

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

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In the Matter of

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

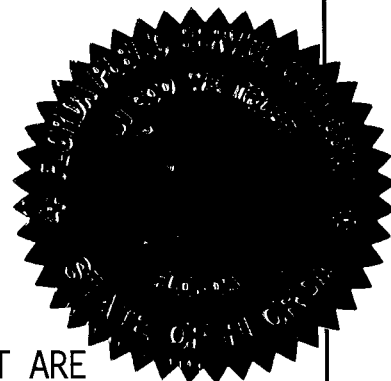
DOCKET NO. 030867-TL

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

DOCKET NO. 030868-TL

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

DOCKET NO. 030869-TL



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PROCEEDINGS: ORLANDO SERVICE HEARING

BEFORE: CHAIRMAN LILA A. JABER
COMMISSIONER J. TERRY DEASON
COMMISSIONER RUDOLPH "RUDY" BRADLEY

DATE: Thursday, October 2, 2003

DOCUMENT NUMBER-DATE

FLORIDA PUBLIC SERVICE COMMISSION

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FPSC-COMMISSION CLERK

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TIME: Commenced at 6:30 p.m.
Concluded at 8:30 p.m.

PLACE: Orlando City Hall
Orlando City Council Chambers
400 South Orange Avenue
Orlando, Florida

REPORTED BY: TRICIA DeMARTE, RPR
Official FPSC Reporter
(850) 413-6736

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5 Office of Public Counsel.

6 MICHAEL B. TWOMEY, ESQUIRE, P. O. Box 5256,
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11 appearing on behalf of Verizon Florida Inc.

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15 NANCY WHITE, ESQUIRE, and MARSHALL CRISER, III,
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20 BETH KEATING, ESQUIRE, FPSC General Counsel's
21 Office, 2540 Shumard Oak Boulevard, Tallahassee, Florida
22 32399-0850, appearing on behalf of the Commission Staff.

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24
25

I N D E X

WITNESSES

NAME:	PAGE NO.
ATTORNEY GENERAL CHARLIE CRIST	
Opening Statement	10
BETH KEATING	
Opening Statement	11
MARSHALL CRISER	
Opening Statement	14
CHARLES REHWINKEL	
Opening Statement	16
CHARLIE BECK	
Opening Statement	17
MIKE TWOMEY	
Opening Statement	18
KEITH DUNNE	
Direct Statement	23
VARA BROWNING	
Direct Statement	24
BETTY BROWNING	
Direct Statement	25
SIMON M. PRISTOOP	
Direct Statement	27

I N D E X (Continued)

WITNESSES

3	NAME:	PAGE NO.
4	CARL METLER	
5	Direct Statement	30
6	Cross Examination by Mr. Twomey	33
7	AL MROCZKOWSKI	
8	Direct Statement	36
9	MICHAEL DICK	
10	Direct Statement	37
10	Cross Examination by Mr. Twomey	39
11	MATTHEW HAYS	
12	Direct Statement	40
13	JOHN HUMES	
14	Direct Statement	41
15	ALICE COBB	
16	Direct Statement	43
17	BARRY NEECE	
18	Direct Statement	46
19	Cross Examination by Mr. Twomey	48
20	MATTHEW ROTHMAN	
21	Direct Statement	50
22	ROBERT OSBAND	
23	Direct Statement	54

I N D E X (Continued)

WITNESSES

3	NAME:	PAGE NO.
4	MIKE KETCHUM	
5	Direct Statement	56
6	Cross Examination by Mr. Twomey	57
7	FRANK VASSEU	
8	Direct Statement	59
9	Cross Examination by Mr. Twomey	62
10	CAROL MURPHY	
11	Direct Statement	63
12	Cross Examination by Mr. Twomey	68
13	BRANTLEY SLAUGHTER	
14	Direct Statement	69
15	Cross Examination by Mr. Twomey	71
16	AARON KAUFMAN	
17	Direct Statement	74
18	AVA PARKER	
19	Direct Statement	78
20	Cross Examination by Mr. Twomey	80
21	JAMES FLEMING	
22	Direct Statement	82
23	CERTIFICATE OF REPORTER	85
24		
25		

P R O C E E D I N G S

1
2 CHAIRMAN JABER: Good evening. I'm hoping the
3 microphone is on and you all can hear me. Okay, great. I'm
4 Lila Jaber; I Chair the Florida Public Service Commission. And
5 I wanted to start off this service hearing by welcoming you all
6 and letting you know that the Commissioners really appreciate
7 your participation tonight. We look forward to testimony and
8 comments tonight.

9 I need to start by letting our staff counsel read the
10 notice and get us started from a procedural standpoint, but I
11 don't want to go too far without introducing my colleagues to
12 my right. Two of the other Florida Commissioners are with me
13 today. Commissioner J. Terry Deason is to my right and
14 Commissioner Rudy Bradley to his right, and the three of us
15 certainly share in welcoming you tonight and look forward to
16 your comments.

17 I do want at this time to turn this over to Beth
18 Keating and let you read the notice. We'll take appearances
19 from the parties, and then it will come back to me and we'll
20 explain some of the procedure.

21 Beth.

22 MS. KEATING: Pursuant to notice, this time and place
23 have been set for a hearing in Docket Numbers 030867, 030868,
24 and 030869. The purpose is as set forth in the notice.

25 MR. BECK: My name is Charlie Beck; I'm with the

1 Office of Public Counsel.

2 MR. TWOMEY: Good evening, ladies and gentlemen. I'm
3 Mike Twomey representing the AARP.

4 MR. REHWINKEL: Good evening. My name is Charles
5 Rehwinkel on behalf of Sprint.

6 MR. CRISER: Good evening. I'm Marshall Criser; with
7 me is Nancy White. We're here representing BellSouth.

8 MS. KEATING: And I'm Beth Keating and I'm here for
9 the Commission.

10 CHAIRMAN JABER: Ms. Keating, do you want to go ahead
11 and introduce the staff that's here as well, PSC staff?

12 MS. KEATING: Certainly, Madam Chairman. Sitting
13 here to my right is Beth Salak. We also have a number of our
14 consumer affairs staff. There's Dick Durbin that you probably
15 met when you first walked in. He's the one that gave you the
16 Special Report. We also have Kevin Bloom sitting back here in
17 the back.

18 CHAIRMAN JABER: I think as you walked in the door
19 this evening, you received one of these yellow sheets. It has
20 an attachment to it that explains a little bit more about why
21 we're here tonight. And there's going to be a more detailed
22 presentation from Ms. Keating later on. But just to let people
23 know that are already signed to speak tonight, Charlie Beck
24 from the Office of Public Counsel will be calling your name
25 shortly to come up to the microphone and give us your

1 testimony.

2 I would ask when you come up to the microphone that
3 you state your name, address for the record, and if you have a
4 name that you think we'd have difficulty transcribing, go ahead
5 and spell your last name for us. Because this is a formal part
6 of our proceeding, your comments will be considered testimony
7 in our hearing. I do have to swear in the witnesses, and we
8 will be doing that a little bit later as well, but I'll ask you
9 to affirm that the testimony you are about to give will be the
10 truth and nothing but the truth.

11 The yellow sheet also explains why we're here
12 tonight. It tells you that the Legislature this last session
13 passed a very comprehensive telecommunications law that allows
14 the three companies here, BellSouth, Verizon, and Sprint, to
15 petition the PSC to reduce the prices they charge -- the local
16 prices that they charge the long distance companies for
17 interconnecting calls, and in return, for that loss of revenue,
18 they are allowed, if we approve the petition, to increase local
19 rates. Now, obviously there is more to it than that, and
20 Ms. Keating has a PowerPoint presentation that will more
21 concisely walk you through our process.

22 I want to take a minute to recognize someone else in
23 the audience and allow him to speak before we take up the
24 customer testimony. Most of you saw him as you walked in, it's
25 the Attorney General Charlie Crist. And I've asked, and he's

1 been gracious enough to agree, to give us a few comments. With
2 him is Jack Shreve, the former Public Counsel for the state of
3 Florida who is now a representative of the Attorney General.

4 General Crist.

5 ATTORNEY GENERAL CRIST: Thank you, Madam Chair. I
6 appreciate the opportunity to be here. And to follow your
7 instructions, I am Charlie Crist. I'm the Attorney General of
8 Florida. And it's a privilege to be before you. And thank
9 you, Madam Chair, for the opportunity to just give some brief
10 comments. I wanted to thank Jack Shreve too. We had the good
11 fortune to be able to announce last week that he has joined the
12 Attorney General's Office as special counsel to the Attorney
13 General on consumer affairs issues. And I believe, and I think
14 many people across the state of Florida believe, that he did an
15 extraordinary job as Public Counsel on behalf of the people.
16 And so we are very privileged to have you with us, Jack, and
17 thank you very much for your service to the people continuing.

18 And the long and the short of it is that we're just
19 here to monitor and to listen. This is the Public Service
20 Commission, and tonight you have an opportunity, as do we, to
21 hear from the public, the people that we all have the privilege
22 to serve. And I think that their comments are the most
23 important ones that we look forward to hearing and monitoring
24 as this process continues.

25 I know that you have set a number of hearings across

1 the state. I want to thank you again for that, but we look
2 forward to the comments of the people and appreciate the
3 privilege of being here too. Thank you, Madam Chair.

4 CHAIRMAN JABER: Thank you, General.

5 Ms. Keating, at this time I think it would be
6 appropriate for you to start your presentation.

7 Customers, just so you know, we've also asked the
8 parties to give a very brief opening statement so you could
9 understand the perspective that they will present to the
10 Commission. After Ms. Keating gives her presentation, we'll
11 allow Mr. Beck from the Office of Public Counsel to give his,
12 and we'll just -- did the company go first last night? Okay.
13 That's fine. After Ms. Keating, we'll allow the companies to
14 present their perspective, and then come back through
15 Mr. Twomey, and then Mr. Beck will start calling up the
16 witnesses to testify.

17 Ms. Keating.

18 MS. KEATING: Thank you, Madam Chairman. As the
19 Chairman mentioned, we are here tonight on three petitions that
20 were filed by Sprint, BellSouth, and Verizon. These petitions
21 are based on recent legislation passed by the Florida
22 Legislature just this past session. The Florida Legislature's
23 intent in passing this legislation was generally to address
24 access charges and also to try to enhance competition in the
25 local telecommunications market.

1 The Legislature has sought to do this by, again, as
2 the Chairman mentioned, allowing local telephone companies to
3 decrease the rates that they charge long distance companies for
4 access to their networks and allowing them to offset those
5 decreases in a revenue-neutral manner.

6 Now, the Legislature did set forth four specific
7 criteria that the Commission has to consider in addressing
8 these petitions. First, the PSC must consider whether granting
9 the petitions will remove current support for basic local
10 telecommunications services that prevents the creation of a
11 more attractive competitive local exchange market for the
12 benefit of residential consumers. The PSC also has to consider
13 whether granting the petitions will induce enhanced market
14 entry and whether they will result in intrastate switched
15 network access rate reductions to parity over a period of not
16 less than two years or more than four years. And parity
17 essentially means that access charges charged for long distance
18 calls that are within state will also be the same as those
19 charges that are assessed for calls that are interstate. And
20 the final criteria that the PSC also must consider is whether
21 granting the petitions will be revenue neutral. And revenue
22 neutrality is essentially defined as changes in access revenues
23 will be offset by equal changes in the local rates.

24 The reason we're here today, as again mentioned, is
25 we want to hear from you, the customers. We really want to

1 hear all your comments, but particularly in view of what the
2 Legislature has directed the Commission to specifically
3 consider, we'd be very interested in hearing to what extent
4 there's competition in your area, what kinds of competition
5 you're looking for, whether you believe there are other options
6 available to you for local service, whether you'd like more
7 options and services, and what types of options and services
8 you might like to see.

9 I'd like to tell you a little bit about the
10 Commission process for actually addressing these petitions.
11 Again, as we've said, these dockets were initiated by petitions
12 filed by the companies. They trigger a 90-day clock in which
13 the Commission must render its final decision. If you've read
14 the paper this week, you may be aware that the Commission has
15 required the companies to refile their petitions. They were
16 refiled this week, and the 90-day clock for all the companies
17 runs at the end of December this year.

18 We will be conducting 14 public hearings throughout
19 the state to hear testimony from customers like you, and then
20 on December 10th through 12th we'll be conducting a technical
21 hearing in Tallahassee. And at that technical hearing the
22 companies and other parties participating will present their
23 expert witnesses. And some of the parties that are
24 participating in addition to the companies as pointed out by
25 the Chairman are the Office of Public Counsel representing the

1 citizens of Florida, as well as AARP.

2 At that technical hearing each party is going to be
3 responsible for filing testimony, conducting depositions,
4 attending a prehearing conference that will be scheduled in
5 Tallahassee, as well as putting on witnesses and conducting
6 cross-examination. After the hearing the Commission staff will
7 prepare and present a recommendation based on the testimony
8 that the Commission has received at these hearings. When that
9 recommendation is presented, no additional participation will
10 be allowed from the companies or from consumers. The
11 Commission will then make a final vote, and a final order will
12 be issued before the 90-day clock has run; thereafter, an
13 affected party will be able to seek review before the Florida
14 Supreme Court.

15 And, Madam Chairman, that concludes my presentation.
16 Thank you.

17 CHAIRMAN JABER: Thank you, Ms. Keating.

18 Mr. Criser.

19 MR. CRISER: Good evening. Again, I'm Marshall
20 Criser; I'm here tonight representing BellSouth. As you've
21 just heard on Tuesday of this week, the Public Service
22 Commission reached a decision which led to our refileing our
23 proposal. And if you don't mind for just a moment, I'd like to
24 summarize the changes that we made in our proposal for you.

25 Specifically, in our new proposal, we plan to reduce

1 the in-state toll access charge in three 12-month increments
2 instead of the two increments that we had previously proposed.
3 These reductions will reduce BellSouth's in-state access
4 charges to the same level as charged for interstate calls.

5 Implementation of our proposal will require toll
6 companies to reduce their in-state toll charges to their
7 customers, including elimination of the in-state connection
8 charge which is currently on many customers' phone bills. If
9 our plan is approved, we propose to offset these reductions by
10 adjusting the charges for certain services. Specifically, we
11 plan to simplify the rate structure for business single-line
12 service by collapsing the current 12 rate groups that we have
13 statewide to three rate groups over a period of two years. For
14 example, in Orlando, the rate for business single-line service
15 would move to \$30.20.

16 In addition, we have modified our proposal to adjust
17 the rate for residential basic service to make that adjustment
18 in three increments as compared to the two increments that we
19 had previously proposed. Under our proposal the adjustment in
20 residential basic service would be \$1.25 in 2004 and 2005 and
21 approximately a dollar in 2006. However, as a part of this
22 proposal we have continued our voluntary commitment to maintain
23 the exemption for Lifeline customers from these rate changes
24 for the full four years that could be provided under the new
25 statute. We also plan to adjust our charges for nonrecurring

1 services such as service installation by approximately
2 17 percent over the same three-year increment that we have
3 proposed for residential basic services.

4 All of these adjustments are subject to verification
5 by the Public Service Commission to ensure that they are
6 revenue neutral to BellSouth. We have continued to pursue this
7 effort because we believe that the objectives of competition
8 and a strong economic foundation are essential to the
9 well-being of Florida and to its telephone customers. And I
10 thank you for your time.

11 CHAIRMAN JABER: Mr. Rehwinkel.

12 MR. REHWINKEL: Madam Chairman. My name is Charles
13 Rehwinkel, state vice president for Sprint. We concur in
14 BellSouth's general comments. Like BellSouth, we have also
15 amended our petition in order to comply with the Commission's
16 ruling on the Public Counsel's motion to dismiss. We have
17 petitioned to reduce our intrastate access charges to parity
18 with our interstate rates. If the petition is granted, we
19 would implement a three-step adjustment to the basic monthly
20 local rate as follows: For residents in 2004, \$2.95; in 2005,
21 \$2.75; and in 2006, \$1.16. For single-line business customers
22 in 2004, an average of \$2.70; and in 2005, an average of \$2.40;
23 and in 2006, an average of 90 cents. Various nonrecurring
24 charges would be increased in three similar steps over the same
25 period.

1 Finally, Sprint has guaranteed that Lifeline rates
2 will be protected from any of these rate increases until 2007.
3 This concludes my remarks, and I look forward to hearing from
4 the customers, Madam Chairman.

5 CHAIRMAN JABER: Mr. Beck.

6 MR. BECK: Thank you. My name is Charlie Beck for
7 the Office of Public Counsel. And in case you're not familiar
8 with our office, our office is separate from the Public Service
9 Commission. And we appear before them as an advocate and as a
10 party before them.

11 The companies initially filed for two rate changes 12
12 months apart back at the end of August. A week after they
13 filed, we moved to dismiss their petitions because the law says
14 that the rate changes have to take place over a period of no
15 less than two years. This past Tuesday the Commission granted
16 the motions and dismissed the cases. And I think this is an
17 example of the broad authority and the discretion that the
18 Commission has over the petitions that are before them.

19 The companies have refiled since this past Tuesday.
20 They now have three rate changes proposed, and the Commission
21 is again faced with whether to grant or deny the petitions. So
22 your testimony here tonight is very important. It's formal
23 evidence that will be considered by the Commission when they
24 make the decision on the new petitions filed by the companies.
25 So thank you for appearing tonight. We look forward to your

1 testimony.

2 When you do come, I'm going to try very hard to call
3 everybody in exactly the order that everybody signed up, and
4 that will be after Mr. Twomey gives an opening statement and
5 the Chairman swears all the witnesses in. Thank you.

6 CHAIRMAN JABER: Mr. Twomey.

7 MR. TWOMEY: Thank you, Madam Chair, Commissioners,
8 ladies and gentlemen. I'm Mike Twomey representing the AARP,
9 and there are approximately 2.6 million members in the state of
10 Florida. The AARP is opposed to these increases and would like
11 to see the Public Service Commission deny each and every cent
12 requested.

13 This is a very important case. These companies are
14 seeking a total of \$355 million in rate increases annually.
15 The Chair has allowed me a little bit of time to tell you what
16 we think is the important issues in these cases. Let me tell
17 you first of all how we're dealing with the bad law. We have
18 to deal with it because it was passed and signed by the
19 Governor, but it's an absurd law these companies spent millions
20 to get passed. And the law -- the basic premise is, is that
21 they will get this law passed, they will spend hundreds of
22 thousands of dollars to have cases before the Public Service
23 Commission to go to 14 hearings around the state, and if they
24 are successful, they will raise your rates, they won't keep a
25 penny of it because they say it's revenue neutral, and if it's

1 really successful, new competitors will come in, and they'll
2 lose lots of their customers and lots of the money that those
3 customers pay them. Does that make any sense? AARP doesn't
4 think it makes sense at all. Now, I suspect those of you who
5 are residential customers don't believe it either. They are
6 not going to engage in losing customers.

7 The real reason they have the law, ladies and
8 gentlemen, is because they are trying to transfer \$355 million
9 a year from a source of money, access fee revenues, that they
10 got from the -- they're getting from the long distance
11 companies, which monies are going down about 9 or 10 percent
12 per year. So while they're still high, these people want to
13 transfer the responsibility for that money to your backs while
14 it's still high before it goes down year after year after year.
15 It's a brilliant plan, but it's not what they claim they're
16 trying to do.

17 Let me discuss some problems. The PSC staff didn't
18 mention a thing about the Public Counsel and the AARP saying
19 that this case is about these companies having to prove to
20 these Commissioners that you residential customers and
21 single-line business customers receive net financial benefits
22 as a result of these cases being approved. We say that means
23 they have to prove to these people that your monthly bill will
24 be as low or lower when they're finished. And it can't happen,
25 ladies and gentlemen, because we know on the cost side what it

1 will cost you -- that if these petitions are approved, your
2 rates will go up \$3.86, which comes out to -- read the AARP
3 sheet -- \$46.32 a year for BellSouth customers. And if you're
4 served by Sprint, your rates will go up \$82.32 a year. The
5 increases, ladies and gentlemen, are from 35 percent to as much
6 as 90 percent per year.

7 If the Commission denies these rate increases, the
8 existing law says the rate increases can be limited to, get
9 this, the rate of inflation less 1 percent. The rate of
10 inflation less 1 percent.

11 Currently, that means they would get less than 1
12 percent versus 35 to as much as 90 percent. And did I tell you
13 that after they get these huge rate increases, which can occur
14 in as little as two years and one day, they can then begin --
15 they say they won't do it, but they can then begin raising your
16 rates, residential and single-line business, as much as
17 20 percent per year? And they don't have to ask their
18 permission or anybody's permission. They can do it.

19 They say you're going to benefit on your bills which
20 might be the same or lower because your in-state long distance
21 rates are going to go down. The major problem is, is that they
22 haven't told these people or us how much those rates are going
23 to go down. They claim they don't know. That's the
24 responsibility of the long distance companies like AT&T and
25 MCI. Okay. So you don't know how much they're going to go

1 down. And a different problem is a lot of folks use cell
2 phones to make in-state calls, a lot of folks use dial-around
3 numbers, a lot of folks use Sam's cards. They're not
4 applicable for the savings. Okay. But if you don't make a lot
5 of in-state calls, ladies and gentlemen, and you testify, tell
6 the Commission. Okay. If you have a lot of custom calling
7 features, Caller ID, voice mail, tell the Commission because
8 these people don't want to count that money when they claim
9 that your local rate doesn't pay for the cost of it.

10 I want to cover just a few more points. There's a
11 problem with the Lifeline people. They like to make a big deal
12 of the fact that they've -- their law, and they wrote every
13 word of it, their law says that their eligibility for Lifeline
14 goes from 100 percent of the federal poverty level to 125
15 percent. Well, BellSouth, which covers about 60 percent of the
16 state, was already obliged to do that pursuant to an agreement
17 which Jack Shreve forced them into as a result of some
18 problems. So they made a virtue out of necessity. Okay.

19 The problem is additionally that the law they wrote
20 says that Lifeline customers aren't protected -- or they're
21 protected from the rate increases from two to four years.
22 Okay. If these Commissioners deny these increases, which AARP
23 thinks they should, then Lifeline participants will be
24 protected from the rate increases indefinitely, indefinitely.
25 The law they wrote says after two or four years they're subject

1 to the rate increases, which for BellSouth is \$3.86 a month and
2 for Sprint is almost \$7. Okay. So there are a lot of problems
3 with this. I'm going to wrap up. The Chairman has been
4 generous with my time.

5 When you get up and testify, don't be concerned or
6 don't fear the oath requirement. It's necessary. Tell the
7 Commissioners if you're residential customers, if you can't
8 afford to do this, if you don't want to pay additional monies,
9 and tell them whether you make these calls. Thank you very
10 much.

11 CHAIRMAN JABER: Thank you, Mr. Twomey.

12 I neglected to say earlier that if you do not wish to
13 come up to the podium and speak but you do want us to consider
14 your comments in this proceeding, as part of the yellow packet
15 you received, there's a section that you could write your
16 comments and leave with us or mail later on. They will be
17 placed -- your comments will be placed in the correspondence
18 side of our docket file, and our staff will read and consider
19 them as part of the recommendation that they bring to us.

20 At this time if you do wish to come up to the podium
21 and testify, I'd ask that you stand, raise your right hand.

22 (Witnesses collectively sworn.)

23 CHAIRMAN JABER: Thank you. Mr. Beck, you have the
24 list of witnesses?

25 MR. BECK: Yes, Chairman Jaber.

1 CHAIRMAN JABER: And let's call the first one.

2 MR. BECK: The first witness is Keith Dunne. If you
3 could come up to the microphone and state your name. Go ahead.

4 KEITH DUNNE

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

7 DIRECT STATEMENT

8 MR. DUNNE: Thank you, Madam Chairman. Keith Dunne;
9 I live here in Orlando. Just one point that BellSouth forgot.
10 You've laid off 40,000 people, an average salary of \$70,000.
11 That's \$3 billion. I see Verizon is not here. Verizon had a
12 little clip in the paper today: 70,000, \$5 billion, \$5
13 billion. You guys, BellSouth used to have a 24-hour -- the
14 Commission required them a number of years ago to be open
15 24-hours a day, seven days a week. Now, they're open ten hours
16 a day. You can never get through to them. It takes forever.
17 They close their offices for lunch for an hour. They have
18 staff meetings. How do you -- you know, and then Sprint -- and
19 then one thing that you guys forgot is the FCC-mandated charges
20 you have on your bills, that is an additional profit source to
21 the company, so is the number portability.

22 Your cost, you guys have come out that your cost is
23 somewhere between \$10 and \$12 with a profit in there. Use your
24 negotiating rates in different states. North Carolina,
25 Mississippi, Alabama, that's what you have as your cost. You

1 know, when is it going to stop? People are leaving the local
2 phone company. And then all the other charges. This gentleman
3 from AARP said that -- recommended Caller ID and all that.
4 When a UNE customer comes in, whether it be -- to come in, you
5 don't charge them for that. They pay one basic fee. So that's
6 an additional profit source for you.

7 I guess in general is, I think the rate increases,
8 especially Sprint almost \$90 a year, this is a lot of money.
9 I'm a business owner and I've got hundreds of phone lines, and
10 it's just to the point where you are looking -- people, they've
11 got to look to other alternatives. And the problem is the
12 people that are mostly concerned are the ones that can't afford
13 it: The millions of low income people in the state, the
14 retirement people. I see Verizon is not here. I don't
15 expect -- you know. And I just really believe that the council
16 should not approve this matter and that they should look to the
17 consumers and not on the businesses. And I know a lot of
18 lobbyists have been involved in this, and I know my association
19 has been involved, but I just hope that the Commission will
20 take this into account that this is costing the taxpayers and
21 the customers of this community a lot of money. Thank you.

22 CHAIRMAN JABER: Thank you, Mr. Dunne.

23 MR. BECK: The next witness is Vara Browning.

24 VARA BROWNING

25 was called as a witness on behalf of the Citizens of the State

1 of Florida and, having been duly sworn, testified as follows:

2 DIRECT STATEMENT

3 MS. BROWNING: I'm an Orlando resident. And ladies
4 and gentlemen of this Public Service Commission, I thank you
5 for the opportunity to be able to speak tonight. My objection
6 to a rate -- excuse me. My objection to the phone rate
7 increase is because of the effect that this will have on
8 seniors. Some are already having to make the choice between
9 food and medicine. I personally know of several of these
10 people.

11 There are many seniors that are having this problem.
12 I'm appalled to think that these large companies have no
13 consideration for this age group people. Cutting the long
14 distance rate is of no value. Why? They don't make long
15 distance phone calls. They can't afford to. \$6.87 of food is
16 precious each month. I hope that each of you of this Public
17 Service Commission will take into consideration a vote of no
18 for a rate increase. Thank you.

19 CHAIRMAN JABER: Thank you, Ms. Browning.

20 MR. BECK: The next witness is Billy
21 Browning -- Betty Browning, excuse me.

22 BETTY BROWNING

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

25 DIRECT STATEMENT

1 MS. BROWNING: My name is Betty Browning; my address
2 is 120 Lewis Street, Edgewater, Florida. That's southeast
3 Volusia County, which is Oak Hill, Edgewater, if any of you are
4 familiar with that area. I live in a retirement community with
5 386 homes that most every home lives on a fixed income. I am
6 opposed to the increase as retirees can't afford it.
7 Furthermore, in our area we pay 25 cents for every call that we
8 make to Port Orange, Daytona Beach where most -- that's where
9 most of our doctors and hospitals, businesses are where --
10 which this adds approximately \$5 more every month for us to
11 make for our cost.

12 BellSouth, Sprint, and Verizon's requested rate
13 increase of 60 percent for basic phone rates is a disgrace to
14 seniors and retiree people. Does this increase really mean
15 larger bonuses for the chief executive officers? That's the
16 way I feel tonight.

17 As far as retirees in our area making long distance
18 calls, that is out of the question, for they cannot afford long
19 distance calls. The rate increases for local service will
20 definitely determine if we will even have local service or not.

21 I hope each member of the Public Service Commission
22 will take this information into consideration and vote no to
23 the increase to help the retirees and seniors of our area.
24 Thank you.

25 CHAIRMAN JABER: Thank you, Ms. Browning.

1 MR. BECK: The next witness is Simon Pristoop.

2 CHAIRMAN JABER: Mr. Pristoop, that's

3 P-R-I-S-T-O-O-P?

4 MR. PRISTOOP: That's correct.

5 SIMON M. PRISTOOP

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

8 DIRECT STATEMENT

9 MR. PRISTOOP: I'm Simon M. Pristoop, and I reside at
10 1923 Highway A1A, Indian Harbor Beach in Brevard County. And I
11 really appreciate the Commission providing an opportunity for
12 consumer comments on this issue. Revenue neutrality is
13 supposed to be a key element here. Frankly, it boggles my mind
14 how you are going to achieve revenue neutrality. But even if
15 you could, I have a problem trying to see the fundamental
16 justice in what you're basically requesting -- or what the
17 communications companies are basically requesting that the poor
18 folks who make very few long distance and have a very few
19 requirement for local distance service should subsidize the
20 clients who have very heavy long distance service. Frankly,
21 this makes no sense.

22 Of course anyone who actually seriously believes that
23 the communications corporations invested in 150 lobbyists to
24 haunt the halls of Tallahassee that passed the enabling
25 legislation just so that you could approve revenue-neutral rate

1 changes, I'd like to talk to them about this bridge I have up
2 North that would be a great investment.

3 I'd like to remind the Commission of an article in
4 the St. Petersburg Times which noted that Verizon netted
5 \$3.1 billion in just the first quarter. Folks, how much greed
6 is enough?

7 The argument of using the Lifeline as a justification
8 I think is really a joke. It really falls short. We know that
9 there was an amendment in the senate version of the
10 authorizing -- of the enabling legislation that originally, I
11 believe, provided for the PSC to perform outreach for people
12 who are eligible for Lifeline. And, remember, there's only
13 about 14 percent of those who are eligible for Lifeline that
14 are currently able to take advantage of it. Somehow this
15 amendment for the PSC to do the outreach somehow disappeared
16 from the senate bill mysteriously.

17 Finally, let me suggest -- well, let me preface that
18 by noting that my degree is in physics, and I've spent almost
19 the bulk of my 40-some year career on military electronic
20 systems. But I don't think I'm telling you anything you
21 already don't know, that as in any industry that is based on
22 electronics and software, communications is a cost-declining
23 industry. So why are we not here tonight considering rate
24 reductions? I'd like to ask the Commission to disapprove all
25 of the requests for rate changes and to give some serious

1 consideration to the possibility of rate reductions or the
2 justification for such. Thank you.

3 CHAIRMAN JABER: Thank you, Mr. Pristoop.
4 Mr. Pristoop, with respect to the Lifeline piece of the
5 legislation that you thought was removed, I did want to let you
6 know that there is a part of the bill that does require the
7 PSC, the Office of Public Counsel and other state agencies
8 around the state of Florida to get together and perform
9 outreach functions. And we have, in fact, always done that
10 process at the PSC. But, in fact, under Jack Shreve's
11 leadership at the Public Counsel and now with Charlie Beck,
12 they have partnered with the AARP and the PSC and the
13 Department of Elder Affairs, and I'm forgetting all the
14 agencies, the Agency for Health Care, to do pamphlets,
15 registration, public service announcements, and that initiative
16 has certainly started and has been very successful.

17 MR. PRISTOOP: Did you receive the funding you needed
18 for this?

19 CHAIRMAN JABER: We did. And to ask Mr. Shreve and
20 Mr. Beck, I'm sure they would say it's never enough, but we
21 certainly -- we got some. And the PSC has a link on its Web
22 site that allows consumers to register and let us know they're
23 interested in the Lifeline program. And we'll continue that
24 goal.

25 MR. PRISTOOP: Thank you.

1 CHAIRMAN JABER: Thank you, sir.

2 MR. BECK: The next witness is Carl Metler.

3 CARL METLER

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

6 DIRECT STATEMENT

7 MR. METLER: I'm Carl Metler from Orlando. Please
8 vote against these increases. The percentages are totally
9 outrageous. How much of these percentages could have already
10 been offset by changes in lobbying rules? You know, we said we
11 want a balance -- or the phone companies say they want a
12 balance in offsetting, et cetera, et cetera, but how many
13 people really need and want basic local telephone service, good
14 basic local telephone service for necessary appointments,
15 doctor appointments, medical appointments, et cetera,
16 et cetera, et cetera? What is the real math on this, folks?
17 How many people are going to benefit from the so-called offset
18 in long distance rates versus getting an increase in their long
19 distance rates -- in their basic services? What's the math on
20 this? It's not there. It can't be there.

21 You know, how many people in Florida are on a fixed
22 income? You know, people on a fixed income, fortunately, there
23 is a minor cost of adjustment, living adjustment -- I'm a
24 little nervous. I'm not used to doing this obviously.

25 CHAIRMAN JABER: Take your time, Mr. Metler.

1 MR. METLER: A minor cost of living adjustment.
2 Okay? Well, that, folks, has already been eaten up, you know,
3 with all these other utility increases we've gotten, other cost
4 of living increases.

5 How many increases have already been on our telephone
6 bills in the past few years that we didn't ask for, we didn't
7 want? We didn't vote. We had no input on it. You know? Look
8 at your phone bills. You get the bills. And you can say, oh,
9 it's a little bit here, it's a little bit there, and, yeah, it
10 is, maybe. But take it on a percent basis; a percentage here
11 and a percentage there. And now the phone companies are asking
12 for this. Oh, great. They say we're going from a two-year
13 increase to a three-year increase. We're only going from, you
14 know, a minimum of two years but a maximum of four years.
15 Well, how many rate increases have ever gone down on anything,
16 anything? You know, once they're approved and implemented,
17 they're pretty much there.

18 I can't read some of my own writing I'm so upset on
19 some of this. You know, the other thing is I'm not an attorney
20 but, you know, the literal law may have been fulfilled.
21 Obviously it has been fulfilled on a little bit of publicity,
22 the legalese, public notice statements that had to appear,
23 whatever, whatever. What is this right here? What is the
24 spirit of the law in really trying to get some citizen input?
25 The hall is pretty much empty. How are the other halls around

1 the community?

2 You know, why don't the phone companies tell us
3 themselves when they want to have a rate increase? How many
4 people even know this meeting is going on tonight? Yeah, I'm
5 full of a lot of questions, but I think they should be
6 answered. You know, the companies send out their notices and
7 PR works and this, that, and the other thing, but they don't
8 really tell us about some of this stuff that's in the winds.

9 And, yes, I'm a BellSouth customer. And one thing
10 BellSouth can do is increase their efficiency. I've had
11 telephone problems, and your folks have been out numerous times
12 to supposedly -- not supposedly, to fix the similar problem
13 over and over and over again. How much does that cost each
14 time a repairman comes out? How many other customers are
15 suffering with the same thing? Extra expense on BellSouth's
16 part, probably the other phone companies' part too. Lots of
17 aggravation for the customer, loss of service are in those days
18 for the customer. It doesn't make sense, folks. Please vote
19 against this.

20 CHAIRMAN JABER: Mr. Metler, thank you, sir, for your
21 testimony. Let me ask you a quick question. You have concerns
22 about BellSouth service. Do you feel like you have enough
23 choice in your area for another provider? If BellSouth's
24 service is bad, do you feel like you've got meaningful choice
25 in your service territory?

1 MR. METLER: You know, that's the other thing. I'm
2 not sure totally what's out there, but, you know, for years, I
3 mean, for how many years have we kept hearing, you know, we
4 want to increase competition? And, yeah, that's the American
5 way of life, increase competition. Yeah, the companies need to
6 make a profit, they really do. You know, they've got to pay
7 their employees. They've got to do the research and
8 investment. But how much is enough? You know, have we really
9 increased competition up to this point in all the number of
10 years that we've been talking about it, all the number of years
11 we've been promoting it and discussing it and et cetera, et
12 cetera, et cetera? I don't see it.

13 I see BellSouth trucks all over my neighborhood. Are
14 they out there doing the same work for the same customers over
15 and over again? I don't know. Thank you.

16 CHAIRMAN JABER: Mr. Twomey, you had a question?

17 MR. TWOMEY: Yes, I do, Madam Chairman, two questions
18 actually.

19 CROSS EXAMINATION

20 BY MR. TWOMEY:

21 Q You mentioned that you had a problem with BellSouth's
22 efficiency in making the necessary repairs and so forth. Did I
23 remember to tell you in my opening remarks that if this Public
24 Service Commission approves these petitions, that within as
25 little as two to three years these companies can try and take

1 away the Public Service Commission's remaining ability to
2 control their quality of service? Did I tell you that?

3 A No.

4 Q That's true. That's true. Now, the other question I
5 have for you --

6 CHAIRMAN JABER: Mr. Twomey, hang on. I think
7 Mr. Metler has a --

8 MR. METLER: No, go ahead.

9 BY MR. TWOMEY:

10 Q The other question I have for you -- you said
11 competition is the American way. And my question is, what is
12 your current local bill, \$11? \$12, without taxes? Do you
13 know?

14 A Somewhere around in there, yeah. Whatever.

15 Q Okay. Let's say it's \$12 currently, and if the
16 increase is \$3.60-something and it goes to \$15, \$16, would you
17 feel better having two or three competitors to BellSouth at the
18 \$15, \$16 dollar level and without quality control jurisdiction
19 by the PSC or the way things are now, having just BellSouth
20 with 11 or 12? How are you better?

21 A That doesn't sound like competition because we're
22 getting a rate increase. And like the gentleman said, you
23 know, why aren't we talking about some rate reductions? You
24 know, all this increase in technology, okay, increase in
25 technology and et cetera, et cetera, and you don't talk to the

1 human beings too much anymore. Yeah, it costs a lot of money,
2 I'm sure, to put this technology in and the computer systems
3 and et cetera, et cetera, but shouldn't we be talking some
4 reductions?

5 The other interesting point that he brought up -- I
6 don't know if the statistic is right or not, but if only
7 14 percent of the people that are currently eligible for the
8 Lifeline program, which apparently is a good program and does
9 help a lot of people, but if only 14 percent of those currently
10 eligible are getting it -- and that's another point the phone
11 company keeps making. Well, don't worry about any increases,
12 folks. You know, if people can't afford it, they can get
13 Lifeline. Well, obviously they're not already getting
14 Lifeline. Think about that one.

15 MR. TWOMEY: Thank you.

16 MR. METLER: Thank you.

17 CHAIRMAN JABER: Thank you, sir.

18 MR. DUNNE: (Inaudible.)

19 CHAIRMAN JABER: Mr. Dunne, let me just let you know
20 that since we're transcribing the hearing, the court reporter
21 can't hear your comments. But after we're done, if you'd like
22 to come back up, I'll let you do that.

23 MR. DUNNE: No problem.

24 CHAIRMAN JABER: Okay. Mr. Beck.

25 MR. BECK: The next witness is Al Mroczkowski. Just

1 for the spelling of your name while you're coming up, it's
2 M-R-O-C-Z-K-O-W-S-K-I.

3 MR. MROCZKOWSKI: That's correct.

4 AL MROCZKOWSKI

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

7 DIRECT STATEMENT

8 MR. MROCZKOWSKI: Hi, I'm Al Mroczkowski. I
9 appreciate all you people coming down, I guess, to see us in
10 Orlando.

11 CHAIRMAN JABER: Thank you, sir.

12 MR. MROCZKOWSKI: I know you've got a tough job.
13 We've got some other people up in Tallahassee who kind of
14 shovel this off on you, but I just hope you do your best at it.

15 As far as the phone companies, you know, I tried to
16 explain just this afternoon to about 50 people the problem
17 which seems to be an internal financial problem for the
18 telephone companies. They're either in the wrong business or
19 aren't exploiting other avenues for themselves. I tried to
20 tell them that because they need help, they're going to raise
21 your phone bills. And the count was 50 against and zero for.

22 And I would also like to mention that on November 1st
23 I'm going to be just helping out at a little meal we make for
24 some special people that probably live in HUD housing, and
25 maybe there's one person there with a phone, and I can't even

1 explain to them the problem or the solution. They may have to
2 give up their phone. So you have to think of the people at the
3 bottom. And you may talk about Lifeline, but you're taking on
4 that responsibility, not these people here. They should be
5 doing the job of using that rate increase to furnish that
6 service to people who need it and to go through the statistical
7 analysis through their phone bills or some way where you fill
8 in the blanks and say, hey, I need help. And you've got to do
9 that. There's somebody out there that is going to lose their
10 phone service. And if it's just one, I think it's worthwhile
11 to keep that in mind. Thank you.

12 CHAIRMAN JABER: Thank you, sir.

13 MR. BECK: The next witness is Michael Dick.

14 MICHAEL DICK

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

17 DIRECT STATEMENT

18 MR. DICK: Good evening. I appreciate the
19 opportunity to testify this evening. My name is Michael Dick,
20 and I own a consulting firm in Winter Park. And I'm here to
21 speak in favor of the phone companies' request and petition for
22 a local rate increase.

23 Next to insurance, local and long distance phone
24 rates are my company's greatest expense. And like any other
25 company, I look to minimize the net effect of that cost. All

1 of my company's clients are in the state of Florida, and nearly
2 100 percent of all my long distance calls are made within the
3 state of Florida. From what I've read and from what I have
4 been told, the long distance phone rates in Florida in this
5 state are artificially high, perhaps due in part to a result of
6 having to subsidize the cost the phone companies have for the
7 local rates, the intrastate phone call -- or long distance
8 calls certainly are greater than interstate.

9 It is certainly my expectation by supporting this
10 increase in local rates this evening that this will hopefully
11 bring the cost of local service more in line with the
12 companies' costs, and this would result in a reduction in long
13 distance rates. For my company, and it might be somewhat of a
14 mercenary approach, but the reduction in my long distance rates
15 would overshadow whatever increase my company would be paying
16 in local rates. And that's why I'm certainly in favor of that
17 and hope that the phone companies' pledge of a significant
18 reduction in long distance rates lives up to my expectations.

19 We've been advised that perhaps the, you know,
20 increase in local rates might spawn some competition. Quite
21 honestly, I have higher expectations that the long distance
22 rates will be reduced over the competition, but that would be a
23 great end result of your petition. Thank you.

24 MR. TWOMEY: Madam Chair?

25 CHAIRMAN JABER: Mr. Twomey.

CROSS EXAMINATION

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BY MR. TWOMEY:

Q Yes, sir. Mr. Dick, I'd like to ask you a couple of questions about your mercenary approach, if I may. Does your business have a -- are you a single-line?

A Yes, single-line.

Q Pardon?

A Yes, sir, single-line.

Q You just have one line?

A Yes, a very small business.

Q Okay. Now, you said that 100 percent of your calls were in-state or just about 100 percent.

A That's correct.

Q And that the telephone company has pledged a significant reduction in long distance rates.

A Cell phone company?

Q No. The telephone company has pledged a significant reduction in long distance rates. Has anybody told you that?

A I've read that and I've heard that in the petition this evening. Whether the rate will be living up to my expectations, I'm willing to gamble on that.

Q Okay. The reason I asked, sir, is because, to my knowledge, these companies don't claim to know what the long distance rates are going down because that's left to AT&T and MCI and the other long distance companies. So in these cases,

1 to my knowledge, none of us know who the rates will go down
2 for, how long they will go down, and by what amount.

3 A Yes, I understand. That is my expectation that
4 whatever the reduction is will certainly overshadow my increase
5 in local rates, and it's worth the gamble for me.

6 MR. TWOMEY: Okay. Thanks.

7 MR. DICK: Thank you.

8 CHAIRMAN JABER: Thank you.

9 Mr. Beck.

10 MR. BECK: The next is Matthew Hays.

11 MATTHEW HAYS

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

14 DIRECT STATEMENT

15 MR. HAYS: Hello, my name is Matthew Hays. I live at
16 7018 Jon Jon Drive, Orlando, Florida, and I'm a private
17 resident of Orange County. I basically want to just say, as an
18 economist once said, you know, there are no free lunches. And
19 one of the main issues that I see between the regulators and
20 the private companies is that unbeknownstly (phonetic) the
21 regulators drive up costs because it doesn't allow competition
22 to really reign supreme. What I mean by that is, is that the
23 free market in itself will take care of this issue if you could
24 extend the demark point from right at the house to the CO and
25 make it intrinsically connected with -- from the home as a part

1 of home ownership to the CO. That way more CLECs can actually
2 connect to your home phone line.

3 What this would do is, in my opinion, spawn
4 competition where instead of having three main people up here,
5 you would have over 20 grabbing for your business. Currently
6 with the wireless phenomenon and the expansive growth of the
7 wireless phenomenon, it's because it is deregulated. There is
8 no regulation on growth, but at the same time these increases
9 will cause more of a flood to go towards that source of
10 competition. And I presume that's what they mean by expanding
11 competition with a rate increase. I feel that's important that
12 we do have these choices and that the dollar make the choices.

13 And, Mr. Crist, I think that -- if you're looking for
14 something that's criminal, it's when local municipalities raise
15 tax increases for communications because we the people do not
16 have a vote on that, but it raises the taxes automatically
17 without our say. Thank you very much.

18 CHAIRMAN JABER: Thank you, Mr. Hays.

19 MR. BECK: The next witness is John Humes.

20 JOHN HUMES

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

23 DIRECT STATEMENT

24 MR. HUMES: My name is John Humes; I live right here
25 in Orange County and I'm a homeowner. I wish to thank the

1 Commission and the AARP for having this hearing tonight. I'm
2 also an active member in the AARP. Some of my input is about
3 the rate increase. One gentleman mentioned that he had a
4 telephone rate of around \$12. That's interesting. My basic
5 rate is, like, \$24 a month and I have no frills. I have
6 canceled the answering service, I have canceled Caller ID, and
7 I have also cancelled the long distance carrier. I choose to
8 use 10-10 numbers over using your facilities, sir. And I'm
9 talking to you people who are from the phone company.

10 One of the things that bothers me, and I asked around
11 in my neighborhood which is populated by many, many people who
12 are retired, on disability, i.e., fixed incomes, they have to
13 make a choice to keep their phone service or perhaps keep a
14 prescription drug. So I feel somewhat that these people are
15 being put against the wall and literally shot.

16 I would like to input in favor of the phone company
17 people. My overall service over the last 14 years has been
18 very good, so in that sense I have to applaud BellSouth.
19 However, I have to say to BellSouth, and to sum up what you're
20 trying to do on this proposal in one word, it's greed. It has
21 nothing to do with you people being able to maintain your
22 facilities. If one will just do a little check and start
23 looking into your financial records, which are mostly public,
24 you people are extremely profitable. So I think you need to
25 cut the people that are on fixed incomes a little bit of slack.

1 Thank you.

2 CHAIRMAN JABER: Thank you, Mr. Humes. I don't know
3 if you brought your bill with you tonight. Did you?

4 MR. HUMES: No, I did not.

5 CHAIRMAN JABER: I would like our staff to take a
6 look at why your basic rate is \$24. Maybe as you leave
7 tonight, you'll let Mr. Durbin have your address and phone
8 number, and we'll follow up with you and get a copy of your
9 bill.

10 MR. HUMES: Sure.

11 CHAIRMAN JABER: You're a BellSouth customer?

12 MR. HUMES: Yes, I'm a BellSouth customer.

13 CHAIRMAN JABER: Okay. Why don't you let us follow
14 up on that?

15 MR. HUMES: I sure will.

16 CHAIRMAN JABER: Thank you, sir.

17 MR. HUMES: Thank you.

18 MR. BECK: The next witness is Alice Cobb.

19 ALICE COBB

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

22 DIRECT STATEMENT

23 MS. COBB: Good evening. My name is Alice Cobb. I'm
24 the executive vice president of Workforce Central Florida.
25 That's one of the 24 regional workforce development boards in

1 this state. We are responsible for providing job placement and
2 training to low income individuals and others in the community.

3 I would like to speak for just a moment about a
4 portion of the legislation called Lifeline. You've heard a lot
5 about it tonight. You've heard a lot of comments about it. As
6 I understand it, individuals who have an income that is less
7 than 125 percent of poverty are eligible or would be eligible
8 for a \$13-a-month subsidy. For a family of four, if that's
9 correct, for a family of four, that 125 percent poverty level
10 is approximately \$23,000. Here in our five-county central
11 Florida area that we serve, which is Orange, Osceola, Seminole,
12 Lake, and Sumter, that equates to approximately 274,000 people,
13 those people who might not be able to afford a phone without
14 this kind of subsidy. As you can well -- as you are well
15 aware, as we try to place individuals into jobs to remove them
16 from welfare and to help them once they get laid off and such
17 as that, if they don't have a phone, it makes it extremely
18 difficult to get a job. That's important to us, to us as an
19 organization.

20 I would encourage the Public Service Commission to
21 conduct your due diligence and reach a fair and impartial
22 decision on this. And I would also suggest very strongly that
23 you use the workforce development boards and the one-stop
24 centers across the state of Florida -- there's over 100 of
25 them -- to help market this Lifeline service. In our central

1 Florida area just this past year we saw over 120,000 people
2 walk through our door. We can help market this to the
3 individuals who are eligible. Thank you.

4 CHAIRMAN JABER: Thank you, Ms. Cobb. Actually, you
5 raise a very good idea, and I'm glad the three
6 telecommunications companies are here. I would certainly hope
7 that they also pursue the idea of partnering with all of your
8 organizations to spread the word on Lifeline. I think actually
9 the monthly discount is up to \$13.50. And I should have said
10 this early on. It's \$13.50 off of each monthly bill, and it's
11 a \$30 discount toward connection.

12 And if there are any customers in the audience that
13 are interested in finding out more about it, there is a yellow
14 pamphlet clearly marked "Lifeline Services" that's produced by
15 the PSC. That's on that table outside. I would hope that you
16 pick one up, read it. If you have any questions, feel free to
17 give us a call. But I would strongly encourage the companies
18 to pursue your idea as well.

19 MS. COBB: I would also -- it is a network throughout
20 the state of Florida and throughout the United States. We are
21 federally and state funded, a public agency. So we are there
22 to serve not only older individuals, but people right out of
23 school, people who are on welfare and others. So it's there.
24 We're able and available to help you market it.

25 CHAIRMAN JABER: Thank you.

1 MR. BECK: Thank you. Barry Neece.

2 BARRY NEECE

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

5 DIRECT STATEMENT

6 MR. NEECE: Madam Chairwoman, members of the
7 Commission, other representatives, my name is Barry Neece; I'm
8 an Orlando resident. And I'm here to speak on behalf of free
9 enterprise. When I looked at this hearing, the notice of it, I
10 thought about my telephone service. I asked myself a couple of
11 questions. One was, am I satisfied with the service I'm
12 getting from, it happens to be in this case BellSouth, and two
13 is, am I getting a bargain? My answer to both of those
14 questions was, I don't have a clue. I don't know.

15 The reason I don't know is that when I moved here
16 to -- when my wife and I moved down here from Indiana, and we
17 were Indiana Bell customers in Indianapolis, we were told that
18 this is BellSouth territory. So I called BellSouth and said, I
19 need a phone. What's the rate? Well, you know, there's dial
20 tone and then there's Call Waiting and Caller ID and all that,
21 and there's charges attached to that. Is that a bargain? I
22 don't know. I don't have any idea.

23 Why don't I know? Compare that to buying a cell
24 phone, which I did. Shortly after I got down here, I changed
25 to cell phones. I must have gone to six different companies,

1 looked at 30 different plans, and in my own humble way figured
2 out which one was the bargain, which one I wanted, but I had a
3 choice. I had a choice. I recently bought a vehicle. That's
4 not a pleasant process, but nonetheless it was competitive and
5 I had the opportunity to shop around and find what I wanted.
6 Did I have that with local telephone service, dial-tone
7 service? No, no.

8 There's no competition. That's why you folks exist
9 because there is no competition, and telephones are considered
10 a public utility, that means public necessity at some level,
11 and, therefore, a public body such as yourself has to exist to
12 regulate and protect the public interest. My personal opinion,
13 and I'm speaking to you as a private resident, private citizen
14 on behalf of the free enterprise, free market system, is that I
15 don't believe you people should exist. Don't take that
16 personally. I like all of you, you know, from what I've heard,
17 what I've seen, but I don't believe you should exist. I
18 believe that rates -- again, I don't know whether my \$16 a
19 month rate, basic dial-tone rate is fair, is a bargain. I
20 don't know. Does BellSouth give me good service? Well, they
21 could have come a little faster after that last tropical
22 depression came through and knocked down a power line. But
23 would Sprint have gotten there sooner? I don't know because I
24 didn't have a choice. I couldn't call Sprint to come fix my
25 line.

1 Bottom line, what I'm saying to you is that if you
2 take the rate increase, in-state long distance rate decrease,
3 the revenue-neutral stuff out of it, the debate really is
4 about, do we want the free market to set the rates through
5 competition? I for one say absolutely. And I would encourage
6 you to allow that to happen. Thank you very much.

7 MR. TWOMEY: Madam Chairman?

8 CHAIRMAN JABER: Thank you.

9 Mr. Twomey.

10 CROSS EXAMINATION

11 BY MR. TWOMEY:

12 Q Yes, sir. You're relatively new to Florida, you
13 said?

14 A I've been told that being here five years makes me a
15 native.

16 Q It's a relevant term. I asked because I wanted to
17 ask you if you understood that these companies and every local
18 exchange company in this state have been legally subject to
19 competition for eight years since 1995. Did you know that?

20 A No.

21 Q Well, it's a fact. I mean, you can ask them.

22 A I wouldn't expect you to lie to me, sir.

23 Q No. I'm saying that they got the law passed that
24 said they would be subject to competition since 1995. Now --

25 A That may be a fact legally. But the fact remains

1 that when I moved into my house at 19907 Mardi Gras, Orlando
2 32833, I didn't have any competition when it came to selecting
3 a phone company.

4 Q Yes, sir. And my next question is, is are you aware
5 that the theory, the thesis behind these cases they've filed
6 with the Public Service Commission is, is that the way to give
7 you the competition that you seemingly want to have, the only
8 way to get that competition is to raise your rates by \$3.86 a
9 month? You're served by BellSouth.

10 A Ask that again.

11 Q Yes, sir.

12 A That sounded like a loaded question.

13 Q It may be, but that's what I do.

14 A And that's fair.

15 Q That's what I do. Do you understand that their
16 theory, the theory they sold to the majority of the Legislature
17 of the state of Florida and to the Governor is that the law has
18 allowed competition legally since 1995, but not enough has come
19 in, and, hence, the way to bring in competitors is to raise
20 your rates to make you and these people, the rest of them, more
21 attractive targets by associating more monthly dollars with
22 them? And so what they're saying is, is that the only way we
23 can have competition is to raise your rates from a minimum of
24 35 percent to as much as 90 percent.

25 A Yeah, I do understand that, and that is a rather

1 Machiavellian strategy to bring free and open competition to
2 the marketplace, but it's done -- the reason I think they're
3 doing that -- and don't let me put words in your mouths, but
4 the reason I think they're doing that is because they're
5 hamstrung by regulations that I don't believe that we need in
6 the free market economy.

7 Q Well, one more question about that statement. If you
8 heard the initial remarks of mine, they're saying they want to
9 do this to lose customers. But my last question is, if they're
10 successful and your rates go up by close to \$4 a month, are you
11 initially going to feel that you are getting a better bargain?

12 A I would not have a clue, sir. And I will say again,
13 I don't know whether I'm getting a bargain or whether I'm being
14 held up at this point. I have nothing to compare it to. And I
15 like being able to compare things. You know, I'm an inveterate
16 shopper when I have to buy something and I like to shop. I
17 can't do it now with local service.

18 MR. TWOMEY: Okay. Thank you.

19 MR. NEECE: You're welcome.

20 MR. BECK: The next witness is Matthew Rothman.

21 MATTHEW ROTHMAN

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

24 DIRECT STATEMENT

25 MR. ROTHMAN: Yes, I am Matthew Rothman. I live in

1 Altamonte Springs, Seminole County. And I'd like to say that I
2 have a very good living there in the Crane Roost (phonetic)
3 Villas. I have spent about 12 years living in Lake Mary. They
4 call it that, but it was The Crossings. And in The Crossings,
5 it was kicked out of Lake Mary by the smart people that wanted
6 not to have 5,000 families come in and take over their seats.
7 So they put us back to the County. And the important part that
8 I'm trying to make here is that all those people were probably
9 paying a tax to BellSouth because they don't realize, and they
10 won't recognize it, that there is no Lake Mary taxes that can
11 be applied to The Crossings, and yet they would never take that
12 bill off. I fought it for five years and finally moved out to
13 Altamonte Springs, which we live now. And the same kind of
14 tricks are being played on the public.

15 I'll give you an example. My latest bill from
16 Sprint, local, is, the cost of it is \$22.16. The taxes and
17 other things that they put into the bill was -- came out to
18 52 percent of what the cost was. And most of that is profit
19 for Sprint. It is not a tax law that we are being paid for.

20 Now, in my particular case I was USAA and I get a
21 dollar and a half every month off the bill and that's nice.
22 But I don't like to have these charges that they say originally
23 was taxes. You have to have it and pay for it when it turns
24 out there is no law on the books that says that is a tax. It
25 is a decision made by the phone company. And, of course,

1 they're going to go put it out.

2 Okay. I also have for the security that we have in
3 the sense of having a phone, (inaudible), and that basic
4 expense is \$30 for 300 minutes a day -- take that back, one
5 month. Okay. The charges for taxes and other things comes up
6 to a 26.4 percent of the cost of the \$30 service. Now, most of
7 those, the majority of them are not taxes. And everybody
8 thinks that when they put it down on these papers, this is a
9 tax, you've got to pay it. My wife was that way. You've got
10 to pay it, and I said no. And I called up and find out that I
11 was right. These are things that were allowed by your
12 organization to the telephone companies; if you want to put
13 these charges in, you can. We as customers have no choice in
14 that decision.

15 Okay. If we were to allow an increase, a reasonable
16 increase for this area, I believe a refund could be made and
17 make it usable that the area of service be all of central
18 Florida. I have a daughter who works as a teacher in Apopka,
19 and I have to pay 25 cents to make a call to her. I have a son
20 who lives in St. Cloud, got the same thing. In fact, I use my
21 cell phone to call him because of that 25 cents. It's not a
22 money-money thing, but it's the cost of -- I have 300 minutes,
23 we don't use it anyway every month. So I would sooner use that
24 cell phone than get billed, because the bill of 25 cents, all
25 of a sudden it becomes about 45 cents.

1 So I think BellSouth, to be truly -- I was really
2 upset with the people that work for you and not listen to what
3 the truth is. I gave them a copy of a letter from Lake Mary
4 and sent it to your people who do the billing, and they didn't
5 even want to accept it. They would not believe where I lived
6 with a mailbox of Lake Mary I didn't belong to the town. So
7 these are things that I bring up because a lot of people use
8 the phone and are ignorant of what they are really paying for.

9 I'm an engineer. I came out of World War II, thank
10 God, alive. I went to college, got a degree, and I also got a
11 commission in the Navy and I was back in in Korea. So I've
12 served the country and I've served the public in those ways.
13 Okay. That's my comments.

14 CHAIRMAN JABER: Thank you, Mr. Rothman. I'll offer
15 you the same thing I offered an earlier speaker. I see you're
16 holding your bill. If you will give us a copy or let
17 Mr. Durbin look at a copy of your current Sprint bill, we'll be
18 about to explain some of those charges to you. There should
19 be, if we brought it with us tonight, and I hope we did,
20 there's also a pamphlet called "Navigating The Phone Bill" and
21 that you can take with you. And it will also explain what some
22 of those charges are.

23 MR. ROTHMAN: I have all my copies here.

24 CHAIRMAN JABER: Thank you, sir.

25 MR. ROTHMAN: I'll give you the latest, though,

1 because you don't need all of them.

2 CHAIRMAN JABER: Thank you for being here.

3 MR. REHWINKEL: Madam Chairman, if I might.

4 CHAIRMAN JABER: Mr. Rehwinkel.

5 MR. REHWINKEL: In addition to Mr. Rothman being
6 about to talk to your staff, we do have someone available
7 on-line back at the office. If there are any issues that they
8 need to work out, we can help with that tonight.

9 CHAIRMAN JABER: Do you want to let Mr. Rothman know
10 where that person is located?

11 MR. REHWINKEL: Yes. This is Ms. Kazaree back in the
12 red back there. She can answer any questions, along with your
13 staff.

14 CHAIRMAN JABER: Okay. Great.

15 MR. REHWINKEL: Thank you.

16 CHAIRMAN JABER: Thank you.

17 MR. BECK: The next witness is Robert Osband.

18 CHAIRMAN JABER: Mr. Osband.

19 ROBERT OSBAND

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

22 DIRECT STATEMENT

23 MR. OSBAND: Good evening, Madam Chairman,
24 Commissioners. My name is Robert Osband, O-S-B-A-N-D. And the
25 last time I spoke before the Commission, I was suggesting that

1 the countdown capital of the world should get area code 321.

2 CHAIRMAN JABER: You got what you asked for.

3 COMMISSIONER DEASON: You know, I saw you sitting in
4 the audience and you looked very familiar and now I know why.
5 That was a great proposal. I appreciate it.

6 MR. OSBAND: Thank you. I wish I could take off some
7 time to go to Tallahassee to do some lobbying, but
8 unfortunately I couldn't. The phone companies, of course,
9 could afford to send people. They got the legislation through.
10 And the key term in there seems to be revenue leveling and
11 unfortunately -- or rather revenue neutrality. And the revenue
12 leveling seems to be to decrease the intrastate charges to the
13 long distance carriers and level it back onto the ratepayers.

14 Now, it seems to me that for decades there has been
15 the incongruity of rates between intrastate and interstate
16 phone calls. And shouldn't the revenue leveling be between the
17 intrastate and the interstate rates? Now, of course,
18 interstate rates are set by the Federal Communications
19 Commission, which means that the Public Service Commission
20 should get together with other public service commissions
21 across the country, probably through NARUC, the National
22 Association of Utility Commissioners, and take a proceeding
23 before the FCC to do rate leveling across-the-board across the
24 nation. This would take the rate leveling off the backs of
25 Florida's consumers. Thank you.

1 CHAIRMAN JABER: Thank you, sir.

2 MR. BECK: Mike Ketchum.

3 MIKE KETCHUM

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

6 DIRECT STATEMENT

7 MR. KETCHUM: Madam Chair, members of the Commission,
8 good evening and welcome to Orlando. I'm Mike Ketchum; I'm
9 vice president for public policy at the Orlando Regional
10 Chamber of Commerce. It's my pleasure to be here tonight on
11 behalf of over 6,000 members of our Chamber who range from
12 world class tourist entertainment complexes to the many small
13 businesses and, yes, even mom and pop operations which comprise
14 our Chamber's membership today.

15 Our Chamber joined with many other business
16 organizations in supporting Senate Bill 654 in the current
17 legislative session because we believed it was in the best
18 interest not only of our members but our state's vitality of
19 its business climate. It provides a framework to significantly
20 modernize the telecommunications market by removing barriers to
21 new technologies, encouraging innovation, and also spurring
22 competition particularly for local phone service and increasing
23 choices for both employers and residential consumers statewide.

24 We further believe it will lower long distance access
25 charges. And I would add that we are pleased also the

1 legislation offers an expanded Lifeline program to those who
2 need it the most in our state. We would encourage this
3 Commission to keep in mind that telecommunications companies
4 must be permitted to price the important services they provide
5 at fair market value subject, of course, to your oversight.

6 Prior to this legislation, telecommunication
7 companies were forced to offer services at below cost with the
8 difference being made up in commercial and long distance rates
9 along with other services and charges. Pricing must reflect
10 true cost in the realities of today's telecommunications market
11 and this vital industry permitted to flourish in the Florida
12 marketplace today. Thank you for your consideration of our
13 views.

14 MR. TWOMEY: Madam Chair?

15 CHAIRMAN JABER: Thank you, Mr. Ketchum.

16 Mr. Twomey, you have a question?

17 MR. TWOMEY: Yes, ma'am, I do.

18 CROSS EXAMINATION

19 BY MR. TWOMEY:

20 Q Mr. Ketchum, of your 6,000 members of your Chamber,
21 many of them are mid- to large-sized businesses; is that
22 correct? They're mid- to large-sized businesses?

23 A There's a whole gamut of -- we go all the way to
24 Disney to mom and pop.

25 Q Okay. Are you aware, since you endorse this

1 legislation, that customers of these companies that have --
2 business customers that have more than two lines aren't subject
3 to any local rate increases at all?

4 A Is that what you're saying?

5 Q I'm saying, when you endorse this, were you aware
6 that that was a fact?

7 A We endorse the bill with the eyes wide open.

8 Q Yes, sir. But my question is, were you aware that
9 multiline business customers would get no local increases and
10 that all of the increases would fall on the shoulders --

11 A We endorse --

12 Q Let me finish, please. Would fall on the backs of
13 residential and single-line business customers.

14 A We endorse this legislation taking into account all
15 aspects and ramifications of the legislation. We think it's in
16 the best interest of our members and the totality of our
17 members, the state and the vitality of its business climate.

18 Q If -- but you have an expectation, do you,
19 Mr. Ketchum, that the -- your members that won't pay any local
20 rate increases will be the beneficiaries of some of the
21 reduced --

22 A You know, I'm really -- I don't like to engage in
23 speculation. Again, I stand on my statement. We endorse the
24 legislation based on our knowledge of its implications and
25 ramifications on all of our members.

1 MR. TWOMEY: One more, Madam Chair.

2 BY MR. TWOMEY:

3 Q Mr. Ketchum, if the Lifeline recipients' protections
4 from these rate increases, which are from 35 to 90 percent, is
5 a good thing, are you in favor of those protections lapsing in
6 from two to four years?

7 A I would like to personally see the Lifeline program
8 extended beyond the four years. I think it's important, and I
9 hope it would be as we go forward.

10 Q Would your organization support legislation for that?

11 A I would like to review the legislation. I don't -- I
12 never support something I've never seen. I'd like to read the
13 bill, yes. Would you get something to me? I'd be happy to
14 look at it.

15 MR. TWOMEY: Yes, sir. Thank you.

16 CHAIRMAN JABER: Mr. Ketchum, thank you for your
17 testimony.

18 MR. KETCHUM: Thank you.

19 MR. BECK: The next witness is Frank Vasseu.

20 FRANK VASSEU

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

23 DIRECT STATEMENT

24 MR. VASSEU: Ladies and Gentlemen, my name is Frank
25 Vasseu; I reside at 1211 Spring Lite Way in Orlando, Florida

1 32825, and I'm a BellSouth customer.

2 Members of the Commission, you stand between us and
3 the telephone company at this time. I ask that you deny the
4 application for increase of our local rates. Arising from the
5 Senate Bill 654, the Florida Statutes 364.01 in part says, the
6 Legislature finding that provisions of unregulated voice over
7 Internet protocol is in the public interest. That's what it
8 says. A rate increase is not in the public interest, and it is
9 your duty to the public to deny this application. And it
10 should be contingent upon the phone company showing a record of
11 high quality service. In a section in the bill which says,
12 local exchange telecommunication company will provide high
13 quality reliable service. We expect the phone company to
14 first achieve the intent of the bill. And again, the Florida
15 Statutes 364.01(3), the Legislature further finds that changes
16 in regulation allowing competition in telecommunication
17 services could provide for occasion for increase in the
18 telecommunication workforce. So we expect to see that before
19 applying an increase to our rates.

20 You, the Commission is expected by the Legislature,
21 whom we elected, to appropriately regulate the results of the
22 change from monopoly provision to competitive provision and to
23 protect us, the consumers. That is the intent of the bill
24 also. It is my opinion that long distance service should pay
25 for itself and not expect a subsidy from local service.

1 Ladies and gentlemen, our family gave up long
2 distance carriers. I have several folders with me from Qwest
3 and some of the no-name companies that we selected, and we gave
4 them up because of poor service. We now use a calling card.
5 And I believe that it will be unfair to me, to our family to
6 have local service subsidize the long distance service.

7 The landlines which is owned by some of the major
8 companies have been leased to some of these no-name companies,
9 and the losses that are incurred from that should not be borne
10 by us local service users. I would urge you members of the
11 Commission to deny the application from the telephone company.

12 CHAIRMAN JABER: Mr. Vasseu, based on your comments,
13 I take it that other than your use of the calling card for long
14 distance, that you don't feel like you have a meaningful choice
15 in local providers.

16 MR. VASSEU: No, I don't, ma'am.

17 CHAIRMAN JABER: You don't receive -- does the
18 Orlando area, any of the BellSouth customers, do you receive
19 pamphlets from other local providers in your area, any
20 brochures or advertisements?

21 MR. VASSEU: We do not receive any advertisement
22 regarding local service. We do always receive the cell phone
23 service pamphlets.

24 CHAIRMAN JABER: Why do you think that is?

25 MR. VASSEU: Well, because there's not many to choose

1 from really. Sprint is there. There's BellSouth. That's the
2 only two I'm aware of. When we lived in Kissimmee -- well, we
3 used Sprint too in Kissimmee. We moved to Orlando, Orange
4 County, and we are not aware that there is any other to choose
5 from really.

6 CHAIRMAN JABER: How did you know to call BellSouth?

7 MR. VASSEU: Because when we moved into the area
8 that's what we heard was available, and that's why we called
9 them.

10 CHAIRMAN JABER: Okay, sir.

11 Mr. Twomey, you had a follow-up?

12 MR. TWOMEY: Yes, ma'am. Two questions, actually.

13 CROSS EXAMINATION

14 BY MR. TWOMEY:

15 Q The Chairman asked you if you had any meaningful
16 competition for your local service. And my question to you is,
17 do you care or do you want to have meaningful competition for
18 BellSouth or Sprint if the only way you can get it is by
19 receiving a 35 to 90 percent increase in your monthly bill?

20 A That is why my testimony -- as I said, if we're going
21 to receive an increase, it should be contingent upon the
22 company showing the intent of the bill is to provide quality
23 service, let us see that service, and to show an increase in
24 their work for us. Because that is part of what the bill
25 stated, that this deregulation would achieve this, but here we

1 are asked to pay more, and we have not seen any result yet.

2 Q Okay. And I also hear you say that you are not
3 interested in seeing your local bill go up so that increases in
4 your local rates can go to subsidized lower long distance rates
5 for Disney, the other members of the Chamber of Commerce and
6 other big business.

7 A That is correct. I do not want to see this, no.

8 MR. TWOMEY: Thank you.

9 MR. VASSEU: Thank you, sir.

10 CHAIRMAN JABER: Mr. Vasseu, thank you for your
11 testimony.

12 MR. BECK: The next witness is Carol Murphy.

13 CAROL MURPHY

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

16 DIRECT STATEMENT

17 MS. MURPHY: Madam Chairman and Commissioners, good
18 evening. Thank you for providing this opportunity for us to
19 testify. I'm a residential customer. I lived in Orange County
20 and had Sprint service for approximately a little over 35
21 years. I have recently, about two years ago, a little over two
22 years, moved to Polk County and have now Verizon service. I'm
23 here on behalf of myself, and I'm also kind of representing
24 about 12 households in my neighborhood who I have just recently
25 discovered are experiencing the same difficulties that I am.

1 I have been involved for about ten days, and I have
2 had little phone service for most of that time, so I haven't
3 been able to reach out as much as I had planned to. But in the
4 process of the past ten days I've managed to hear about,
5 through friends and other neighbors of neighbors, that the
6 problems exist in Polk County and other areas as well.

7 I have a -- my position is that I would hope that you
8 will deny this request for a rate increase. I agree with most
9 of the statements that I have heard so far this evening from
10 other speakers. And I also forgot to say I have a full-time
11 position in Osceola County, but I run a small business from my
12 home which is highly dependent on my computer line, which is
13 modem access as well as my home phone service. I do not feel I
14 have any real meaningful choices. Is Verizon here? Did I
15 understand that they were not able to be here this evening?

16 CHAIRMAN JABER: There is a representative from the
17 company that is here.

18 And, Mr. Ciamporcero, would you like to introduce
19 yourself for the record?

20 MR. CIAMPORCERO: Hi. I'm Alan Ciamporcero with
21 Verizon.

22 MS. MURPHY: All right. Thank you. I have several
23 concerns. My main concern is the quality of the service.
24 Since I have moved to Polk County, I have had two lines the
25 whole time I've lived there, and they have been frequently out

1 of order, both of them, or have had so much static and
2 interference that it was impossible to even make a cogent
3 report to the repair service line. Just recently I have had no
4 service or static infested service on August 14th and 23rd,
5 September 9th -- excuse me, September 6th, 7th, 10th, 11th,
6 12th, 18th, 19th, 20th, 21st, 22nd, 30th, and October 1st and
7 2nd.

8 Last night the technicians left my home at 8:30 p.m.
9 The technicians have been wonderful. They have come out. They
10 have done the best they could to try to resolve the problems.
11 My sense of what's going on is just from putting together a lot
12 of different comments from a large string of technicians and
13 talking to a couple repair call people, having feedback on my
14 answering machine from an automated voice which reports things
15 like, I'm sorry, our trouble was in our cable, or the trouble
16 was in our equipment, or when pressed I've gotten, there's a
17 box out there. And at one point someone said, well, there was
18 a temporary, I don't know what, something, piece of equipment
19 that was put in 10 or 12 years ago, and it has never been
20 replaced. And I suspect we're dealing really with outdated and
21 faulty equipment, and that the cost that the telephone
22 companies are trying to recoup may be the cost of sending
23 technicians out to a place like mine, which is not in any kind
24 of downtown area, for as many days of the month as I've
25 reported to you here.

1 CHAIRMAN JABER: What city is it, Ms. Murphy?

2 MS. MURPHY: I don't live in a city limit. My
3 mailing address is Dundee, but I live near Green Leaf.

4 CHAIRMAN JABER: Near Green Leaf?

5 MS. MURPHY: Not in Green Leaf. I live in an area,
6 Lake Marion. But I also have a friend in Eagle Lake who has
7 reported a similar kind of problem.

8 I think that there is some sort of issue here where
9 not only is the equipment outdated and poor, and I think poorly
10 maintained, but when I have the same people coming back or the
11 same problem coming back with different people reporting back
12 to me about what's wrong, I get the feeling that for some
13 reason they can't replace the thing that's broken but they have
14 to somehow patch it back together.

15 They will say things like, well, we'll try to put you
16 on another channel. And I don't have any technical background
17 in the phone services, but it sounds to me like they are going
18 to unplug me from one line and stick me into another line slot.
19 And that will go along for a while and then that slot will get
20 wet or hot or whatever else happens to it. It seems that it
21 shorts out. I've had cable modem -- I mean, excuse me, modem
22 service access on-line in Orange County for -- since the late
23 '80s with the same equipment. I have replaced two modems since
24 I have lived at my present address. I think that's kind of
25 unusual.

1 CHAIRMAN JABER: Ms. Murphy, what I'd like to do is
2 have you meet with Mr. Durbin and Mr. Ciamporcero from Verizon,
3 let them have your address and phone number. And I'll request
4 that both staff and Verizon report back to the Commission
5 within -- let's see, today's Thursday. Why don't you let us
6 know by Monday --

7 MR. CIAMPORCERO: Sure.

8 CHAIRMAN JABER: -- what the result is and what the
9 nature of the problem is. Ms. Murphy, and we'll be able to
10 communicate that back to you.

11 MS. MURPHY: Okay. I'd like to make two other short
12 points.

13 CHAIRMAN JABER: Go right ahead.

14 MS. MURPHY: In addition, I find the format of this
15 phone book antiquated. I have to know where someone lives
16 before I can call that person. I have to know, since this
17 phone book is divided by city, whether the person lives in
18 Haines City or the company is located in Lake Wales. I was
19 familiar with this kind of format when I moved to Florida in
20 1966 and it has been -- it was not that kind of format in the
21 Sprint system. That was changed.

22 And also, I'd like to say that it seems to me that
23 Verizon is making plenty of money on their local long distance.
24 Being used to the calling area that was available to me in
25 Orange County, I know find that if I try to dial within a

1 radius of 20 miles of my home, I experience a toll charge. And
2 at first it was quite a surprise to call Lakeland or even the
3 County Seat, Bartow. If I have any dealings with my County
4 government, I am charged a toll, and I think that's really
5 unfair. So I would like to add that to the record. Thank you
6 very much for your consideration.

7 CHAIRMAN JABER: Thank you, Ms. Murphy.

8 Mr. Twomey, you have a question?

9 MR. TWOMEY: Yes, ma'am, just briefly.

10 CROSS EXAMINATION

11 BY MR. TWOMEY:

12 Q I wanted to be clear that you understand that under
13 the law currently without these petitions being approved that
14 you can at least go to the Public Service Commission about your
15 myriad of quality of service problems, and they have the
16 jurisdiction to try and make the companies fix it. Do you
17 understand that?

18 A Yes, I do. As a matter of fact, I mentioned that to
19 one of the supervisors who I requested to call me, and my sense
20 of that conversation is that they weren't really too worried
21 about that. The Public Service Commission was not much of a
22 concern, not from the individual I spoke to. But when I said I
23 was coming to this meeting this evening, without saying exactly
24 these words but the message was quite clear that, you know,
25 well, go ahead and go, but this has happened before and nothing

1 has changed.

2 Q Well, I suspect that your testifying here will
3 rectify part of that problem. And if it doesn't, I would
4 suggest you let the Public Counsel or myself know, and I will
5 personally undertake to help you with it.

6 But the point I wanted to make is, did you hear my
7 opening statement that under the law that these companies wrote
8 for themselves, that if this Commission approves their
9 petitions, they can in as little as two to three years attempt
10 to remove, legally remove the power of this Commission to say
11 anything at all about their quality of service? Did you know
12 that?

13 A No, I didn't know that, but I certainly hope that
14 doesn't happen. And I think that should we fail as a group
15 here this evening and as you move across the state to persuade
16 the Commission to deny this petition, I would at the bare
17 minimum request that at least you would hold any increases in
18 abeyance until some of these service concerns are rectified.

19 MR. TWOMEY: Thank you.

20 MS. MURPHY: Thank you.

21 CHAIRMAN JABER: Ms. Murphy, thank you.

22 MR. BECK: The next witness is Brantley Slaughter.

23 BRANTLEY SLAUGHTER

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

DIRECT STATEMENT

1
2 MR. SLAUGHTER: Madam Chairman and members of the
3 Commission, I'm one of the folks that was born here in Orange
4 County. I've been here all my life, went to school here, never
5 got smart enough to leave, still here. I'd like to address a
6 couple of things that are important to me.

7 One of the things I do these days is pick up surplus
8 food and deliver it to people that are needy. And I find that
9 both senior citizens as well as single parents have difficulty
10 paying their phone bill and all their other bills too, for that
11 matter, but they need to be under consideration as to what this
12 rate increase might do in their case.

13 I happen to take care of one 84-year-old man that
14 fortunately for Lifeline, it has allowed him to continue to
15 keep his phone. He lives on a Social Security pension of \$344
16 a month. So you could imagine how much fun that is. So these
17 things help tremendously there.

18 And I would say that the free market is going to take
19 care of the basic rates anyway. And I would say also that I
20 did away with one of my phones. I had two, cut down to one,
21 put Lifeline on it, I seldom use it. I use my cell phone. And
22 it's been very helpful, more convenient for me to stay in touch
23 with people and do the things I needed to do. And basically
24 those are the points I wanted to make.

25 And I had one question of you though: What has

1 happened to Jack Shreve?

2 CHAIRMAN JABER: Mr. Slaughter.

3 MR. SLAUGHTER: Is that him here?

4 CHAIRMAN JABER: Mr. Slaughter, he never left either.
5 He never left either.

6 MR. SLAUGHTER: I talked with him for many, many
7 years because I was in the broadcasting business, and he was a
8 help to us on so many things, but I had to ask the question.

9 And I apologize for not recognizing you.

10 MR. SHREVE: That's okay.

11 CHAIRMAN JABER: He retired, oh, I guess it was a
12 couple of months ago from the Office of Public Counsel. He now
13 is with the State Attorney General. He works with General
14 Crist.

15 MR. SLAUGHTER: Great.

16 CHAIRMAN JABER: And I'm sure he'd love to chat with
17 you later on.

18 MR. SLAUGHTER: Well, the only other thing I would
19 say is be kind to Glenda Hood (phonetic).

20 MR. TWOMEY: Madam Chair?

21 CHAIRMAN JABER: Mr. Twomey.

22 CROSS EXAMINATION

23 BY MR. TWOMEY:

24 Q Mr. Slaughter, just briefly. I'm curious. The
25 gentleman that you help, the 84-year-old gentleman that's a

1 Lifeline recipient.

2 A Yes.

3 Q Now, you understand -- or do you understand that if
4 the Public Service Commission grants the petitions by these
5 three companies, that initially at least Lifeline recipients,
6 including this gentleman, will be immune from these huge rate
7 increases, but that after two and certainly no more than four
8 years this gentleman and people like him will have to pay these
9 rate increases, from \$3.68 a month to almost \$7 a month? And
10 my question is, if that's true, when that happens, will that
11 gentleman be adversely impacted by having to pay those
12 additional fees?

13 A Well, as long as we continue to be able to do what
14 we're doing now, the food that I acquire and distribute to
15 people, which is about 1,500 pounds a day, helps a lot of
16 elderly people. And out in the Orlovista area of Orange
17 County, which you may not be familiar with, that's where the
18 county actually started. In fact, Mr. Jernigan, who started
19 the city of Orlando, is buried in our cemetery. We have quite
20 a few people there and they need these things. They need to
21 keep their costs down because they have very little money. And
22 fortunately there are a lot of businesses that are
23 accommodating, that are concerned and understand that help us,
24 and I don't do it all, I do a little bit, help us to do things
25 to get these people through their everyday life.

1 Q Yes, sir. And I think we all appreciate that. But
2 my question is, isn't it just a mathematical fact if this
3 gentleman has to pay from \$3.50 to almost \$7 more a month, it's
4 going to adversely impact his limited budget?

5 A It definitely will. But it's something he needs when
6 he needs medical attention. He needs that phone. And it's
7 more practical under those arrangements than it would be for
8 him to have a cell phone because he can operate the old phone.
9 The cell phone he might have a problem with.

10 MR. TWOMEY: Thank you.

11 MR. SLAUGHTER: Thank you very much.

12 MR. BECK: Madam Chairman, if I may.

13 CHAIRMAN JABER: Mr. Beck.

14 MR. BECK: Mr. Slaughter, our office has an 800
15 number, and I'm going to give it to you. It's 1-800-540-7039.
16 I've written it down for you, but we will -- I'll give you
17 this. But we will help anybody, you know, both with
18 information and to get them qualified with Lifeline, and I'll
19 give you that number. And anything we can help, we would sure
20 like to.

21 CHAIRMAN JABER: Mr. Beck, read that number one more
22 time.

23 MR. BECK: It's 1-800-540-7039.

24 MR. SLAUGHTER: 540?

25 MR. BECK: 7039.

1 MR. SLAUGHTER: 7129.

2 MR. BECK: 7039.

3 MR. SLAUGHTER: I thank you.

4 MR. BECK: Thank you.

5 CHAIRMAN JABER: Thank you. Mr. Beck, your next
6 witness.

7 MR. BECK: Aaron Kaufman.

8 AARON KAUFMAN

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

11 DIRECT STATEMENT

12 MR. KAUFMAN: Good evening, Madam Chairman and
13 Commissioners. My name is Aaron Kaufman, and I live at 346
14 Prairie Dune Way, Orlando, Florida. I'm a BellSouth customer.
15 And I want to thank you for the opportunity to speak tonight on
16 this very important issue. Your decision concerning this
17 proposed rate increase will have an enormous effect on
18 Floridians for many years to come. And as being a native
19 Floridian with a few left I'm concerned about this issue.

20 Before I begin, as a personal aside, I used to be a
21 court reporter, and I worked many times with Mr. Shreve who,
22 you know, has retired. He did a great job for the citizens of
23 Florida, and he'll be sorely missed, and we owe him a great
24 debt of gratitude. And I hope his replacement will be just as
25 effective. You've got big shoes to fill.

1 As to the issue before you, I want to start by saying
2 I strenuously object to this rate increase, and not just
3 because I could afford it. It won't mean that much to me. But
4 I saw this day coming when the phone company was broken up over
5 20 years ago. I knew eventually the phone companies would try
6 to force everyone off basic service onto more higher
7 profit-making services. The problem is they're not giving
8 their customers any breaks on those services either, and I'm
9 one of those classic examples.

10 They also continue to nickle and dime the customers.
11 Where it used to be free directory assistance now costs you 75
12 cents to \$1.75, sometimes higher, to find a number if you can
13 get through and if they know what city it is. You would be
14 surprised how bad directory assistance has become. The last
15 three times I've used it, they couldn't find the number.

16 And the list goes on. You know, it costs you \$3 to
17 change long distance services. Every time you change a
18 service, they charge you \$3 and up. If they want a rate
19 increase, they should be forced to stop the nickle and dime
20 fees and give us back our free information services and other
21 services.

22 I consider myself a very basic phone service user.
23 Let me tell you what I spend on phone charges monthly.
24 Twenty-one dollars for my regular phone bill, \$22 for Internet
25 use, \$72 for two cell phones, and \$5 for long distance. That's

1 \$120 a month for basic phone-related services. That is the
2 universe out there right now for a good majority of the
3 citizens of Florida. I can afford \$34 a month, but why should
4 I have to pay it?

5 I would gladly give up my basic phone service if I
6 could get better and cheaper cell phone plans. My plan, like
7 that other gentleman, is only 250 minutes a month, and if I got
8 rid of my regular phone, that's not enough. I would need at
9 least upwards of a thousand minutes a month just to cover that,
10 and I can expect to pay over \$50 a month for a similar plan.
11 No savings are there. Also, I need a phone connection for the
12 Internet. Internet service through your cable, TV cable runs
13 minimum \$45 a month. That's double what I'm paying right now.
14 Definitely no savings there.

15 The phone companies say they will lower long distance
16 costs to offset the higher basic phone cost. What good is that
17 going to do me when I rarely spend over \$5 a month? I'm lucky
18 now. I have a long distance phone service that doesn't charge
19 me anything if I don't make a phone call. Most of the big
20 phone -- long distance companies right now, just to get their
21 basic long distance plan you have to pay a minimum of \$4 a
22 month even if you don't make a call. If they would waive that
23 charge, maybe that would benefit us, but I don't see that
24 happening. Again, no savings there.

25 And finally, you know, the basic idea if you raise

1 the fee, you're going to raise the taxes on the bill. It will
2 go up percentage-wise. So my taxes right now on the bill are
3 \$4 a month alone. You know, the basic service is \$11, \$4 or \$5
4 in taxes, plus 50 cents for 911, \$3 for the FCC access fees, so
5 I have the privilege of using long distance that I don't use,
6 paying for Internet service in school, you know, the list goes
7 on.

8 In conclusion, as I said, I consider myself the
9 average phone user. I'm not going to benefit one bit from
10 these rate increases. If I gave up basic service, my phone
11 bill would be double what it is now, and they know that. They
12 absolutely realize that. And it's not our fault that they're
13 subsidizing the basic service. That's a cost of doing
14 business. This free raise is tantamount to allowing the Post
15 Office to double the cost of a standard stamp because it's not
16 profitable.

17 Again, there will be no competition as they claim
18 because they continue to force the competition out by charging
19 them excessively high access fees to their lines. And you ask,
20 do you ever get another phone service alternative? Never. The
21 only ones you see on TV are advertised, and they're a minimum
22 \$30 a month for basic service, a minimum. Most independent
23 providers can't compete with that. You know, why should
24 somebody give up their \$13 a month phone bill or \$22 for a \$30
25 a month phone bill? That wouldn't make any sense.

1 But I know how this rate game is played. As I said,
2 I used to be a court reporter. They will ask for an enormous
3 amount they know won't be granted in order to get the real rate
4 increase they want. And I say they don't deserve a dime at
5 this point. Contrary to other opinions here, I don't see
6 competition lowering cell phone prices. The basic person that
7 just wants to use a phone on there and be on the Internet, it
8 costs you \$120 a month, period, end of story. You can't get it
9 cheaper than that. I've tried. And we've had competition for
10 years, and it's not getting any cheaper. That's all I have to
11 say. Thank you very much.

12 CHAIRMAN JABER: Thank you, Mr. Kaufman.

13 MR. KAUFMAN: Thank you.

14 MR. BECK: James Fleming.

15 MR. FLEMING: (Inaudible.)

16 CHAIRMAN JABER: Take your time.

17 MR. BECK: Kevin Coulthert. Is Kevin Coulthert here?
18 Ava Parker.

19 AVA PARKER

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

22 DIRECT STATEMENT

23 MS. PARKER: My name is Ava Parker, and my address is
24 101 East Union Street, Suite 200, Jacksonville, Florida, and I
25 just wanted to come up and comment for a second, Madam

1 Chairman.

2 CHAIRMAN JABER: Welcome, Ms. Parker.

3 MS. PARKER: How are you? After sitting here, I just
4 wanted to come up and comment for just a moment. And certainly
5 I had the pleasure of actually participating in the hearing
6 last evening as well, but many of the speakers this evening had
7 comments about Lifeline, their concerns about the information
8 not being put out in their communities. And I want to just put
9 on the record that through the good work of Jack Shreve at the
10 Office of Public Counsel and Interim Public Counsel Charlie
11 Beck and the work with the companies, BellSouth, Sprint, and
12 Verizon, that they are doing some really good work within the
13 community to spread the word about Lifeline. So it's not that
14 they have not recognized that responsibility. They are
15 actually doing some grass roots efforts to get the word out.
16 And certainly it's wonderful for me to come and have an
17 opportunity to meet folks like Alice Cobb from Workforce
18 Central Florida so we could include her in the program as an
19 alliance partner with us.

20 So I just wanted to comment on the record that we are
21 working, that is the Office of Public Counsel, BellSouth and
22 Sprint and Verizon, to get the word out about these services.
23 And certainly as it relates to the increase, we are pleased
24 with the moratorium that is going to place on the rates for
25 Lifeline subscribers, and trust that if at the end of that

1 moratorium that if there's going to be a detrimental effect
2 upon Lifeline subscribers, there will be something put in place
3 to address their specific needs. And that's all.

4 CHAIRMAN JABER: Thank you, Ms. Parker.

5 Mr. Twomey, you have a question?

6 MR. TWOMEY: Yes.

7 CROSS EXAMINATION

8 BY MR. TWOMEY:

9 Q Good evening, Ms. Parker.

10 A How are you?

11 Q I asked this question to the gentleman from the
12 Chamber of Commerce. So you do recognize that the law provides
13 that the Lifeline recipients will at some point become subject
14 to the rate increases, and that being the case, would you
15 support legislation that would protect the recipients from the
16 increases indefinitely?

17 A I think that -- I guess, first, I agree with his
18 comment in that I certainly don't want to support any
19 legislation blind. But I think I support the concept in that
20 if it turns out that at the end of the moratorium if there is
21 going to be a detrimental effect upon Lifeline subscribers with
22 the rate increase, then I would think that it would be
23 necessary for us to review something to ensure that the
24 Lifeline subscribers are ensured that basic right to a
25 telephone.

1 Q Yes, ma'am. But the -- and I need to continue this
2 conversation from what we had last night. Don't you recognize
3 that it's fundamentally unavoidable that there will be
4 detrimental consequences or effects on the current Lifeline
5 recipients if they are forced to incur any additional monthly
6 rate increases?

7 A I guess what I want to say is that I'm not
8 necessarily disagreeing with you. You're assuming because my
9 direct answer was not, yes, at the end of the period we need
10 that, that my answer was that I'm not in agreement with the --
11 my only proposal is that if at the end of the four-year
12 moratorium, if it is clear that the increase -- well, and
13 because if everything goes as folks would like for it to go,
14 there's an assumption that there would be some competition and
15 the rates would decrease. Let's say that that didn't happen
16 and at the end of the four-year period that there was some real
17 detrimental effect upon Lifeline subscribers, yes, I would
18 support something that would protect the local telephone
19 services for our Lifeline participants.

20 Q Okay. I see. Thanks.

21 A Does what work?

22 Q Uh-huh.

23 CHAIRMAN JABER: Thank you, Ms. Parker.

24 MS. PARKER: Thank you.

25 CHAIRMAN JABER: Mr. Beck.

1 MR. BECK: Mr. Fleming.

2 JAMES FLEMING

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

5 DIRECT STATEMENT

6 MR. FLEMING: My name is James Fleming. I live in
7 Ocoee, Florida. And I wear this tank because I fought fires
8 with the wrong equipment and smoked cigarettes. The reason why
9 I'm here tonight, I've already given you my statement. Having
10 a telephone line that I can get help with is vital to me. We
11 have things called COPD; that's what I am. And we have flares,
12 and doctors can't tell you what causes them, but you know when
13 you've got them. I've had two. One nearly killed me, and the
14 other one only lasted six hours.

15 My problem, Sprint is my long -- is my local carrier.
16 AT&T is my long distance carrier. My problem is I dial a
17 number and Sprint tells me I dialed incorrectly. I know
18 they're telling me a lie because I'm a using a programmed phone
19 from BellSouth. I'm pushing the same button and sending out
20 the same signal. I won't get it for 20 minutes, and then 20
21 minutes later I'll get it. They need to be honest with us.
22 Simply say, we don't (inaudible). Don't tell me I'm dialing
23 wrong when I'm not because I'm using a programmable phone.
24 That's the first thing.

25 The second thing is I have pretty good service from

1 Sprint since I wrote their CEO a letter two years ago and sent
2 this Board a copy. I appreciate your help because they were
3 really good there for while. About 18 months, man, I picked up
4 the phone, they were Johnny-on-the-spot. So I appreciate that.

5 But as far as the increase, I didn't know all about
6 it until I got here tonight, but it seems to me like if I was
7 the little guy, let the big guy go. I'm going to do some
8 letter writing tomorrow to some state legislators and send them
9 what I call a dumb and stupid letter. That's when they do
10 something dumb and stupid that affects my life. They get a
11 letter that says dumb and stupid. You'll be surprised how many
12 of them call you back when they get that letter. That's all
13 I've got to say. You've got my written words. Thank you very
14 much.

15 CHAIRMAN JABER: Thank you, Mr. Fleming. Thank you
16 for being here.

17 Mr. Beck.

18 MR. BECK: Madam Chairman, that completes the people
19 who have signed up previously.

20 CHAIRMAN JABER: Is there anyone in the audience that
21 did not sign up but would like to speak tonight before we
22 adjourn?

23 Let me close by again thanking you for coming out
24 tonight and participating in our process. Thank you for
25 staying as long as you did. This is only the second public

1 hearing out of 14, and we have quite a ways to go still before
2 we make a final decision. Thank you again. And this hearing
3 is adjourned.

4 (Service hearing concluded at 8:30 p.m.)

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

4

5 I, TRICIA DeMARTE, RPR, Official Commission Reporter, do
6 hereby certify that the foregoing proceeding was heard at the
7 time and place herein stated.

8

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

14

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

20

21 DATED THIS 16th DAY OF OCTOBER, 2003.

22

23

Tricia DeMarte

24

TRICIA DeMARTE, RPR
FPSC Official Commission Reporter
(850) 413-6736

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