mind-boggling that  
8 we really do not have full capacity to think out what  
9 we want to do. And it seems like these increases that  
10 are coming on, you have the -- you have the cable TV  
11 people are after increases, you have the Food  
12 Manufacturers Association of America are after  
13 increases. All of your major chain grocery stores are  
14 now getting ready to reassess, reset their computers  
15 on a price increase. Perhaps the telephone people are  
16 just following suit because they want to be in style.

17           But being a senior citizen, and I'm well up  
18 there, I know that there are a lot of people that use  
19 that telephone as a necessity in their home to call  
20 for a physician or to call their friends, to check on  
21 the health of somebody else. And if the increase is  
22 allowed, I believe that will actually cut back the  
23 phone service that a lot of the elderly people have in  
24 this particular area.

25           And I thank you very much for allowing me to

1 say what I had to say, and I hope you will respond  
2 accordingly. Thank you very much.

3 **CHAIRMAN JOHNSON:** Thank you.

4 **MR. BECK:** Thank you. Robert Stonerock.

5 **UNIDENTIFIED SPEAKER:** Actually I have a  
6 comment on 407.

7 **MR. BECK:** We'll hold on. When we start the  
8 407 hearing I'll call you. David Wright.

9 - - - - -

10 **DAVID WRIGHT**

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

14 **DIRECT STATEMENT**

15 **WITNESS WRIGHT:** Good evening, and thank you  
16 for allowing us to be here this evening and share some  
17 comments with you.

18 For the record my name is David Wright. I'm  
19 the president of Glaze and Radcliffe. We're a local  
20 professional consulting engineering firm. I'm a  
21 resident and customer in Seminole County of BellSouth.  
22 We also have corporate services through Sprint in  
23 Orange County.

24 My purpose tonight is to offer some comments  
25 to you from the business perspective. And again, as



1 some of the speakers have indicated to you already, we  
2 are certainly not in favor of rate hikes for the sake  
3 of rate hikes, but I have some points I'd like to  
4 share with you that you may find useful in your  
5 deliberations in terms of how you are looking at the  
6 current rate structure and moving towards making that  
7 rate structure a bit more fair, equitable and  
8 reasonable for all of your ratepayers.

9           Certainly in the last several years there  
10 have been some major technological advances in the  
11 telecommunications industry; specifically in the  
12 voice, the data and the video communications end of  
13 it. And a lot of that technological advancement has  
14 been spurred by competitive involvement in the  
15 industry and opening up the industry.

16           We've seen that increased competition having  
17 a significant impact not only in the services that are  
18 provided, the technologies that are available for all  
19 of us to use, but also the value and pricing to a  
20 great extent has become much more attractive for us.

21           A story, if you will, for just a second that  
22 I remember from years and years ago when I was a  
23 little boy. My grandfather was the vice president of  
24 Rochester Telephone up in Rochester, New York. And I  
25 used to query him as to why we had one phone in the

1 house, why that phone was rather large and bulky and  
2 why that phone was black. And he said, "Well, we  
3 offer any color you want so long as it's black. We  
4 offer any phone you want so long as it's this one." I  
5 said, "Why do you do that?" He said, "Well, we don't  
6 have to do anything differently. Nobody requires us  
7 to change. Nobody requires us to make different  
8 colors. Nobody requires us to make different phones."

9 I think you've all seen in the last 20 to 25  
10 years that that has changed dramatically. When  
11 competition was allowed to enter the marketplace,  
12 things changed.

13 We have colors. We have different types of  
14 phone. You have cell phones. You have the  
15 interlinking between voice data and video that's  
16 making the industry a lot more viable for us as  
17 business customers to take advantage of that  
18 technology.

19 What we're seeing, though, is that in  
20 looking at the rate structure there is a business  
21 factor subsidization of the basic residential rate  
22 structure. And we have a concern about that.

23 The concern basically says that we're  
24 looking at the rate structure in the sense that while  
25 the basic fee for the business customer is higher for

1 us than the fundamental cost, we see the reverse  
2 happening for the residential customer. We see that  
3 there's a subsidization from the rate structure in  
4 terms of them being charged less than the fundamental  
5 cost of providing that service.

6 Now, that is a relatively simplistic view  
7 and I don't want you to think that's as spearhead of  
8 my argument. But it's an observation I have in terms  
9 of what the telecommunication industry is doing.

10 They are finding that the feature add-ons  
11 are the high profit areas. And if you look at the  
12 pricing structure between the cost of that service and  
13 what they charge the residential or business customer,  
14 they are required to be forced into bundling or  
15 packaging services such that the ultimate price they  
16 receive, part of it a loss leader for the residential  
17 side, profit on the feature side, ultimately gives  
18 them the margins they are looking for. But what we're  
19 seeing, and I think this is good, is that the market  
20 sector in competition doesn't tolerate high  
21 profitability too long before companies get into the  
22 arena and say, "We can take that piece of the market.  
23 We can do it better. We can give better value and we  
24 can do it cheaper." And you're going to see more and  
25 more of that on the feature side: Call waiting, call

1 forwarding and things like that where you have major  
2 margins to work with. Now, what that will do, though,  
3 is going to force the telephone companies on the  
4 residential side to have a problem if the basic  
5 residential rates are left the way they are.

6           And, again, I'm not looking at asking you to  
7 consider price hikes. What I'm saying tonight is that  
8 rate subsidization for residential doesn't seem  
9 logical and reasonable anymore. And certainly having  
10 the business community support the residential  
11 customer doesn't seem reasonable nor logical either,  
12 but prefacing my next several comments I think I want  
13 to recognize one thing: There is a segment of the  
14 residential customer base that I think we have to pay  
15 special attention to, even as a business customer, and  
16 that's the poor and the needy, and things like your  
17 Lifeline rate.

18           I think as a good corporation, a good  
19 corporate citizen, we should also take responsibility  
20 as businesses to help make sure the poor and the needy  
21 retain the necessity of their telephone service. So  
22 while I'm speaking of moving away from rate  
23 subsidization, I'm qualifying it by saying that  
24 particular portion of your residential market sector I  
25 think should always get special attention. Because

1 without that, they are put in a situation where if a  
2 serious incident occurs, they are left without the  
3 ability to the communicate.

4           So I feel as a corporate citizen that has to  
5 be retained. The rest of the residential customer  
6 base, though, I think has to be relooked at. The way  
7 to do that is moving towards a more fair and  
8 reasonable rate structure that you've talked about  
9 already, Madam Chairman.

10           I think competition can be your best ally  
11 there. We have competition already in the  
12 marketplace. I think one of the suggestions I would  
13 leave you with is we need to increase that  
14 competition. We need to open up that arena more for  
15 some of these newer corporations and newer  
16 technologies to deal with all of the rate sectors  
17 you're looking at.

18           I think you're going to see that by allowing  
19 competition to have a greater role in the marketplace,  
20 that some of the concerns that we all have about your  
21 rate structure will grow through a market-based  
22 readjustment. Now, I'm not suggesting that you  
23 consider a radical overnight change. I don't think  
24 that would be reasonable either. I think whatever  
25 program you look at should be phased. I would

1 strongly suggest you do that. I would strongly  
2 suggest as well that you embed in your program  
3 appropriate milestones throughout the course of this  
4 change where you have the ability to go back and check  
5 to see how well the changes are occurring, to assess  
6 the review of those changes, and make sure that those  
7 changes are working in concert with the intent of the  
8 changes you put forth. And, also, you build into your  
9 program corrective actions, such as if rate extremes  
10 start to occur in the marketplace, you have the  
11 ability to curb those rate extremes so they don't  
12 inadvertently affect those people on fixed incomes who  
13 don't have the ability to quickly change their  
14 economic base to adopt the changing rates in the  
15 marketplace. So I would look for you to do things  
16 along those lines in whatever rate structuring you do.

17           You are going to find that no matter what  
18 program you put together, it's not going to be a  
19 panacea; it won't be perfect. There will be critics  
20 and criticism. And you're going to be left with some  
21 uncertainty and you're going to be taking a little  
22 risk. You're going to be outlining a future system  
23 that you can't really tell yet what the future is  
24 going to bring. So you all will face some criticism  
25 for taking a little risk no matter what you do. But I

1 think you'll move more towards a rate structure that  
2 moves closer to being more fair, more reasonable, more  
3 equitable for all of the ratepayers, and ultimately  
4 you'll give the ratepayers themselves a better ability  
5 to choose the service and service packaging that they  
6 want, such that they pick what they want, they pick  
7 what they need, and they pay a fair and reasonable  
8 price for it; whether it's a residential customer in  
9 my case personally, or a business customer in my case  
10 as well.

11 I think what I'd like to leave you with, as  
12 you move forward, move towards something that gives  
13 the customers the ability to pick and choose what they  
14 want and pay a fair and equitable rate for what they  
15 select. Thank you.

16 **CHAIRMAN JOHNSON:** Thank you. Any questions  
17 for Mr. Wright?

18 **COMMISSIONER JACOBS:** Mr. Wright, one of the  
19 premises of this whole discussion is that if we send  
20 the right price signal, then the competitors will show  
21 up. It's too early to make a conclusion on the  
22 evidence, but early indications are that that doesn't  
23 always occur. If we see that happening in our  
24 experiment, do you have any thoughts or suggestions  
25 about how to go about dealing with it? Because you

1 would agree that if we don't, if the price signals  
2 even though correct, do not attract market players,  
3 we'll have a ongoing problem. Would you agree with  
4 that?

5           **WITNESS WRIGHT:** Correct. I think the way I  
6 look at -- first of all, let me back up by saying this  
7 is not my area of expertise per se. I do a lot of  
8 rate work for municipal governments and function as an  
9 expert witness in many cases, but that's not for  
10 telephone services. It's for water, wastewater, storm  
11 water, solid waste, so I have a fundamental  
12 understanding of what you all are facing, but  
13 certainly not an expert in the specifics of what  
14 you're trying to deal with.

15           In any situation where you're structuring  
16 rates, you have to create the motivation for the  
17 competition to want to enter the arena. Ultimately  
18 that means there has to be profit. There has to be  
19 the financial inducement for them to want to be there  
20 in a free and open market, or you mandate them to be  
21 there out of the functional definition; if it's a  
22 necessity, they have to provide that service. You  
23 have those two things that you're weighing.

24           In opening it up for competition to come  
25 into the arena to take advantage of this broad



1 spectrum of availability of service I think you need  
2 to create the opportunity for them to have the ability  
3 to structure their services so they can get a  
4 reasonable rate of return in whatever arena they  
5 choose to serve, whether it's a singular arena of  
6 basic residential rate service, or whether they choose  
7 to go to the features area only, or they decide to  
8 bundle or package services in all arenas. If you  
9 don't do that, there's probably going to be some  
10 reluctance and reticence of getting in there unless  
11 you force them in by mandates.

12           My thought is that you probably aren't going  
13 to package it perfectly up front, so you may see some  
14 resistance in the players in the market. I would  
15 encourage you to have them offer some suggestions as  
16 well as how they could work with you to cause that end  
17 result to occur, but I would also suggest that you  
18 provide some necessary safeguards such that if you  
19 aren't seeing a movement in the direction you're  
20 hoping for, that you have a backup position that you  
21 can quickly implement to protect the ratepayers,  
22 especially some of the lower end residential, the poor  
23 needy and those on fixed incomes, especially your  
24 Lifeline customers.

25           So I think you're going to have to look at

1 all of those features. Again, this is not a area I'm  
2 well versed in but as a businessman I see certain  
3 things here that relate very clearly to some of the  
4 other things I normally do, and that's why I felt it  
5 was important to share some thoughts with you here  
6 tonight.

7           **COMMISSIONER GARCIA:** But you would agree  
8 with me that there is a societal benefit to having as  
9 low rates as possible for all of the citizens in  
10 general in terms of just basic service so everyone can  
11 communicate on the phone. For example, I would use --  
12 I'm sorry -- were you hearing me?

13           **WITNESS WRIGHT:** Yes.

14           **COMMISSIONER GARCIA:** So I would assume  
15 that, for example, I guess water regulation, to a  
16 general sense many municipalities subsidize their  
17 water because there's a public good there that's  
18 involved that -- it may not be a profit center for a  
19 municipality, but there are certain benefits to  
20 providing water as low a cost as possible and many  
21 cities take a loss in their water provision because  
22 they think there is a benefit to provide water to  
23 their citizens as low as possible.

24           **WITNESS WRIGHT:** If you're asking me do I  
25 agree with that statement? No, sir, I do not agree

1 with that statement.

2           **COMMISSIONER GARCIA:** You don't think that  
3 municipalities --

4           **WITNESS WRIGHT:** Your statement is factually  
5 not correct. Let me clarify.

6           I think fundamentally the argument of  
7 structuring a rate system, whether it's the  
8 water/wastewater that I work in or whether it's a  
9 telephone rate structure, to cause the marketplace to  
10 provide the highest value at the lowest possible price  
11 is certainly something that I would argue for  
12 extensively.

13           In the municipal arena, though, to argue  
14 that they provide the highest value at the lowest  
15 possible price is fairly accurate but they don't  
16 provide that value at a loss. Most of the  
17 municipalities are enterprise funds in water and  
18 wastewater, and by definition they are structured to  
19 be break-even at the end of the year, with some minor  
20 retainage for future investments and capital  
21 improvements.

22           So it's not correct to say that they price  
23 below the market or they price below cost. They do  
24 not do that. Many of the municipalities are now  
25 moving to what they call --

1           **COMMISSIONER GARCIA:** You certainly don't  
2 price for profitability because we are on the other  
3 side of that. We regulate water also.

4           **WITNESS WRIGHT:** I know that.

5           **COMMISSIONER GARCIA:** And clearly it is one  
6 of the most, I think, difficult things we do.  
7 Commissioner Jacobs sort of leads on that issue, but  
8 it is a very difficult thing because we have to price  
9 so that the companies have a fair rate of return. And  
10 what we find is that many times when the companies  
11 that we regulate are bordered by municipal programs,  
12 right, they don't price to lose, but they don't price  
13 to profit in comparison. Their water is usually much  
14 less expensive than privately owned systems. I mean  
15 they have all sorts of advantages.

16           **WITNESS WRIGHT:** Not to enter into a debate,  
17 but having done this for 25 years, both for private  
18 corporations, many regulated by you here in Florida,  
19 and for municipal corporations, to make that dramatic  
20 comparison by saying the private corporations are more  
21 expensive but they make profit versus the municipal  
22 utilities.

23           **COMMISSIONER GARCIA:** I'm distilling it.

24           **WITNESS WRIGHT:** You are distilling it, I  
25 think to a point where that simplistic analysis would

1 be an unfair characterization. That's why I'd have to  
2 disagree with you on that point.

3           **COMMISSIONER GARCIA:** Let me ask you beyond  
4 that because I started and I didn't finish the  
5 question.

6           You do believe, though, that there is an  
7 inherent need for modern society to have as many  
8 phones out there as possible, right?

9           **WITNESS WRIGHT:** Again, I'm going to have to  
10 answer that question a little differently.

11           **COMMISSIONER GARCIA:** You can answer it any  
12 way you want and you can restate the question.

13           **WITNESS WRIGHT:** And I will choose to do  
14 that, thanks.

15           What we see both personally, at my home, and  
16 what I see in our business, is that for many people,  
17 if not for our entire society, the phone basically can  
18 qualify as a necessity.

19           **COMMISSIONER GARCIA:** Correct.

20           **WITNESS WRIGHT:** I don't think you'll find  
21 many arguments there. And certainly at the low end of  
22 the spectrum those people that are restricted income,  
23 poor and needy not having that available to them would  
24 cause serious consequence to them. I understand that  
25 and I would agree that we, in the corporate

1 environment, and maybe some of the higher-end  
2 residential customers, should not ignore that end of  
3 the spectrum with you as you price things. Because I  
4 think that's unfair for us to close our eyes to both  
5 extremes, especially the low end extreme that needs  
6 that help.

7           To argue that we need a lot more phones, I'm  
8 not going to say that because I see the industry  
9 moving to a point where telecommunications and the  
10 combination of audio and video and data is moving us  
11 into a whole new arena. I see the ability to have  
12 communication capability as the key to the future in  
13 our business and personal lives, whether we're  
14 carrying portable phones, whether we're using a  
15 computer in front of us where we press a button and  
16 the computer speaks back to us and we can connect with  
17 anybody else in the world. Our industry is moving in  
18 that direction. So I would argue back that  
19 communication capability becomes an essential  
20 ingredient to life for all of us, whether it's a  
21 business life, a personal life, or security and health  
22 and welfare. So in the response there, that's where  
23 we're moving and I think that's how I look at it.

24           **COMMISSIONER GARCIA:** Thank you.

25           **CHAIRMAN JOHNSON:** Any other questions?

1 Thank you, Mr. Wright.

2           **WITNESS WRIGHT:** Thank you, Madam Chairman.  
3 I appreciate the opportunity.

4           **MR. BECK:** The next witness is Gary Earl.

5   - - - - -

6   **GARY EARL**

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

10   **DIRECT STATEMENT**

11           **WITNESS EARL:** Madam Chairman and  
12 Commissioners, my name is as stated, Gary Earl. I'm  
13 the Executive Director of the Jobs and Education  
14 Partnership for a five-county region in this area, as  
15 well as the Local Wages Coalition. I'm responsible  
16 basically for job training programs and pretty much --  
17 a little bit more importantly here tonight I think I'm  
18 responsible for the entity that handles welfare reform  
19 in the area.

20           To go to my remarks, and I'll keep them  
21 extremely brief, I think that as a society we have  
22 moved to a point where we're re-examining what should  
23 and should not be subsidized. Universal subsidization  
24 is probably a bygone concept. And I think as a  
25 society we have moved to a point where those who can

1 ought to pay, and those who can't, by some  
2 demonstrable measure, ought to be helped. And I think  
3 this goes to some of the remarks that my immediate  
4 predecessor made about making sure that we do take  
5 care of those who are unfortunate enough to be unable  
6 to carry the basic service.

7           What I would ask -- and for the purposes of  
8 my remarks I will assume that the process will work  
9 its ways, that you will come to some result in terms  
10 of fair and equitable rates, some adjustment that  
11 reduces disparity and subsidization from one group to  
12 another.

13           What I would ask, basically on behalf of  
14 most of my customers, is that for those who by some  
15 demonstrable measure, whether it's whether or not they  
16 paid income tax last year, whether or not they are on  
17 some form of income subsidization, that you identify  
18 some simple way of identifying whether or not a person  
19 can afford to keep their basic services. And if they  
20 cannot, then subsidize those. But if they can, they  
21 should help with the rest of us. And I'll lend my  
22 remarks with that.

23           **CHAIRMAN JOHNSON:** Mr. Earl, are you  
24 familiar with the Lifeline or Link Up program?

25           **WITNESS EARL:** Yes, I am.



1           **CHAIRMAN JOHNSON:** That's offered.

2           **WITNESS EARL:** And I -- I know it's there.  
3 I guess what I would say is that if I were in your  
4 shoes I think you need to find some universal measure  
5 that would decide whether or not a person is capable  
6 of paying; something that means something. Perhaps  
7 maybe we should look at whether or not people are,  
8 like I said, paying income tax or taking advantage of  
9 earned income credit. That's one way of looking at  
10 whether or not a person is self-sufficient.

11           **CHAIRMAN JOHNSON:** You think that the  
12 criteria that we use for Lifeline and Link Up aren't  
13 sufficient. We look at their participation in the  
14 wages program, food stamps, supplemental Social  
15 Security. It is kind of program-based, which in the  
16 programs -- I don't know if it's a direct income but I  
17 know you have to have a certain income to be in those  
18 programs.

19           **WITNESS EARL:** Everyone in those programs  
20 has a different criterion. We just went through a  
21 reorganization where we examined just in the work  
22 force development side of the fence 122 different  
23 programs funneled through 16 different federal  
24 agencies. And the criterion are all over the place.

25           I would just simply ask that you look at

1 some simple direct measure of ability and then apply  
2 it universally without regard to age, sex, whatever.  
3 Just say here's where we draw the line and basic  
4 services available at that point. Now, you do get  
5 into some complications as to whether or not you  
6 provide that basic service, and then also allow  
7 additional optional services, call-waiting, whatever  
8 at base rates.

9           **CHAIRMAN JOHNSON:** How do you feel about  
10 that?

11           **WITNESS EARL:** You know, I can't answer  
12 that. I have an inherent feeling that everyone should  
13 have a right to the basic service. Maybe if you  
14 really wanted to make it complicated you'd have some  
15 scaled system. But I'm not going to give you that  
16 advice.

17           What I am asking is that as you work through  
18 the process you look to a simplistic way of  
19 identifying those who need assistance and draw the  
20 line somewhere so that we're not subsidizing  
21 willy-nilly without justification.

22           **COMMISSIONER JACOBS:** Mr. Earl, there's an  
23 interesting argument that's been raised by several  
24 people. It goes something like this: They are  
25 willing to pay for the bare-bones basic service.

1 Their problem is that they think they are paying more.  
2 And one person said it this way: They would love to  
3 be able to get a dial tone to dial 911 and then go out  
4 to someplace and buy a card, an a long distance  
5 calling card, and not have to have even the ability  
6 from their line to make long distance calls. They are  
7 willing to have that kind of service. In exchange,  
8 they would want to not pay any of the overhead  
9 currently imposed on them in order to make long  
10 distance calls and the other auxiliary kinds of  
11 services for the phone system? Do you think that's a  
12 fair exchange? And how would that measure out in the  
13 overall objective of obtaining competition?

14           **WITNESS EARL:** Well, you're asking me about  
15 something that I had not heard of or considered.

16           I tend to think, again on behalf of my  
17 clientele, that some basic services, the ability to  
18 call out in emergencies, the ability to reach your  
19 kids when something happens at school or whatever,  
20 those kinds of things ought to be something that all  
21 of us have access to, whether you assign a basic feed  
22 of that and the rest of us pay something more to  
23 subsidize it, that's -- I don't know how to answer  
24 your question. If they want to carry something else  
25 beyond that to have access to disbanded service --

1           **COMMISSIONER JACOBS:** Their argument is  
2 there's no subsidization because they don't want to  
3 have these other services or the other options. They  
4 are willing to pay for the basic POTS line, basic  
5 access line, okay, at some level, but they don't want  
6 to have to pay access charges, they don't want to have  
7 to pay SLC charges, they don't want to have to pay all  
8 of these other add-ons -- some of which may be even  
9 bundled into the present day line charge. But they  
10 don't want to have any of that. They want to go out  
11 and buy a calling card and whenever they need to call  
12 their kids use that card.

13           **WITNESS EARL:** For the other services.

14           **COMMISSIONER JACOBS:** Or the other services,  
15 and take that off of their line. And their argument  
16 is they think that they are paying more than what they  
17 really use. We've even heard people come up and I  
18 think it's official now -- there's one company that  
19 would charge them and impose on them a surcharge if  
20 they don't make long distance calls, but simply have  
21 the opportunity to make long distance calls.

22           **WITNESS EARL:** I can only respond to that by  
23 saying that if I were in your shoes I'd sure want to  
24 make this as simple as possible for the customer.

25           **COMMISSIONER GARCIA:** Let me ask you a sort

1 of question that I think you would be an expert at.  
2 And if you're not, that's fine. But you alluded to it  
3 earlier.

4           The concept of -- one of the issues that we  
5 discussed, and the Chairman may have talked about it  
6 is, if you qualify for assistance, and I'm using the  
7 word "assistance" in a general way because I think  
8 it's difficult for people -- it's difficult enough for  
9 people to ask for assistance as is, you know, for  
10 pride and for other reasons.

11           **WITNESS EARL:** Yes.

12           **COMMISSIONER GARCIA:** To have to demonstrate  
13 necessity to Ma Bell has to be even more repugnant to  
14 the average citizen. So one of the things we've been  
15 talking about, and I guess you can be helpful is, what  
16 would be the criteria, or what government program does  
17 there exist where we could say -- it's the most  
18 general and broadest program, if you were receiving  
19 this, then Southern Bell or Sprint or whoever gets an  
20 automatic, you know -- your computer or our computer  
21 or BellSouth's computer would automatically put them  
22 on a Lifeline assistance. Because the great problem  
23 we have is the huge amount of nonparticipation that we  
24 have in the Lifeline program in certain areas of the  
25 state. Nobody knows it's there.

1           **WITNESS EARL:** I would respond to that this  
2 way, that for the large number of people that my  
3 agency and its subcontractors work with, the ability  
4 to work with those people, and the necessity to work  
5 with those people as they take those first steps back  
6 towards self-sufficiency doesn't end when the public  
7 cash assistance ends. In many cases we need to  
8 provide child care subsidies for nine to 12 months  
9 afterwards, educational benefits for two years  
10 afterwards.

11           I would look for something out there that is  
12 easy to identify, that is relatively universal, that  
13 has some defensible basis for how it's calculated,  
14 that doesn't peg itself to a given program because we  
15 work all today --

16           **COMMISSIONER GARCIA:** Because there's so  
17 many different programs.

18           **WITNESS EARL:** -- because there are people  
19 who are identified as being one program and not  
20 another.

21           **COMMISSIONER GARCIA:** Got you.

22           **WITNESS EARL:** I would recommend that you  
23 look to some of the income tax laws. If they are  
24 paying income tax but still making use of earned  
25 income tax credit, that is a fairly good measure as to

1 whether or not a person is self-sufficient, and it's  
2 universal, and they do it once a year.

3           **COMMISSIONER DEASON:** I have a question.  
4 Mr. Earl, given your background, I have, I guess, a  
5 more general philosophical-type question.

6           When we talk about subsidizing telephone  
7 rates for those that need the subsidization, what that  
8 implies is that we're charging other people more in  
9 the cost so that excess then can be used to subsidize  
10 the lower rate that's below cost for those that can't  
11 afford. At the same time we're talking about -- when  
12 we're in a monopoly and you had one provider and you  
13 set the rates and the rate of return and you basically  
14 controlled everything and there was not a market and  
15 there was no competition, that did not create a lot of  
16 problems. We're trying to move this industry to where  
17 it's market based. And usually we have competition  
18 and it's market based you basically result in prices  
19 trending towards cost, and usually with a little bit  
20 of profit above cost.

21           **WITNESS EARL:** Right.

22           **CHAIRMAN DEASON:** I'm trying to analogize  
23 that a little bit with some other programs. Obviously  
24 there's the food stamp program. Food is an essential  
25 thing. Telephone service might not be quite as

1 essential as food, most people consider it a necessity  
2 of life, modern day life, why don't we have telephone  
3 stamps? And that's kind of an facetious question but  
4 then it's kind of serious, too. What we're asking to  
5 do is manipulate the market for telephone service so  
6 they could afford it, but we don't do that with food  
7 stamps. We don't go to the grocery store and tell the  
8 grocery store owner, well, true, a pound of sugar is a  
9 dollar a pound, the cost, but we want you to charge  
10 \$1.10 to 90% of your customers so that 10% can buy it  
11 for 10 cents a pound and get that person involved in  
12 that. Why is it that telephone service should be  
13 different?

14           **WITNESS EARL:** Well, let me answer in sort  
15 of a multifaceted way.

16           When I started I said that I would assume  
17 that your process would work its way through, and some  
18 things that I was not going to comment on I would  
19 assume would work their way through the system and you  
20 all would come out with fair and reasonable results.

21           One of those is the simple recognition that  
22 technology is here that allows us to put competition  
23 in the system. And there is a certain market control  
24 that comes with competition in the marketplace.

25           The idea of using telephone stamps just out



1 of the box, having never been asked that, strikes a  
2 very dangerous chord with me. Nationally, and even in  
3 the state, the quote/unquote "error rate" in food  
4 stamp administration pushes 50%. I think we're  
5 somewhere in the 40s now after massive efforts to  
6 correct problems.

7           **COMMISSIONER DEASON:** Let me interrupt you  
8 for just --

9           **WITNESS EARL:** And what I'm suggesting to  
10 you is that you would be creating a bureaucracy to  
11 monitor the telephone stamps that would far exceed its  
12 costs.

13           **COMMISSIONER DEASON:** I'm glad you make that  
14 point. Who is going to -- you're proposing something  
15 simple to have a universal way of identifying. Who is  
16 going to administer that and how do we know there's  
17 not going to be fraud in that?

18           **WITNESS EARL:** I don't think you can ever  
19 eliminate all fraud. The minute you write the rules  
20 to some game, someone will figure out how to beat you  
21 at it. But everybody files income tax and everybody  
22 has one piece of paper to show that. However, you can  
23 minimally examine something like that, would be my  
24 recommendation; whether it's to show a copy of that  
25 form, I don't know. That's up to you to decide but I

1 sure as heck wouldn't create a bureaucracy to do it.

2           **COMMISSIONER DEASON:** Who should do that?  
3 Should the Public Service Commission do that or should  
4 the telephone companies do that? And there's a cost  
5 of administering any program. And then if you ask the  
6 telephone companies to do that, you're increasing  
7 their cost of service, which then, again, I guess,  
8 gets passed to all customers.

9           **WITNESS EARL:** I would suggest that would be  
10 cheaper than creating another agency to watch them.  
11 There would certainly be some ability to go in and  
12 audit whether or not they did it correctly once in a  
13 while by an outside independent firm. I would not  
14 create any independent agency to do anything like  
15 that. I just wouldn't recommend it. We're, as a  
16 society, in the business of getting rid of such  
17 organizations.

18           **COMMISSIONER GARCIA:** Thank you. That was a  
19 good suggestion I thought, in the concept of a broad  
20 brush stroke of how something could apply, and it's  
21 something that captures, I think, a lot of the  
22 retired, it captures a lot of different people in  
23 different niches, but it's sort of a broad brush  
24 stroke of a minimum level entry sort of into some type  
25 of need. So I appreciate that. Thank you. It hadn't

1 occurred to me.

2           **CHAIRMAN JOHNSON:** Thank you, Mr. Earl.

3           **MR. BECK:** Thank you. The next witness is  
4 Tyler Weisman.

5   - - - - -

6   **TYLER WEISMAN**

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

10   **DIRECT STATEMENT**

11           **WITNESS WEISMAN:** Commissioners, Madam  
12 Chairman, I am both a customer and a stockholder of  
13 BellSouth. I'm extremely pleased with the quality of  
14 my residential service, as well as the many custom  
15 calling services that have been put in place since  
16 BellSouth -- since its divestiture from AT&T. With  
17 that in mind, I have a few areas of concern that I'd  
18 like to be brought before this Commission this evening  
19 and see if there can be some resolution.

20   Number one is extending the toll free  
21 dialing area, and this directly relates to rates, I'm  
22 sure. I live in the city of Winter Springs.  
23 Residents one mile away from my home, who are also in  
24 the city of Winter Springs are served by Sprint, can  
25 dial toll free to Apopka, Windemere, Winter Garden and

1 Lake Buena Vista. I cannot. Orlando is one big  
2 metropolitan area stretching from Sanford in the north  
3 to Kissimmee in the south, and from Winter Garden in  
4 the west to Christmas in the east. An option for toll  
5 free dialing should be provided for this entire area.  
6 Such an option should be on an unlimited calling plan  
7 and should be exclusive of any message unit-type  
8 calling plan.

9           Second concern. I'm currently being  
10 prevented from using the terminology "home office" in  
11 a directory listing for my second telephone line. I'm  
12 allowed to use the term "residence office," but the  
13 former term is proper and preferred. For some reason  
14 BellSouth believes that the terminology "home office"  
15 warrants business rates. This is totally ludicrous  
16 and needs to be addressed in regulation.

17           Third point. BellSouth also refuses to  
18 allow call forwarding busy line to be utilized to  
19 forward the call to another line at the same location.  
20 Instead, they are forcing hunting, an older and more  
21 costly technology to be implemented. Hunting is a  
22 technology used with analog-type switching systems.  
23 This has been obsoleted by the digital switch  
24 technology which allows the call forwarding and busy  
25 line capabilities. BellSouth hides behind a tariff

1 violation to justify this action. The tariff needs to  
2 be reconsidered and brought in line with today's  
3 technologies. And that's my three points.

4 COMMISSIONER JACOBS: Mr. Weisman.

5 WITNESS WEISMAN: Yes.

6 COMMISSIONER JACOBS: I understand you don't  
7 live in Sprint's territory.

8 WITNESS WEISMAN: No.

9 COMMISSIONER JACOBS: But you're awareness  
10 of the calling scopes over there is what I'm concerned  
11 with. Are you aware if they are under some kind of  
12 special calling or is it just the base --

13 WITNESS WEISMAN: That's just the basic  
14 local extended toll free area for Sprint compared to  
15 BellSouth.

16 COMMISSIONER JACOBS: Okay.

17 WITNESS WEISMAN: It's totally -- it's  
18 unequal. Something needs to be looked into that. I  
19 mean, I called down to Lake Buena Vista, I call out to  
20 Apopka, I mean -- I can down to Orlando, it's further  
21 to call down to Orlando than call to Apopka and yet I  
22 get tolled for calling Apopka.

23 COMMISSIONER JACOBS: Do you make a large  
24 number of those calls?

25 WITNESS WEISMAN: I make a few a month but

1 it's still, you know, annoying. It should be in the  
2 base rate.

3 **COMMISSIONER JACOBS:** Okay. Thank you.

4 **CHAIRMAN JOHNSON:** Ms. Shelfer, you're  
5 familiar with those calling scopes and issues there  
6 but I know they are talking about two different  
7 companies. Is there a LATA there or what's the issue?

8 **MS. SHELFER:** I believe I was away. Which  
9 areas are we talking about? From Orlando into Apopka?

10 **WITNESS WEISMAN:** Calling from Winter  
11 Springs, 327 exchange.

12 **CHAIRMAN JOHNSON:** Did you say Winter  
13 Springs, the city.

14 **WITNESS WEISMAN:** City.

15 **CHAIRMAN JOHNSON:** Half of the city is  
16 served by United and the other half is --

17 **WITNESS WEISMAN:** Both. The city is served  
18 by both companies, half and half. But the Sprint  
19 customers get far more access than the BellSouth  
20 customers do.

21 **CHAIRMAN JOHNSON:** We may have some  
22 information on that. And while she's looking at that  
23 issue, the other issue you raised was that they only  
24 allow you to use the what you call the old fashioned  
25 hunting. And they said our tariff prevented them from

1 doing the call forwarding --

2           **WITNESS WEISMAN:** The call forwarding, busy  
3 line, yes, ma'am.

4           **CHAIRMAN JOHNSON:** Not the technology but  
5 the tariff?

6           **WITNESS WEISMAN:** The tariff. The  
7 technology is there.

8           **CHAIRMAN JOHNSON:** That's something that  
9 we'll also have to look into and have Staff get back  
10 with you on what the dilemma could be with respect to  
11 that issue.

12                   The other issue that you raised was the  
13 second line, what you have to call it in order to have  
14 the residential rate, I guess. And do you have a  
15 home -- do you operate a business out of your home?

16           **WITNESS WEISMAN:** I work full time, and I  
17 also have a consulting business in my home. But you  
18 know, it's very minor. My income comes from my  
19 full-time job.

20           **CHAIRMAN JOHNSON:** And what you'd like to  
21 do --

22           **WITNESS WEISMAN:** Instead of listing it as  
23 "residence office," list it as "home office." That's  
24 what it would say. It wouldn't be advertising in any  
25 specific way.

1           **CHAIRMAN JOHNSON:** I know that generally,  
2 and I'm sure you're aware of, too, to the extent it  
3 was a real business that received the phone line, that  
4 they do charge the business rate, but --

5           **WITNESS WEISMAN:** Right. No, it's still  
6 under my name individually, and all I wanted it to do  
7 was say "home office." They'll let me put "residence  
8 office" but they won't let me put "home office." I  
9 think there's something funny about that.

10           **CHAIRMAN JOHNSON:** Well, it does strike me  
11 as a little odd. Perhaps we can check into that, too,  
12 to better understand what their policies are and why  
13 it's set up in that manner.

14           Ms. Shelfer, any indication on Winter  
15 Springs and the issues there?

16           **MS. SHELFER:** Based on the NXX he has he's  
17 served out of the Oviedo exchange and he has toll free  
18 calling to East Orange, Geneva, Orlando, Sanford and  
19 Winter Park. And he's correct, he does not have  
20 calling to Apopka.

21           **WITNESS WEISMAN:** Windemere,  
22 Lake Buena Vista or Winter Garden.

23           **MS. SHELFER:** I vaguely remember a request  
24 that involved Oviedo and I don't know if it was  
25 through leapfrogging or through a direct filing. But



1 if no further calling was given but -- when we had  
2 jurisdiction, either it didn't qualify or we were  
3 never requested.

4           **WITNESS WEISMAN:** I mean, I'd be willing to  
5 pay a little higher rate on my phone bill to have  
6 access to those areas, like they do in South Florida  
7 where they give you an extension.

8           **CHAIRMAN JOHNSON:** That's what we used to,  
9 before of the 1995 legislation, the Commission did  
10 have the authority to look at the calling patterns and  
11 make some determination as to extending scopes. We no  
12 longer have that authority. When the legislature  
13 changed the law in 1995 and started opening up the  
14 market, I would assume that they thought that the  
15 competitive forces would take care of that issue. Now  
16 the companies -- this may be an odd situation because  
17 you're dealing with two different companies, but  
18 generally the companies, to the extent that there's no  
19 other restriction, you could approach the company.  
20 And I know that in the Sprint area, they take in those  
21 petitions when customers petition and say they want a  
22 larger calling scope, and they apply the rule we used  
23 to have in place to make their determinations.  
24 Perhaps something is possible through that forum. I  
25 don't believe there's anything that we could do at

1 this time. Ms. Shelfer.

2 **MS. SHELFER:** No, Chairman, there isn't. I  
3 believe that BellSouth does offer a LATA-wide program.  
4 It's tariffed and there's a charge for it but it's  
5 optional, and that may assist you in that area.

6 **WITNESS WEISMAN:** But it's different from  
7 what they have down in South Florida where you could  
8 add on just a certain amount surrounding -- this would  
9 be an entire LATA-type situation, right?

10 **MS. SHELFER:** Yes. I don't think you have  
11 the option of just adding a few. You would either  
12 take some or all.

13 **CHAIRMAN JOHNSON:** We'll have a Staff member  
14 get with you and see if we can address or assist you  
15 with the matters you raised.

16 **WITNESS WEISMAN:** I have a written copy I  
17 can provide.

18 **CHAIRMAN JOHNSON:** Thank you very much.

19 **WITNESS WEISMAN:** Thank you.

20 **MR. BECK:** The next witness is Aaron  
21 Kaufman.

22

23

24

25

1                                   **AARON KAUFMAN**

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

5                                   **DIRECT STATEMENT**

6                           **WITNESS KAUFMAN:** Hi. Good evening. I'm  
7 Aaron Kaufman. I live in Orlando on the east side.  
8 I'm a BellSouth customer. Some of my comments are  
9 going to be a little disjointed because I wasn't sure  
10 I was going to be here tonight.

11                           I have a general comment on rate cases  
12 themselves. As a court reporter, I've sat in on  
13 probably three or four times on different utilities.  
14 And it's interesting for the public to realize, to  
15 know that the utility is always going to give a high  
16 request, and the Public Service Commission is always  
17 going to give a low one, and they usually end up  
18 meeting somewhere in between. So it's just a process  
19 of them deciding which is valid and which isn't. So  
20 it's not always a cut and dried situation on what the  
21 rate is going to be.

22                           My service over all, all the years, has been  
23 fine as far as residential service, but I have some  
24 complaints. Particularly, recent two years ago, I had  
25 another line jack installed; not another line, a jack.

1 I was charged \$65 for the BellSouth serviceman to come  
2 out, drill a hole through a 8-inch concrete block, put  
3 the jack on the inside. Where the jack had to be put  
4 was right under the telephone box. He was there a  
5 whole 15 minutes. And I -- through BellSouth's  
6 courtesy, they allowed me to pay for it over three  
7 months instead of all at once. I think it's extremely  
8 excessive for that kind of service, \$65.

9           Secondly, I have had a problem with  
10 BellSouth's billing statements for years. Sometimes  
11 I'll get a statement that's ten pages of these  
12 (indicating) front and back. It takes me a good 30  
13 minutes to read through everything just to make sure  
14 that I can understand the charges that are being  
15 applied. When you add in -- this is a small one. I  
16 didn't have any long distance phone calls this month.  
17 And the only thing I did -- and this is another  
18 complaint I had, I went from their \$7 a month rate  
19 service, which was basically you paid for every call  
20 over 30 calls. You got 30 free calls locally,  
21 whatever, and every call over that you pay 10 cents a  
22 month. As I was planning on making a lot more calls  
23 in the next few months, I decided I'll go back to the  
24 flat rate line, what I thought was the flat rate line,  
25 at \$10 a month, which was supposed to be unlimited

1 calls locally. Well, on my bill I've gotten charged  
2 for adding a service. They gave me a credit, a  
3 partial credit for the residential rate line that I  
4 had previously. Then they charged me \$8 to go back to  
5 the \$10.45 rate. Plus -- so I ended up having to pay  
6 \$2.60 to go back to the other rate, which I'm sure all  
7 involved was three key strokes in the computer.

8           And my suggestion to BellSouth is I want a  
9 bill like most of the utility companies I have that's  
10 at least 8 by 11 so they can itemized down the lines.  
11 I'm getting tired of reading -- I go to one page, turn  
12 to another, and then I get an explanation on something  
13 else and then we go back to this -- you know, I have  
14 to keep flipping back and forth to figure out what  
15 everything is supposed to be.

16           And finally, I'm one of those phone users  
17 that they don't like. I've never had an extra service  
18 on my line in my life, in 25 years of owning a phone.  
19 I don't want call forwarding, I don't want call  
20 waiting, I don't want ID, I don't want any of that  
21 stuff. And our phone bills, since deregulation, have  
22 gone from a basic service line of about \$10 to \$12 a  
23 month now to 18. And I don't know whether people  
24 realize it or not, one-third of your phone bill is  
25 taxes now. So even if you didn't have a line -- if

1 you just had a line and no phone -- and a basic  
2 residential line rate now is \$17. That's including  
3 the residential line plus taxes. That's without any  
4 long distance.

5           And I understand the Public Service  
6 Commission doesn't have control over, you know, the  
7 FCC charges, and that's where people need to talk to  
8 their Congressman about. You should see this bill  
9 when I got long distance phone calls on it. I can't  
10 make head -- most of the time I end up having to call  
11 them to figure out my bill and that shouldn't have to  
12 happen.

13           And finally, about the subsidization, I'm  
14 referring mostly to business. Business users use the  
15 phone a lot more than residential users do and that's  
16 why they charged more. They have more lines, they  
17 have more services, they use it a lot more, and as a  
18 business owner I understand where they are coming from  
19 but that's just the way it is. Most car dealers will  
20 tell you they make ten times the profit on a Cadillac  
21 than they do on a Honda. The more expensive the car,  
22 the more overhead, the more profit they charge on it.  
23 That's just the way businesses do it.

24           I don't know what's going to happen --  
25 actually, I'm more worried about opening the system up

1 to the market because of the billing problems we're  
2 having now. I don't know how you're going to  
3 accomplish it. Good luck.

4           Like I said, the service has been fine. I'm  
5 just -- I think their billing is atrocious, and I  
6 think their charge for repairs and residential  
7 rates -- I've talked to other people, that's way out  
8 of line for that kind of repair. And I have had one  
9 repair on my phone in 25 years and no upgrade of  
10 service, no upgrade of lines.

11           So they are getting the benefit of all of  
12 the people that have already been in their calling  
13 area for years. They are still getting paid. And I  
14 understand they are upgrading their technology, but  
15 they haven't had to go out and get new customers.  
16 That's also a cost of doing business. So they've  
17 gotten it good from both ends.

18           So that's all the comments I have. Thank  
19 you.

20           **COMMISSIONER DEASON:** I have a quick  
21 question. You mentioned the \$65 charge to install a  
22 jack. Did you call anyone else to see if someone  
23 could do it for less or did you just call BellSouth  
24 and just had them do it.

25           **WITNESS KAUFMAN:** I called BellSouth because

1 I didn't want anybody else -- and I don't think -- I'm  
2 sure it wasn't a BellSouth employee. They contract it  
3 out. I'm not one of those people that call friends  
4 over to do stuff like that.

5 No, I didn't. No. I mean it was their  
6 equipment I would have to tie into. And I don't want  
7 to be responsible for something going wrong with that  
8 box. I know how easy it is. People tell me how easy  
9 it is all the time. But I figure it's their  
10 equipment, it's not mine, and don't want to take the  
11 chance on it being damaged.

12 **COMMISSIONER DEASON:** Actually, your inside  
13 wire, that does not belong to the telephone company.

14 **WITNESS KAUFMAN:** No, but the box does on  
15 the outside that I have to wire into.

16 **COMMISSIONER DEASON:** I thought you said it  
17 was just a jack, not an additional line.

18 **WITNESS KAUFMAN:** It was not an additional  
19 line.

20 **CHAIRMAN JOHNSON:** Any other questions?  
21 Thank you for your testimony.

22 **COMMISSIONER GARCIA:** A quick question. You  
23 said your bill is ten pages long?

24 **WITNESS KAUFMAN:** Some months it has been  
25 ten pages.



1           **COMMISSIONER GARCIA:** How long is that one  
2 for your first flat --

3           **WITNESS KAUFMAN:** This is the smallest bill  
4 I have had in probably five years. This is front and  
5 back.

6           **COMMISSIONER GARCIA:** You had no long  
7 distance.

8           **WITNESS KAUFMAN:** No long distance.

9           **COMMISSIONER GARCIA:** All you had was --

10          **WITNESS KAUFMAN:** One change on a service.

11          **COMMISSIONER GARCIA:** And it's six pages  
12 long?

13          **WITNESS KAUFMAN:** If you don't count the  
14 information.

15          **COMMISSIONER GARCIA:** I'm Southern Bell's  
16 dream. I have everything on my phone. Would you  
17 mind, could I see your bill? Would you mind that?

18          **WITNESS KAUFMAN:** Sure.

19          **COMMISSIONER GARCIA:** Because I expect mine  
20 to look complicated because I do have all of the bells  
21 and whistles.

22          **CHAIRMAN JOHNSON:** While he's looking at  
23 that, sir, one of the things that's happening on both  
24 the state and the federal level, I know there are a  
25 lot of new federal charges, there's not much we can do

1 about that. But we have been filing in response to a  
2 lot of those end user surcharges, as a Commission we  
3 have been filing in opposition to them. But as it  
4 relates to the billing, the FCC, they are also  
5 concerned with the complicated nature of the billing  
6 and the way that it's formatted. They have issued a  
7 Notice of Inquiry, and they are going to, perhaps in  
8 the next several months, start addressing the billing  
9 issue to make the bills more user friendly, more  
10 understandable. I don't know if they'll go so far as  
11 to tell them, you know, that has to be on bigger  
12 paper, that kind of thing. But they are looking at  
13 some of those issues because it's caused a big problem  
14 for consumers, just understanding, like you said, what  
15 should be a simple phone bill.

16           Also, on the state level, we're looking at  
17 both the billing practices and some of the advertising  
18 practices to determine if there's something else that  
19 we need to do to make sure that advertising isn't  
20 misleading, that bills aren't confusing. It is  
21 something that we are focussing on, and your concern  
22 and you statements well-taken.

23           **WITNESS KAUFMAN:** My real concern is about  
24 the slamming problem. I've heard responses from other  
25 people that the phone company's response is, well,

1 it's your job to prove they slammed you. When you try  
2 to contact some of these slammers and they are out of  
3 state and you have to pay the bill. You could have  
4 \$200 bill and you have to pay it, otherwise the phone  
5 company will cut you off. I've heard of horror  
6 stories there has to be some kind of medium ground  
7 here --

8           **COMMISSIONER GARCIA:** Let me tell you, you  
9 don't have to pay the bill. Obviously, if you call  
10 BellSouth they'll tell you have to pay the bill. But  
11 you don't have to pay the bill. If you are slammed,  
12 you call the Commission, file a complaint with the  
13 Commission, and until that's resolved -- and it has to  
14 be resolved -- BellSouth cannot collect from you and  
15 they have to continue providing you basic service.

16           **WITNESS KAUFMAN:** That's good to hear that  
17 because I didn't know that. I would have found out  
18 about it, I'm sure, eventually, but I'm sure a lot of  
19 people don't know that.

20           **CHAIRMAN JOHNSON:** You know, you raise a  
21 good point there. That's another thing we're looking  
22 at too, that requirement, perhaps when we were in more  
23 of a monopoly environment, it was easier for us to  
24 tell the customer and the company that customer, when  
25 there's a dispute you call the company first or you

1 call us and you let the company know, well, we filed  
2 something with the PSC so don't turn off my service.  
3 Now that we're having so many competitors in the  
4 market we're looking at whether or not that makes  
5 sense. Because most customers don't know they need to  
6 call the Commission and then they can not pay the  
7 disputed amount. So we're looking at other ways to  
8 make sure that we can provide customers with the  
9 assistance they need, particularly since we're dealing  
10 with a lot of slamming, cramming, those kind of  
11 issues. And we don't want people to feel as if they  
12 are held hostage to a phone bill.

13 **WITNESS KAUFMAN:** I agree. I appreciate  
14 that.

15 **CHAIRMAN JOHNSON:** Thank for your phone  
16 bill. Thank you for your testimony.

17 **MR. BECK:** Next witness is Rex Toi.

18 - - - - -

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

23 **DIRECT STATEMENT**

24 **WITNESS TOI:** I haven't been to one of these  
25 sessions before. I got a phone bill that said if I

1 have any complaints or comments to just come in, so I  
2 don't have prepared remarks but I did have something  
3 that's been bugging me. Actually it relates --

4           **CHAIRMAN JOHNSON:** Mr. Toi. Mr. Toi.

5           **WITNESS TOI:** Yes, ma'am.

6           **CHAIRMAN JOHNSON:** We have a court reporter  
7 that's recording everything that you're saying. She's  
8 actually typing it in. Could you speak a little  
9 slower.

10           **WITNESS TOI:** I could do that. I didn't say  
11 anything significant yet.

12           As I unwind my voice, I'm just going to  
13 outline my foundation.

14           I live in Osceola County. I live five  
15 minutes from the boundary between Osceola and Orange  
16 County. As everyone knows, I just think of this as a  
17 giant Metroplex, like one of the gentlemen said from  
18 Sanford to Kissimmee, St. Cloud, you know, the way our  
19 highways are done, way the subdivisions are done,  
20 building between the different counties, really a  
21 continuum, and it just doesn't seem with the toll, the  
22 billing system, to have 25-cent tolls, it just doesn't  
23 seem to reflect economic reality. The bottom line is  
24 either -- preferably you do away with a tolls; include  
25 it in the base rate, or -- I'm using Sprint right now

1 and Sprint doesn't really have this higher amount you  
2 can pay monthly to have unlimited 25-cent toll calls.  
3 They do not have that. I asked for it. I notice that  
4 people I know in Southern Bell, I think they said for  
5 \$23 a month they can pretty much call in an extended  
6 service area as much as they want for what used to be  
7 25 cents a call.

8           So I believe there should be some symmetry.  
9 Even if there's different local companies, there  
10 should be some symmetry. So if the other side can do  
11 it, I should do it. And it seems to me that  
12 intuitively if one company can do it, then it should  
13 be feasible for another company to do it, a reasonably  
14 equivalent stature like Southern Bell versus Sprint.  
15 I don't like the notion that Sprint can't do it but  
16 Southern Bell can do something.

17           I believe that -- I'm just going to think  
18 out loud and there's a conclusion to this. When I get  
19 a 25-cent call -- okay, I'm calling -- say I'm in  
20 St. Cloud, I'm in the north end of St. Cloud,  
21 Narcoossee, I call Orlando, it could be five minutes  
22 away, that's 25 cents. If I'm calling an answering  
23 machine it's 25 cents, if I misdial a number, I made a  
24 mistake it's 25 cents. Whether it's twenty minutes or  
25 two seconds, it's 25 cents. They do add up

1 substantially. What I think I'm paying for is -- a  
2 lot of it is paperwork that is unnecessary. I do not  
3 need the phone company to track all of my 25-cent toll  
4 calls. I'm not sure if they usually tell me how long  
5 the 25-cent toll call lasted. To me, I'm paying for  
6 extra paper, extra typing, extra postage, and I'm  
7 paying for something I don't need.

8           Basically it should be a built-in service or  
9 like a \$23-a-month extension. And so to me this  
10 problem is different than one of allocation. For  
11 example, when you talk about subsidies, you're talking  
12 about the overall cost and the overall revenues you  
13 need. And then you have to divide up issues of  
14 dividing up revenue and cost and matching them. To me  
15 I'm talking about something which is just lowering the  
16 cost, period. I'm saying there's redundancies. You  
17 don't need to create paper to track 25-cent toll  
18 calls. And it just doesn't reflect economic reality.  
19 Southern Bell can do it and so Sprint doesn't.

20           **COMMISSIONER GARCIA:** Let me just -- say  
21 slow you down because I'm sure our court reporter is a  
22 few paragraphs behind you. Speak a little bit slower.

23           I'll tell you what, we have exactly the  
24 opposite reaction from other customers that say to  
25 us -- in fact, yesterday we had a gentleman who keeps

1 a log next to his phone. Every time he makes a  
2 25-cent -- and then compare he compares it against GTE  
3 and if they are off by one call, you know, he calls  
4 them. Some people really like that information  
5 because it helps them control their spending and  
6 realize where it's going. So.

7           **WITNESS TOI:** Okay. Then probably the best  
8 solution -- they really care about that they are  
9 making a local call from Apopka to -- or whatever,  
10 St. Cloud --

11           **COMMISSIONER GARCIA:** No, I'm talking about  
12 the 25-cent call. I don't think BellSouth tracks  
13 your --

14           **WITNESS TOI:** So do you think there's enough  
15 people who -- well, if they really want to know, why  
16 do they need to have it documented? It's just a  
17 residential service. If they are curious how many  
18 times they called from Kissimmee to Orlando --

19           **COMMISSIONER GARCIA:** I should give you his  
20 number. He'd plant a flag in your chest. It's a  
21 banner call for him. It's just because he likes to  
22 understand what he's got. He likes to know what it is  
23 that he did. You're right, it all adds up, ten calls  
24 times 25 cents, it's 2.50.

25           **WITNESS TOI:** I make about \$100 worth of



1 calls of the 25-cent variety a month. It just seems  
2 too much to pay \$100. It's a lot more than my basic  
3 service and all I'm doing is calling people that could  
4 be ten minutes away and I'm paying \$100 a month for a  
5 25-cent call. I think that's not a good  
6 counter-example of what I do, because it's a  
7 residential user. If he really wants to know -- well,  
8 yeah, he can keep track. Well, let's see. The thing  
9 is if it's unlimited, he doesn't need to keep track.  
10 That's the whole point.

11 **COMMISSIONER GARCIA:** Right.

12 **WITNESS TOI:** If it's unlimited built into  
13 the base, then it doesn't matter if the company made a  
14 mistake keeping track of 25-cent calls.

15 I think the system can do 25-cent -- I don't  
16 think there's really a cost to 25-cent calls. You  
17 don't need to track them, put them on paper, keep  
18 track of the length. I think electronically it seems  
19 to me quite simple to just incorporate it and increase  
20 the overall base rate. Or I suppose what I think  
21 Southern Bell does, they have just like an extended  
22 calling area and they pay like \$25 a month extra and  
23 they can just -- so you can sort of segment that way.  
24 But just the idea of continuing getting 20 pages of my  
25 listing of 25-cent toll calls, to me I'm paying for

1 all of that paper and tracking. That's not right.  
2 And Southern Bell is showing me a \$25-a-month type of  
3 thing and Sprint is not.

4           So at least in the immediate solution I  
5 think Sprint can at least do what Southern Bell does  
6 by -- ultimately it's going to happen anyway to think  
7 of this community as a metroplex from Sanford to  
8 Kissimmee, St. Cloud, Winter Park, Orlando, Longwood,  
9 Maitland. Just make it one base. I don't think  
10 there's that much additional cost to do that, because  
11 it's all just electronic impulses. You don't need to  
12 create paper tracking everything in between.

13           **COMMISSIONER DEASON:** I have quick question.  
14 Have you asked Sprint if they were willing to provide  
15 such a service?

16           **WITNESS TOI:** Yes, I did. Got a letter.  
17 They said they couldn't do it. They had it checked  
18 out. In fact, I have a letter of the -- I think  
19 Mr. Kelly assigned a special guy to do it, and he says  
20 bottom line it just didn't get done. So can't do it.  
21 I have actually wrote the president of Sprint and he's  
22 had some tariff manager call me and I talked to him.

23           **COMMISSIONER DEASON:** Have you, as a  
24 residential customer, been contacted by any other  
25 local carrier from a competing company that perhaps

1 would offer such a service?

2           **WITNESS TOI:** I have not. I'd love to be  
3 contacted by a whole bunch of people, but not from the  
4 local -- I haven't seen local competition. I would  
5 like to have much more local competition. Also  
6 local -- unrelated local cable competition. I haven't  
7 really seen that. I'm trapped, for example -- it's  
8 unrelated, I think it's in your department, telemedia  
9 cable service, they have poor service, but I can't  
10 find anyone else. They have a monopoly on certain  
11 channels and I can't use another company. I can't use  
12 Time Warner or anyone else but I guess that's a  
13 different hearing.

14           But, no, I don't hear from any of the  
15 competitors that can give me a different pricing plan  
16 for my local service.

17           **COMMISSIONER DEASON:** But you would like to  
18 see a competitor --

19           **WITNESS TOI:** I'd like to see competitors  
20 definitely. Or in the immediate term just another  
21 pricing option so I can call unlimited 25-cent toll  
22 calls be priced in and not read about all of my  
23 25-cent toll calls and pay for the paper for that.

24           **COMMISSIONER DEASON:** In your response  
25 from -- in the response from Sprint, did they indicate

1 it's just a service they were not willing to provide  
2 or they indicated there was some restriction either  
3 from this Commission or for some other reason they  
4 could not. They said there was a restriction?

5           **WITNESS TOI:** No. They did not indicate a  
6 restriction. They indicated that it depends on what  
7 people prefer, like something like the last, maybe  
8 five years ago, they had a balloting, or there's some  
9 balloting they do and they ask people whether they  
10 want this system or not. And for some reason the  
11 responses they got were from people who didn't want to  
12 pay extra in order to have non-itemized 25-cent calls.  
13 I think they said -- basically they said they had some  
14 capacity to ballot and it hasn't been done for several  
15 years. And they might have been balloting people from  
16 the north coming here on vacation, asking their  
17 opinion.

18           So I said their balloting is flawed. I  
19 think and I said that -- and they said it's nothing  
20 that's been current anyway. But they said there was  
21 some balloting procedure that could be done. But then  
22 with some open to competition thing, that they don't  
23 even do that anymore. So I don't think they have a  
24 gauge of public interest in having one flat basic rate  
25 for the metroplex. I don't think they have assessed

1 it. As far as the actual response, nothing has really  
2 stuck in my mind; it was about a year ago. And they  
3 didn't say any reason they couldn't do it. It's just  
4 that they just didn't offer it at this time. And they  
5 do admit that Southern Bell, who I'm calling -- like  
6 in West Palm or Orlando, they are doing it for their  
7 customers, but I can't get it from Sprint in my own  
8 area.

9           And, yes, I do wish there was much more  
10 local competition, or even a listing -- if you can  
11 list who I can call. I don't even have to have them  
12 call me. I will call them. If you have a public  
13 service insert that says these are the local companies  
14 that are competing in your area, these are their phone  
15 numbers, I will even call them. But I don't even have  
16 that information.

17           **COMMISSIONER DEASON:** Just a clarify, I  
18 think when they were referring to balloting, that was  
19 a process we required back when there was a proposal  
20 to make everybody's phone bill go up. You're not  
21 seeking that. You just want the option yourself.  
22 You're willing to pay more to get the service.

23           **WITNESS TOI:** I'm actually two levels. One  
24 is I'm willing to do that, but ultimately I'd like  
25 everyone to pay more if electronically there is a

1 study that says it's really not that much more costly  
2 to just make it a giant metroplex basic line. Pretty  
3 soon everyone is going to have Orlando and Kissimmee,  
4 back and forth, know each other from artificial  
5 boundary lines. And I think sooner or later it's  
6 going to be just one complex.

7           So in the short term I just want the option  
8 to pay, say, \$25 a month for unlimited 25-cent toll  
9 calls. That would be satisfactory. In the long term,  
10 I don't think it's awful and that expensive to just  
11 build it into the base rate. That's my intuition. I  
12 think that's really part of the community and the  
13 growth of Orlando, of metroplex, to think of it as one  
14 giant community.

15           **COMMISSIONER DEASON:** Thank you.

16           **CHAIRMAN JOHNSON:** Thank you, Mr. Toi.

17           **MR. BECK:** Monte Belote.

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1                                   MONTE BELOTE

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

5                                   DIRECT STATEMENT

6                                   WITNESS BELOTE: Good evening,  
7 Commissioners. My name is Monte Belote. I'm actually  
8 not this evening a BellSouth customer, but for the  
9 last 14 years I've run the Florida Consumer Action  
10 Network, a statewide grassroots consumer and  
11 environmental advocacy organization. I retired an few  
12 months ago. But while I was running that nonprofit  
13 for 14 years, I have had the opportunity to be a  
14 customer for Sprint, BellSouth and GTE in our various  
15 offices.

16                                   You have a unenviable task before you that  
17 the legislature has punted to you: To try and decide  
18 what a fair and reasonable rate for basic residential  
19 phone service is. But I wanted to start by urging you  
20 to take pride in the work that the Florida Public  
21 Service Commission has already done.

22                                   You have the lowest rates in the southeast  
23 and you should crow about it, not wait until at the  
24 legislature to try and figure out ways to raise them,  
25 but rather to thank Florida's customers for the

1 aggressive advocacy of the Public Counsel, intervenors  
2 like AARP, the Florida Consumer Action Network,  
3 Attorney General and others, your Staff, who have done  
4 a wonderful job in their most recent case involving  
5 BellSouth, the question of whether or not they should  
6 enter long distance markets, and, of course, previous  
7 and the current Commissioners themselves.

8           Because of your foresight, you helped to  
9 provide the largest rate reduction in Florida's  
10 history for telephone customers. That 1994 settlement  
11 ultimately has returned more than a billion dollars  
12 into Florida's consumer's pockets. It reduced  
13 business rates, it cut long distance access charges,  
14 it expanded the 25-cent area ECS calls across the  
15 state, and you finally slayed the cash cow: Touch-Tone  
16 service. Something that people paid for on their  
17 bills a dollar per month per line for decades, but now  
18 has been taken off their bill.

19           My experience, though, that while BellSouth,  
20 of the three major companies, is at least reluctant  
21 but allowing competitors to come into the market,  
22 ultimately, BellSouth is still the monopoly player.  
23 It's alive and well and laughing all the way to the  
24 bank.

25           The last thing that we believe Florida's



1 consumers need is for you to give them more money.  
2 And that's exactly what their proposal in any form  
3 will ultimately do. (Shows poster)

4           What will they think of next, you might ask?  
5 Now we're starting to hear the need for universal  
6 service fund. The Public Service Commission has  
7 already ruled just a couple of years ago that there is  
8 no need for funding a universal service program.  
9 Already there is a subsidy of \$3.50 per month per line  
10 per customer, the subscriber line charge. Now they  
11 want to tax customers supposedly to help rural people.  
12 But virtually all BellSouth customers aren't rural  
13 unless you count rural hamlets like Miami, Pensacola,  
14 Jacksonville or Downtown Orlando. Frankly, if the  
15 problem is rural customers, like folks in Christmas, a  
16 town -- I don't know if you can even call it a town,  
17 as you drive between here and Brevard County, maybe we  
18 should give them all cell phones rather than trying to  
19 worry about raise rates so you can deal with those  
20 rural customers.

21           Frankly, the whole idea of trying to create  
22 a new pot of money for BellSouth's benefit to fund  
23 quote/unquote "universal service needs" to me harkens  
24 the idea of what BellSouth might really want to do  
25 similar to the BellSouth camel: Once it opens up the

1 flap, sees its head inside, before you know it, it  
2 will be right inside the camp with you swattering  
3 Florida's consumers. It doesn't make any sense.

4 Frankly, as you know, telephone service is  
5 still a declining cost industry. The switches, the  
6 computers all become faster and cheaper each year.  
7 Heck, frankly, every six months it seems there are new  
8 advances in the technological wonders for  
9 telecommunications.

10 In talking with people across the state, and  
11 I think you have been seeing this yourselves, frankly,  
12 residential customers feel that current rates are  
13 already fair and reasonable. However, business  
14 interests are also right, I will tell you honestly,  
15 but I believe they are being misled.

16 Business rates could be significantly lower,  
17 but first you have to look at what BellSouth calls  
18 fair and reasonable costs. Is it fair and reasonable  
19 for customers to pay for shiny skyscrapers on the  
20 banks of the St. Johns River in Jacksonville, or could  
21 they just work fine in a back office setting rather  
22 than downtown?

23 Is it fair and reasonable for customers to  
24 pay for an airport specifically for the BellSouth  
25 president, Joe Lacher, who seems to have problems

1 getting fogged in in Tallahassee at important times.

2           Is it fair and reasonable for customers to  
3 pay for BellSouth's image advertising. It doesn't  
4 provide telephone service. For that matter, golf  
5 tournaments? Excessive executive compensation? And  
6 certainly, is it fair and reasonable for customers to  
7 pay for the lawyers and lobbyists who craft crazy  
8 plans, like the one filed a few months ago that would  
9 have proposed doubling people's residential phone  
10 bills?

11           What I'd like to do to close is to list a  
12 few commonsense suggestions, recommendations, if you  
13 will, and some of them you've heard.

14           Recommendation number one would be to keep  
15 the price caps that currently exist in Florida law for  
16 residential service, but to expand and include any  
17 monopoly service or vertical service for which  
18 residential customers, or business customers, can't  
19 choose. In other words, I can choose to go ahead and  
20 have voice mail from any one of a number of carriers.  
21 I can't choose to have call waiting from anyone other  
22 than the monopoly phone company.

23           Mandatory enrollment for Lifeline and Link  
24 Up. I know that Commissioner Johnson has been  
25 speaking across the state about the possibilities of

1 looking specifically at mandatory enrollment of  
2 Lifeline rather than waiting until the companies  
3 decide to deal with the fact that only 3 to 5% of all  
4 of those who are eligible for Lifeline actually take  
5 the service. For that matter, we could develop a  
6 basic telephone line option that would specifically  
7 provide only local service and nothing more.

8           You have constant debates in Tallahassee  
9 before the Public Service Commission about the billing  
10 practices of long distance carriers. If you want to  
11 try and help a really low income customer, just take  
12 the long distance option out of there completely.  
13 Hey, maybe they can even strike the subscriber line  
14 charge for those customers and just provide that basic  
15 necessity: A telephone with no frills.

16           Phase in access reductions to interstate  
17 parity. Something that doesn't make any sense if  
18 you're a BellSouth customer because you already have  
19 that, thank you to the Public Service Commission and  
20 interveners. But if you're a Sprint customer or a GTE  
21 customer, et cetera, you're paying two to three times  
22 the cost for calls between one city and another within  
23 Florida. That's the proverbial situation where a  
24 customer in Tampa trying to call to Sarasota at one  
25 rate and then find out that they could make actually

1 half again as many calls, if you would, or as many  
2 minutes, by placing the call from Tampa to Los  
3 Angeles. It doesn't make any sense. And here's an  
4 opportunity to change that.

5 I certainly would suggest your continued  
6 aggressive enforcement of slamming and cramming.  
7 You've done a wonderful job and I know the legislature  
8 came in and ratified the work that you all have been  
9 hard at work to do. And I know that you're also  
10 beginning to look at clearer bills, more descriptive  
11 telephone bills.

12 I would suggest that you include in those  
13 descriptions the exact calculation of each tax or fee  
14 on that bill. Just a short summary is fine. But even  
15 a well detailed bill, such as GTE's, comes up with  
16 absolute jibberish when you try and realize why one  
17 line's taxes are not used for the same calculation for  
18 another tax. Unfortunately, the Florida Legislature  
19 is ultimately at fault for opening the Pandora's box  
20 in 1995.

21 Normally you try to do good things by first  
22 developing competition and then deregulating over  
23 time. Unfortunately, the Florida legislature did it  
24 exactly backwards.

25 Now that we are 3.5 years down the road and

1 there's still no real competition for basic telephone  
2 service, I would urge, to begin with, to provide a  
3 real wholesale rate, particularly for residential  
4 service, similar to the FCC's original recommendations  
5 in 1996. That was a 25 to 40% discount; not the 10 to  
6 18 or 20% resale rates that ultimately were put before  
7 the Public Service Commission. You'd think,  
8 especially BellSouth, would understand that since they  
9 were already getting their costs and a reasonable  
10 profit of the 12 to 14%, that that only leaves you 4  
11 to 6% to play with, with billing and advertising, and  
12 administration. Obviously, no one's going to jump  
13 into the competition bandwagon.

14           These are all reasonable ideas, or modest  
15 proposals, if you will, and I'd be happy to take any  
16 questions. And thank you for your patience.

17           **CHAIRMAN JOHNSON:** Any questions for  
18 Mr. Belote.

19           **COMMISSIONER GARCIA:** Monte, what was the  
20 other side of that poster? You didn't speak about it.

21           **WITNESS BELOTE:** Oh, it's for tomorrow.

22           **COMMISSIONER GARCIA:** Okay. Thank you for  
23 keeping it interesting.

24           **COMMISSIONER JACOBS:** I was going to say we  
25 now have a reason to show up.



1 long time about the rate that the basic -- that the  
2 local residential ratepayers have to pay, and that --  
3 we just mentioned that as a flat fee there and that it  
4 was so very low.

5 But the other thing that finally I was able  
6 to separate out and look at was this subscriber line  
7 charge. And that has a maximum charge on it of \$3.50.  
8 I'm sure all of you know this, but I just want to  
9 remind you of it.

10 But everybody that I know has to pay that  
11 thing. In other words, it's practically mandatory on  
12 that telephone bill. And that money is on there for  
13 the purpose of construction, maintenance and repair of  
14 the telephone transmitting capability; in other words,  
15 poles, lines, conduits, all of that kind of stuff.  
16 And when that is mandatory charge on there, that it  
17 might as well be a part of the phone bill because it  
18 is mandatory.

19 So the basic phone rate for your residential  
20 customer is not approximately, what is it, \$10.50 in  
21 this state, but it's \$10.50 plus the subscriber line  
22 charge. And that money goes directly to the phone  
23 company for their use, as far as I know. So that is  
24 one thing there that I wanted to mention.

25 The other thing is that I've heard there's



1 been a number of businesses complaining about  
2 so-called subsidizing residential service. A number  
3 of years ago I had to put in for a business line  
4 myself. I asked them why in the world is this charge  
5 so much higher than the cost for the residential line?  
6 The answer I got was because you make more calls on a  
7 business line than you do on a residential line.  
8 Consider that for a moment, yes, that is probably  
9 true, because in these days most of the people, both  
10 the husband and the wife in a two-parent household are  
11 working. And if it's a one-parent household, that  
12 person is working most of the hours of the day, and  
13 during that time is when that business phone is really  
14 cooking, because the calls are coming and going there  
15 for all kinds of activity, calling either customers to  
16 let them know that their products are there, vice  
17 versa, back and forth like that, or customers calling  
18 the business. So that is one of the things that makes  
19 a lot of difference in the number of calls between  
20 businesses and the consumer.

21 Now, the one thing, also, that's mentioned  
22 in the study that you're doing is the value of that  
23 telephone service. And, of course, the value of that  
24 telephone service is indispensable in a business  
25 because you can't operate without it; not even the

1 lowest type of business you can think of, except the  
2 fellows that drive around in their cars and solicit  
3 mowing lawns. They are about the only ones that can  
4 operate without a phone, and most of them will give  
5 you a card and tell you if you need any help with your  
6 yard, give them a call.

7           The other point there is the business has to  
8 call other businesses for parts, supplies, and  
9 everything that's involved in it, or vice versa, the  
10 other business is calling them for it. So all of this  
11 contributes to a great number of calls, and the value  
12 of that telephone being in there as opposed to your  
13 residential phone.

14           And the last point that I want to make, and  
15 it is an extremely important one, and that's just  
16 this: That business can deduct that telephone charge  
17 as a deductible legitimate expense. I think  
18 Commissioner Deason, who, I believe, is an accountant  
19 by profession, would agree with that point. And that  
20 is one of the most important things there because it  
21 doesn't make any difference how big their phone bill  
22 is, they can deduct that from their business revenue  
23 before they have to pay taxes on it, income taxes,  
24 things of that nature. By the same token, the  
25 residential customer cannot deduct a telephone expense

1 from his income tax unless he is using it as a  
2 business telephone.

3           Those are the things I wanted to mention to  
4 you that I hadn't mentioned before, and I don't know  
5 whether you had heard them very much or not, and I  
6 wanted to mention them to you. And I thank you for  
7 the time. And here again, I know what you're up  
8 against.

9           **COMMISSIONER GARCIA:** I want to state it  
10 just for you, people who are members of AARP, Ed  
11 follows around the state. That's why he's not  
12 discussing elderly issues, because you'd say, well,  
13 why isn't he talking about us, because he's hit us --  
14 this is the fourth or fifth time we've seen him, so  
15 he's just refining his argument.

16           **WITNESS PASCHALL:** I'm going to give you  
17 tomorrow morning off from me. I won't be there.  
18 Thank you very much.

19           **CHAIRMAN JOHNSON:** Thank you.

20           **MR. BECK:** Chairman Johnson, Mr. Paschall is  
21 the last witness signing up for the rate docket.

22           **CHAIRMAN JOHNSON:** I'd like to thank all of  
23 you who testified in our -- sir, did you have a  
24 comment?

25           **UNIDENTIFIED SPEAKER:** Are you through at

1 this point?

2           **CHAIRMAN JOHNSON:** Yes. We were just going  
3 to conclude this one and then go directly into the  
4 407.

5           **UNIDENTIFIED SPEAKER:** I was the first one  
6 to talk to you, and I would love to have a few  
7 minutes.

8           **COMMISSIONER GARCIA:** Now, you're not going  
9 to yell at us or anything because you got steamed up  
10 from sitting there, right?

11           **WITNESS POOLEY:** Well, I could do that  
12 (Laughter) but I don't want to get that steamed up.

13           I'm old fellow. I have been around along  
14 time.

15           **COMMISSIONER GARCIA:** Why don't you state  
16 your name again.

17           **WITNESS POOLEY:** I'm Roy Pooley,  
18 P-O-O-L-E-Y.

19           And I remember in 1973, when throughout the  
20 state of Florida automobiles were lined up to buy  
21 gasoline while there were tankers sitting a half mile  
22 or a mile offshore waiting to bring gasoline in. I  
23 remember going into a warehouse not so many years ago  
24 stored with sugar, and that sugar was not available on  
25 the grocery shelves. It was so deep, it was about ten

1 feet deep, a huge block square warehouse with  
2 front-end loaders moving the sugar around, but my wife  
3 couldn't buy a pound of Dixie Crystals at the grocery  
4 store. That got resolved. That got resolved by  
5 increasing the price of sugar. The same kind of thing  
6 happened pretty close to the same time, but with  
7 coffee. And we're still paying a premium for coffee  
8 in this country because of that kind of grasping and  
9 maneuvering to increase the price. Now, let me tell  
10 you where I'm going.

11 I want to make sure you're aware that I  
12 think we have, in this country, the world's greatest  
13 best, most efficient, and probably cheapest telephone  
14 service in the world. It's good. It's great.  
15 Everyone testifying here today has said they have good  
16 service. That doesn't change the efforts of the  
17 company to increase their income, and that I  
18 understand too.

19 An example that I think is misguided in  
20 terms of analyzing the cost of telephone service and  
21 competitive telephone service, is the concept of  
22 forward costing; determining what the cost of a  
23 business five years from day may be to produce the  
24 same facilities that are in place throughout America,  
25 through the state of Florida. And, of course, there

1 are ways for wholesaling and making that less of a  
2 burden. There's no reason for it to be a burden. As  
3 a matter of fact, there are now movements -- and they  
4 are going to increase -- in Jacksonville, for example,  
5 there's a Media One, the cable service, and they are  
6 offering a pretty fine service with all of the  
7 verticals for about \$7, I believe it is, less than  
8 BellSouth does. So that can come.

9           **COMMISSIONER GARCIA:** They're offering it  
10 here now in Orlando?

11           **CHAIRMAN JOHNSON:** He said Jacksonville.

12           **COMMISSIONER GARCIA:** Jacksonville. You had  
13 stated that you were from Jacksonville. I had  
14 forgotten to ask you that, right? You said you were  
15 from Jacksonville.

16           **WITNESS POOLEY:** Yes, I did.

17           **COMMISSIONER GARCIA:** Did you come here  
18 for --

19           **WITNESS POOLEY:** I came here for a meeting.

20           **COMMISSIONER GARCIA:** Of the AARP.

21           **WITNESS POOLEY:** Yes.

22           **COMMISSIONER GARCIA:** But you just said that  
23 in Jacksonville Media One is providing local service  
24 in certain communities today?

25           **WITNESS POOLEY:** They are advertising it

1 today.

2           **COMMISSIONER GARCIA:** And are they  
3 advertising it city wide?

4           **WITNESS POOLEY:** Yeah.

5           **COMMISSIONER GARCIA:** Really?

6           **WITNESS POOLEY:** Yes.

7           **COMMISSIONER GARCIA:** I didn't know that.

8 Did they say --

9           **WITNESS POOLEY:** Another telephone company  
10 has come into Jacksonville and they're advertising  
11 today with a wireless service, and it was so important  
12 to them that they set up a new headquarters in  
13 Jacksonville and they paid millions of dollars to have  
14 their name on the new stadium for the World Series --  
15 listen to me, Super Bowl-bound Jaguars. So they are  
16 looking to grow and penetrate that market. No other  
17 reason for them to spend that kind of money.

18           What I'm saying is, there is potential  
19 competition, and that competition, as it takes hold,  
20 will lower rates. It has in the field of long  
21 distance.

22           In my present position I'm spending a lot of  
23 time on the telephone, speaking to a lot of places  
24 around the country and I'm getting about ten pages  
25 with a list of calls with every bill. And what's

1 amazing to me is how many of those phone calls to  
2 Miami, to New York, to Washington D.C., to California  
3 have a charge of 15 cents. You can't do that in the  
4 state of Florida, I don't think. My Florida calls, of  
5 course, cost me a whole lot more than my calls beyond  
6 the borders of the state. So this is something that  
7 really doesn't need to be, I think.

8 I have an argument also, that I think is  
9 very valid, about the concept that residential service  
10 is subsidized. Ed has spoken about subsidy and he's  
11 probably said it better than I can, but there's no  
12 question there's a value, a dollar value, under tax  
13 reduction for business telephone which doesn't exist  
14 in the residential arena. There's no question that  
15 all of the income generated by a residential line,  
16 while the telephone company is not included in what  
17 they are telling us is the cost of service or the  
18 income from service. These are things I think we need  
19 to look at. I'm sure you will.

20 I appreciate very much the work you do. And  
21 I think you've done a great job through the years. I  
22 think you have been handed a very hot potato in this  
23 particular deal, and I hope we can help you resolve  
24 it. I'm available for a question if you have one.

25 **CHAIRMAN JOHNSON:** Any additional questions



1 for Mr. Pooley?

2           **COMMISSIONER GARCIA:** I'm just curious, so  
3 you said that Media One -- and I guess the Chairman  
4 confirmed it with me, but I guess I'm going to have to  
5 take trip over there -- Media One is now providing  
6 residential phone service in the Jacksonville area to  
7 anyone who asks for it. It's just that it's a more  
8 upgraded system.

9           **WITNESS POOLEY:** That's right. They  
10 actually have been providing the service for some  
11 little time. They have a fiber-optic system now  
12 through most of the city. And for 30 -- I think it's  
13 \$37.50, but I could be wrong, you get your basic phone  
14 service with a full array of vertical services. That  
15 same thing with BellSouth would cost you considerably  
16 more; several dollars more.

17           **COMMISSIONER DEASON:** Does Media One offer a  
18 basic line with none of the frills?

19           **WITNESS POOLEY:** No, I don't think so. I  
20 don't think so.

21           **COMMISSIONER GARCIA:** They only offer the  
22 upper end customer.

23           **WITNESS POOLEY:** I'm sorry?

24           **COMMISSIONER GARCIA:** They only offer it to  
25 the upper end customer. All the bells and whistles.

1           **WITNESS POOLEY:** That's right. But you see,  
2 if they make the penetration into that field that  
3 they'd like to, BellSouth is going to be suffering  
4 pretty badly.

5           **COMMISSIONER GARCIA:** I think that's part of  
6 BellSouth's argument, that the high end customer is  
7 paying for it but the low end is costing them money.

8           **WITNESS POOLEY:** I've just never been able  
9 to understand the argument that by increasing my bill  
10 that's going to create competition. That's not the  
11 way it usually works. Having charges high enough to  
12 attract competition is what drives it down. I think  
13 that was amply demonstrated in the long distance deal.

14           I know it's tougher with this particular  
15 circumstance, but I think it is coming and it should  
16 be encouraged and there should be some means provided  
17 for perhaps better discounts for wholesale users.  
18 That kind of thing can work.

19           In any event, I just ask you to weigh all of  
20 the factors that affect the income and cost of doing  
21 business.

22           **COMMISSIONER GARCIA:** I just want to  
23 mention, because I always do, because I have been  
24 impressed by it, that we have had members of AARP in  
25 every meeting that we've gone to in this state. In

1 fact, the meetings where no one else goes, we have had  
2 one AARP member as a minimum, and then we have had an  
3 AARP member from another district that we just saw  
4 come into that meeting and speak. So I think it's  
5 been wonderful and you should be proud of the work  
6 your organization does because they certainly have  
7 kept the --

8 **WITNESS POOLEY:** I appreciate the --

9 **COMMISSIONER GARCIA:** -- kept with us on  
10 this. (Pause)

11 **WITNESS POOLEY:** Hey, AARP members, stand up  
12 and be recognized, will you? (Members stand up)

13 So we have a few here tonight.

14 **COMMISSIONER GARCIA:** If we start a fight, I  
15 think you can take the phone companies right here.

16 (Laughter)

17 **WITNESS POOLEY:** Just a word of explanation,  
18 this is a regular meeting of our committee. Most of  
19 these people are members of the State Legislative  
20 Committee. Most of these people come from all areas  
21 of the state. We had the opportunity, while we're  
22 here today, to talk to the principles and to talk to  
23 you. We very much appreciate it. And I know you're  
24 trying to do the right thing. We intend to try and  
25 make the legislature understand that we don't like

1 what's going on.

2           **COMMISSIONER GARCIA:** I think that's  
3 important also, that you realize whether you like or  
4 dislike whatever we do -- and I hope you will like the  
5 report we submit to the legislature --

6           **WITNESS POOLEY:** Hope so.

7           **COMMISSIONER GARCIA:** -- we will not have  
8 the last word on this. It will be up to the  
9 legislature and the Governor, and so you'll get one  
10 more crack at this.

11           **WITNESS POOLEY:** That probably is the most  
12 important crack, it's probably the thing we really  
13 have to do is make the legislature aware that we are  
14 concerned and how deeply we're concerned, and we  
15 intend to do that. Hope that helps you.

16           Thank you very much.

17           **CHAIRMAN JOHNSON:** Thank you, Mr. Pooley.  
18 And let the record reflect that when he asked the  
19 members of AARP to stand, that over 90% of the  
20 audience did stand in representation of AARP.  
21 Congratulations and thank you for the testimony.

22           **WITNESS POOLEY:** Thank you.

23           **CHAIRMAN JOHNSON:** Any other witnesses?

24           **MR. BECK:** No.

25           **CHAIRMAN JOHNSON:** Seeing none, I'd like to

1 thank you all again for coming out and testifying  
2 before us this evening. Your comments will be made a  
3 part of the official record upon which we will rely  
4 when we make our final report to the legislature for  
5 the 1999 session.

6 Thank you very much. And with that, we will  
7 conclude the fair and reasonable rate portion of our  
8 hearing, but we will -- one second. (Pause)

9 We're going to have to take a couple minutes  
10 break for our court reporter. We'll go back on the  
11 record in just a few minutes.

12 (Thereupon, the hearing concluded at  
13 8:05 p.m.)

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1 STATE OF FLORIDA)  
2 COUNTY OF LEON )

## CERTIFICATE OF REPORTER

3 I, JOY KELLY, CSR, RPR, Chief, Bureau of  
4 Reporting, Official Commission Reporter,

5 DO HEREBY CERTIFY that the Hearing in Docket  
6 No. 980000A-SP was heard by the Florida Public Service  
7 Commission at the time and place herein stated; it is  
8 further

9 CERTIFIED that I stenographically reported  
10 the said proceedings; that the same has been  
11 transcribed by me; and that this transcript,  
12 consisting of 93 pages, constitutes a true  
13 transcription of my notes of said proceedings.

14 DATED this 8th day of October, 1998.

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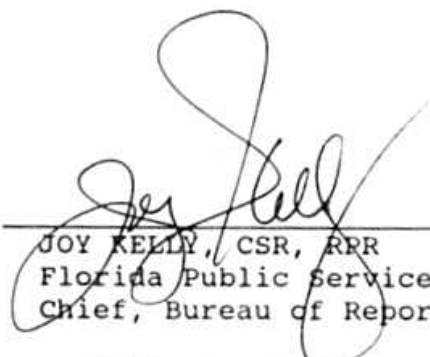
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JOY KELLY, CSR, RPR  
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