

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

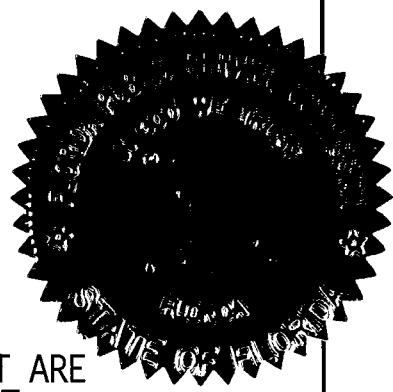
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In the Matter of

PETITION BY VERIZON FLORIDA, INC. DOCKET NO. 030867-TL
TO REFORM INTRASTATE NETWORK ACCESS
AND BASIC LOCAL TELECOMMUNICATIONS
RATES IN ACCORDANCE WITH SECTION
364.164, FLORIDA STATUTES.

PETITION BY SPRINT-FLORIDA, DOCKET NO. 030868-TL
INCORPORATED TO REDUCE INTRASTATE
SWITCHED NETWORK ACCESS RATES TO
INTERSTATE PARITY IN REVENUE-NEUTRAL
MANNER PURSUANT TO SECTION
364.164(1), FLORIDA STATUTES.

PETITION FOR IMPLEMENTATION OF DOCKET NO. 030869-TL
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.



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PROCEEDINGS: FT. MYERS SERVICE HEARING
BEFORE: COMMISSIONER J. TERRY DEASON
COMMISSIONER CHARLES M. DAVIDSON
DATE: Thursday, October 16, 2003

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TIME: Commenced at 6:30 p.m.
Concluded at 7:57 p.m.

PLACE: School Board of Lee County
Education Center
2055 Central Avenue
Ft. Myers, Florida

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

1 APPEARANCES:

2 CHARLES BECK, ESQUIRE, Office of Public Counsel,
3 c/o The Florida Legislature, 111 West Madison Street, Room 812,
4 Tallahassee, Florida, 32399-1400, appearing on behalf of the
5 Office of Public Counsel.

6 MICHAEL B. TWOMEY, ESQUIRE, P.O. Box 5256,
7 Tallahassee, Florida 32314-5256, appearing on behalf of the
8 American Association of Retired Persons.

9 CHARLES J. REHWINKEL, State Vice President-Florida,
10 Sprint, (FLTLHZ0101), 315 South Calhoun Street, Suite 500,
11 Tallahassee, Florida 32316-2214, appearing on behalf of
12 Sprint-Florida.

13 FELICIA BANKS, ESQUIRE, FPSC General Counsel's Office,
14 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850,
15 appearing on behalf of the Commission Staff.

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P R O C E E D I N G S

1
2 COMMISSIONER DEASON: If I could have everyone's
3 attention. We'll call the hearing to order. First, is the
4 microphone working? Everyone can hear okay? It seems to be
5 working fine. Could I have the notice read, please.

6 MS. BANKS: Pursuant to the notice issued
7 September 23rd, 2003, this time and place has been set for a
8 hearing in Docket Number 030867, 030868 and 030869, which are
9 the petitions to reduce intrastate switched access charges in a
10 revenue-neutral manner.

11 COMMISSIONER DEASON: Thank you. Appearances.

12 MR. REHWINKEL: Charles Rehwinkel on behalf of
13 Sprint.

14 MR. TWOMEY: Good evening. I'm Mike Twomey appearing
15 on behalf of the AARP.

16 MR. BECK: And good evening. My name is Charlie Beck
17 with the Office of Public Counsel.

18 MS. BANKS: And Felicia Banks on behalf of the
19 Commission.

20 COMMISSIONER DEASON: Thank you. Let me take this
21 opportunity -- is this microphone -- what about now? Okay.
22 Technology.

23 Okay. My name is Terry Deason. I'm a member of the
24 Public Service Commission; one of five Commissioners. Seated
25 to my left is Commissioner Chuck Davidson. We will be the

1 panel of Commissioners which will be conducting the hearing
2 this evening.

3 I want to take this opportunity to welcome everyone
4 to the hearing. When we went through the preliminary
5 introductions, you should have heard Mr. Rehwinkel introduce
6 himself. He's with Sprint Telephone Company. Mr. Twomey is
7 with the AARP. Mr. Beck is with the Public Counsel's Office.
8 And Felicia Banks is with the Public Service Commission.

9 Ms. Banks, if you don't mind, could you introduce
10 other staff people that are with us this evening?

11 MS. BANKS: Sure, Commissioner. To my immediate left
12 is Mr. Bob Trapp. To my far left is Mr. Bob Casey. And you
13 may have noticed when you walked in the room someone helping
14 you, Thelma Crump, as well as Bridget Hoyle.

15 COMMISSIONER DEASON: I wanted the Public Service
16 Commission folks to introduce themselves to you or to be
17 introduced so that if you have any questions at any time during
18 the course of the hearing or at the conclusion of the hearing,
19 please make any questions known to them and they will do
20 whatever they can to assist you.

21 We're here this evening to receive public input on
22 petitions that have been filed by the three largest local
23 telephone companies in the State of Florida. These petitions
24 were filed pursuant to legislation which was passed this most
25 recent legislative session and signed by the Governor. This

1 legislation made significant changes to the way telephone
2 companies are regulated in the state and it offers an
3 opportunity for companies to make the filings that were made.
4 These filings would accomplish a number of things if they are
5 approved, the two largest things being the reduction of access
6 charges charged to long distance companies and a change in
7 local rates which would constitute an increase in local rates.

8 We're here to receive input from the public
9 concerning these petitions. We encourage you to participate.
10 We're anxious to hear your thoughts on these rate changes as
11 well as any thoughts you have on the nature of competition in
12 the telecommunications market in your local area. And if there
13 are any changes in the level of competition or any other
14 changes in the way you receive telephone service which you
15 think would be relevant, we're certainly anxious to hear from
16 you this evening.

17 The procedure that we're going to follow this evening
18 is that we will allow the participants to begin with a brief
19 opening statement. I believe the order will be Mr. Rehwinkel
20 with Sprint, followed by Mr. Beck and then followed by
21 Mr. Twomey.

22 Before we get to that stage, we're going to allow
23 staff to make a brief presentation concerning the nature of the
24 petitions and more background information on why we're here
25 this evening.

1 At the conclusion of those brief presentations, then
2 we will go to the meat of the hearing, that is to hear from the
3 public. The procedure we will follow at that stage is to ask
4 all those members of the public that wish to testify to stand
5 and to be sworn in. This is necessary so that your testimony
6 can become part of the record in this proceeding. We have a
7 court reporter here with us this evening who will be recording
8 the statements. This hearing will become part of the record of
9 this proceeding. We will ask that when your name is called by
10 Mr. Beck, if you'll come forward to the podium directly in
11 front of me and begin by giving your name and your address.
12 And if you think it would be helpful to the court reporter, you
13 may wish to spell your name so it will be recorded correctly in
14 the record.

15 I think that pretty much covers the preliminaries.
16 Ms. Banks, is there anything that I've omitted?

17 MS. BANKS: Not that I'm aware of, Commissioner.

18 COMMISSIONER DEASON: I do want to take one moment to
19 introduce Mr. Jack Shreve, who's sitting in the front of the
20 audience. Mr. Shreve, can you raise your hand?

21 Mr. Shreve is the former Public Counsel of the State
22 of Florida, and he is now special counsel to Attorney General
23 Crist. And the Attorney General is actively monitoring these
24 proceedings. Mr. Shreve, I think, has been in attendance at
25 every one of the public hearings, and we appreciate him being

1 with us this evening.

2 MR. SHREVE: Thank you, Mr. Chairman.

3 COMMISSIONER DEASON: Ms. Banks, I'm going to turn it
4 over to you at this time.

5 MS. BANKS: Thank you, Commissioner. As Commissioner
6 Deason just indicated, the reason we're here tonight is to
7 address the three separate petitions that have been filed
8 pursuant to Chapter 364.164 of the Florida Statutes. The
9 purpose of this legislation is to enhance competition addressed
10 access charges.

11 I would note that there are three separate petitions
12 that have been filed, as previously stated, one by Sprint,
13 Verizon and BellSouth.

14 Section 364.164 of the Florida Statutes, which is
15 entitled "Competitive Market Enhancement," provides that a
16 local telephone company may decrease the rates charged to long
17 distance companies for access to its network in a
18 revenue-neutral manner.

19 The PSC must consider four criteria in reaching its
20 decision on each company's request. The PSC must consider
21 whether saying yes to the petition would remove current support
22 for basic local telecommunications services that prevents the
23 creation of a more attractive, competitive local exchange
24 market for the benefit of residential consumers; whether saying
25 yes to that petition would induce enhanced market entry;

1 whether required intrastate switched network access rate
2 reductions to parity over a period of not less than two years
3 or no more than four years. Parity simply means that the
4 access charges charged by the local exchange companies for
5 intrastate or within-the-state calls would be the same as those
6 charged for interstate calls, calls made from state to state.

7 The reason we are here tonight, as Commissioner
8 Deason has mentioned, we want to hear what your comments are
9 concerning these petitions. However, in view of the specific
10 criteria that the Legislature has asked the PSC to address, we
11 would be particularly interested in hearing your comments
12 regarding what extent there's competition in your area for
13 basic local telephone services and what types of competition
14 you would like to see, your comments on the extent of
15 competition that already exist in your area, whether you
16 believe there are other options available to you for local
17 telephone service, and whether you would like more options or
18 services than are currently available to you and what types of
19 services those might be. Again, our purpose tonight is to hear
20 your testimony, your comments regarding these petitions.

21 I want to take just a brief moment to give an
22 overview of what the Commission process is. As you're aware,
23 we have three petitions that have been filed by the three
24 separate companies. The PSC has allowed these companies to
25 amend their petitions. The statute provides that the process

1 must be complete within 90 days, and that 90-day clock will run
2 around the end of December. We're in the process now of doing
3 these public service hearings; this is one of a number of
4 public service hearings that are being held across the state,
5 and that is to hear customers testify on the issues.

6 The technical hearing will be held in Tallahassee
7 December the 10th through the 12th. During the technical
8 hearing companies and opposing parties will present evidence to
9 litigate the issues. For the technical hearing, each party
10 will be responsible for: Filing testimony, conducting
11 depositions, attending a prehearing conference to be held in
12 Tallahassee, putting on witnesses and conducting
13 cross-examination.

14 Some of the parties, as Commissioner Deason
15 mentioned, that have intervened in this proceeding are the
16 Office of the Public Counsel representing the citizens of
17 Florida and AARP, American Association of Retired Persons.

18 After the hearing staff will prepare a recommendation
19 based on the testimony given at these hearings. As
20 Commissioner Deason mentioned, the testimony that you give this
21 evening will become a part of the record that will be
22 considered for a decision in these proceedings. No, no
23 participation from the utility or customers at the final
24 agenda. The Commission will then issue its final vote and
25 issue an order, and thereafter a party may seek review of the

1 decision by the Florida Supreme Court.

2 Thank you. That concludes staff's presentation.

3 COMMISSIONER DEASON: Thank you, Ms. Banks.

4 Mr. Rehwinkel.

5 MR. REHWINKEL: Thank you, Mr. Chairman. Good
6 evening. My name is Charles Rehwinkel, Sprint's state vice
7 president for Florida.

8 After initially filing our case on October -- on
9 August 27th, Sprint, along with BellSouth and Verizon, refiled
10 an amended petition on October 1st. We did this in order to
11 comply with the Commission's ruling granting the Public
12 Counsel's motion to dismiss, which you may hear more about
13 later. This restarted the 90-day clock for the Commission to
14 act.

15 Our petition asks that we be allowed to reduce our
16 in-state access charges to a level equal to our rates for
17 state-to-state long distance charges. If the PSC agrees, then
18 the long distance companies will be required by law to pass
19 these cost savings along to residential and business customers
20 in the form of lower rates. Ultimately, the Commission will
21 monitor and enforce this flow-through requirement through a
22 separate docket.

23 In this proceeding, if our petition is granted, we
24 will implement a three-step adjustment basic monthly local
25 rates as follows for residents: In 2004, \$2.95; in

1 2005, \$2.75; and in 2006, \$1.16. For single-line business
2 customers on average the adjustments will be: In 2004, \$2.70;
3 in 2005, \$2.40; and in 2006, 90 cents. Various nonrecurring
4 charges like service connection fees and service restoral fees,
5 for example, will be increased in three steps over this same
6 time frame.

7 Sprint has also guaranteed as part of our petition
8 that Lifeline rates will remain protected from any of these
9 monthly rate increases until at least 2007. These changes are
10 designed to meet the goals of Florida Statutes by bringing the
11 benefits of the competitive marketplace to the residential
12 customers of Florida. This concludes my opening remarks.

13 But, Mr. Chairman, I'd like to make a brief statement
14 for the record. It is Sprint's understanding that this hearing
15 tonight is for the Commission to hear from the customers.
16 Certain representations may be made in the normal process of
17 the hearing. I just want to make it clear that my silence or
18 lack of objection does not indicate agreement. We understand
19 the Commission has set aside hearing time in December for
20 challenging factual assertions, and we will reserve our
21 objections, if any, at that time. Thank you very much, and we
22 look forward to hearing from our customers.

23 COMMISSIONER DEASON: Thank you. Mr. Beck.

24 MR. BECK: Thank you, Mr. Chairman. My name is
25 Charlie Beck. I'm with the Office of Public Counsel. And in

1 case you're not familiar with our office, we're completely
2 independent and separate from the Public Service Commission.
3 Our office appears as a party in the proceedings and, and acts
4 as any other party. We get to cross-examine witnesses, present
5 our own witnesses, and we plan to present two expert witnesses
6 ourselves in the course of this proceeding. We get to file
7 briefs and arguments, and we can appeal their decisions to the
8 Florida Supreme Court just as any other party can.

9 Earlier, we filed a motion to dismiss the case. It
10 was our view that the initial filings by the company were
11 inconsistent with the statutory mandate that the rate changes
12 take place over a period of no less than two years. The
13 Commission granted those, the motions, and now they've refiled
14 with a different proposal. I think the Commission's decision
15 shows the broad authority that they have to grant or deny the
16 petitions of the company, which makes your testimony tonight
17 very important because what you have to say tonight will affect
18 the final decision of the Commission on whether they grant or
19 deny these petitions.

20 When the time comes to testify, I'm going to try very
21 hard to call everybody in exactly the same order which you
22 signed up this evening. And with that, I thank you, and we
23 look forward to your testimony.

24 COMMISSIONER DEASON: Mr. Twomey.

25 MR. TWOMEY: Thank you, Mr. Chairman.

1 Commissioners, ladies and gentlemen, I'm Mike Twomey
2 again, appearing on behalf of the AARP and its 2.6 million
3 members in the State of Florida.

4 Let me tell you very briefly, the law we're operating
5 under here is a very bad one. I believe the Legislature was
6 essentially hoodwinked by these telephone companies. The
7 thesis the Legislature bought was that companies came in and
8 said we want to spend a lot of money getting the law changed,
9 we want to raise our customers' rates from which they claim
10 they're not going to make a penny, more about that in a minute,
11 and then if we're successful and more competition comes in,
12 we're going to lose a bunch of customers and the money they pay
13 us. Now how can anybody believe that; right? They tell you
14 that -- in your literature that you got, the yellow sheet, and
15 the company is going to tell this is revenue neutral and it's
16 supposed to not hurt you. Well, it may not hurt the companies
17 and they may not benefit initially, but, you, ladies and
18 gentlemen, are likely going to collectively lose \$355 million a
19 year if this PSC approves these rate increases.

20 I want to discuss the winners and losers in the
21 context of what will happen if the Public Service Commissioners
22 don't grant the increases. The Legislature and the Governor
23 told them they don't have to grant these increases, it's not an
24 automatic deal. The companies have to prove that there will be
25 more competition and that residential customers will benefit.

1 If they don't grant the increases, your future rate increases,
2 ladies and gentlemen, will be limited to the rate of inflation
3 minus one percent, which for the last couple of years means
4 these companies could raise your rates less than one percent
5 per year.

6 If the increases are granted by the Public Service
7 Commission, rates will go up 35 to 90 percent throughout the
8 state, the largest rate increases in the history of this state.
9 And for Sprint, your company, they'll go up from 60 to
10 90 percent depending upon where you live and what your current
11 rate is.

12 Let's talk about the PSC's ability to regulate
13 quality and control the telephone companies provide. If they
14 deny the increases, the Public Service Commission will maintain
15 the ability to control quality, which is important. If the
16 increases are granted, the companies will have the ability in
17 short order to try and take that authority away and make the
18 PSC get it back. That's not in your interest.

19 Let's talk about Lifeline eligibility. The law
20 expanded Lifeline to 125 percent of the poverty level. It
21 stays that whether they grant the increases or not. Some
22 people are trying to make folks believe that you have to raise
23 your rates in order for Lifeline to have 125 percent.

24 If they don't increase the rates as asked by these
25 companies, Lifeline people will get no rate increases at all.

1 Okay? If they grant the increases, Lifeline won't get the
2 increases that you have initially, but within two to three to
3 four years their rates will go up just as dramatically as
4 yours, and the AARP fears that many of them will lose the
5 ability to maintain service.

6 Let's talk about in-state toll rates. If the PSC
7 denies these rate increases, in-state toll rates won't have to
8 go down because of the changes. But you may not care. If you
9 use a Sam's card, if you use a dial-around number, if you use a
10 cell phone like this, you probably won't care if in-state tolls
11 go down. And besides that, the AARP fears that the rate
12 decreases for in-state tolls will go down mostly for big
13 businesses, ladies and gentlemen, that is businesses that have
14 more than one line, and those people aren't getting any local
15 rate increases at all. Their increases only come on the backs
16 of residential and single-line business.

17 A couple of more points. The companies claim that
18 they're doing this and not going to make any money. That's
19 just flat wrong. They're losing money hand over fist, 9 to
20 10 percent per year from a category of money they get called
21 access fees. They're losing it in part because of instant
22 messaging, E-mails, cell calls and that kind of thing. What
23 they have done essentially is they have tricked the Legislature
24 into raising your rates and putting the responsibility for
25 \$355 million out of that pot of money that's going down and

1 putting it on your back.

2 The -- I just said the long distance, the rates, the
3 decreases, you may not be able to use them. And if you come up
4 and testify and don't make a lot of in-state calls and you
5 can't get any savings from long distance state-to-state because
6 that doesn't count, it's in-state, if you don't make a lot of
7 those calls, tell the Commissioners. Okay?

8 Now the staff attorney said the Commission is
9 interested in hearing whether you want to have more
10 competition. And more competition may be a good thing, ladies
11 and gentlemen, but you need to understand when you address that
12 Commission -- that question to these Commissioners, you need to
13 decide whether you want to tell them that you want to have
14 competition from one or two or three more companies at the cost
15 for Sprint of \$82.32 more a year. And if you don't want to pay
16 that much more just to have competition, say so. And please
17 come up and testify and thanks for being here.

18 COMMISSIONER DEASON: Thank you. As I indicated,
19 we're going -- we're now at the stage of the hearing where
20 we're going to take testimony from the public. And I want all
21 members of the public who wish to make a statement this evening
22 to please stand and raise your right hand.

23 (Witnesses collectively sworn.)

24 COMMISSIONER DEASON: Thank you. Please be seated.
25 Mr. Beck.

1 MR. BECK: Thank you, Mr. Chairman. The first
2 witness tonight is Mr. Robert Miller.

3 ROBERT MILLER

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. MILLER: Good evening. My name is Robert Miller.
8 I live at 1324 San Miguel Lane, North Ft. Myers, Florida 33903.
9 I'm retired on a fixed income, and my current local service
10 is \$10.72 a month, but I pay \$20.86 because of the excess --
11 because of the taxes and surcharges. This increase of \$6.86 is
12 over 70 percent increase in my bill, and I can't see where I'm
13 getting any benefit at all. I do not make any in-state calls
14 on Sprint's phone lines. I have a calling card for in-state
15 and interstate, so I'm not going to get any benefit at all.
16 And I don't think that this rate increase is justified, and I
17 don't like to see it being implemented. Thank you. Yes.

18 MR. TWOMEY: Mr. Chairman.

19 COMMISSIONER DEASON: Mr. Twomey has a question.

20 CROSS EXAMINATION

21 BY MR. TWOMEY:

22 Q Mr. Miller, just to be clear, sir, are you willing to
23 have more local service competition in your telephone market if
24 you have to pay \$82 and something?

25 A No. No. Not at all. I don't want competition if it

1 raises my rate at all.

2 Q Thank you, sir.

3 A I want to get by with the least amount of money
4 paying out as I can. Thank you.

5 COMMISSIONER DEASON: Thank you, sir.

6 MR. BECK: The next witness is Charles Conly.

7 CHARLES CONLY

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

10 DIRECT STATEMENT

11 MR. CONLY: Okay. I'm Charles A. Conly, C-O-N-L-Y.
12 I have a son out there that's Charles D. So the physical
13 address where the telephone is is 21201 Lazy D Farm Road, and
14 where I am is in an area where three counties come together. I
15 live in this county right here. But Sprint has it fixed up to
16 where I have to pay -- they call it an extended calling area
17 charge. They don't call it toll call or long distance, but I
18 have to pay 25 cents for every call to call about my garbage,
19 to call about my taxes, to call the school board, anything
20 else.

21 I'm connected to a little Mexican and Haitian town
22 about 35 miles away. My neighbors are split into three
23 different calling areas. We can't call each other without --
24 by the way, those calling areas, even though we're next to each
25 other, are not in the extended calling area. They're in what

1 they call the intralateral where they can charge us, what, 25
2 cents a minute. In one direction my neighbors are on Bonita
3 Springs and in the other direction they're on Lehigh. And
4 right now the taxes exceed my monthly bill. But if we add this
5 to it, of course, the taxes will go up additionally.

6 Now as far as competition, I see there are a couple
7 of private phone companies that specialize in people that can't
8 meet Sprint's credit qualifications. But being as how they
9 have to use Sprint's lines, it will be Sprint's bill plus. So
10 I can't see where there would be any competition at all there.

11 And I've never seen the bills go down. The service
12 is barely acceptable at best, and there's quite a few things
13 that aggravate me. I have a couple of letters here from the
14 Public Service Commission over when it took me seven days and
15 six phone calls to get my phone turned back on. And, of
16 course, those all had to be made on the cell phone because none
17 of my neighbors' phones worked either.

18 And this system that they have rigged up where you
19 push the buttons and you give the numbers and you push the
20 buttons, that eats up your cell phone time in even reporting
21 that your phone doesn't work. So after about \$5 or \$6 worth of
22 cell phone time six days in a row, Sprint credited me with 55
23 cents. Later on, after the Public Service Commission wrote
24 them, they credited me with some more money, but they put on a
25 bunch of 25-cent charges as call forwarding charges to my cell

1 phone. Those call forwarding charges, only half of them showed
2 up on my cell phone bill. I have an itemized bill on my cell
3 phone and I compared them with that. As far as the lightening
4 knocking the lines out, that's an act of God and they're not
5 responsible for that.

6 But they also, I see in here where they discussed in
7 addition to raising the rate, they were going to shrink the
8 calling area. Well, my calling area already now is so small
9 it's pathetic. And I'll be paying, what, close to \$40 if you
10 double the taxes as well to call this Haitian town with maybe
11 about 100 people that speak English. I'm having the Haitians
12 calling me in the middle of the night now and jabbering away,
13 wrong numbers. And, of course, I can't call my neighbors
14 without paying extra for it. I'm definitely against this, and
15 I can't see where this would benefit us in any possible way.

16 COMMISSIONER DEASON: Thank you, sir. Just before
17 you ask your question, Mr. Twomey. Mr. Conly, you said you
18 have your telephone bills here with you this evening; is that
19 correct?

20 MR. CONLY: Yes, sir, I do.

21 COMMISSIONER DEASON: Okay. What I'm going to do, if
22 you don't mind, if you can at a break or at the end of the
23 hearing or even right now, if you can get with Mr. Casey, show
24 him those bills. If there are some continuing problem areas
25 there, he can go over that with you. I know that the

1 Commission has rules which require credits on customers' bills
2 if there is an extended period of an outage. He can verify
3 whether you were credited the right amount or not. I would ask
4 you to do that. And if there's any way that we can help you
5 with that in that regard, we'd be glad to do that.

6 Mr. Twomey.

7 MR. TWOMEY: Yes, sir, Mr. Chairman.

8 CROSS EXAMINATION

9 BY MR. TWOMEY:

10 Q Mr. Conly, I'm going to ask everybody the same
11 question. Are you interested in having more local telephone
12 competition if you have to pay over \$80 a month -- or a year to
13 have it?

14 A I'm using the cell phone now in self-defense. I
15 don't see any possibility of any more competition. I don't see
16 any other company stringing any lines; therefore, any
17 competition would be in addition to Sprint's bills because they
18 would have to pay Sprint for the lines. So I see no, no
19 possibility of any further competition from a practical
20 standpoint, none whatsoever.

21 Q Yes, sir. But you're not -- are you willing to pay
22 more for competition?

23 A No, sir.

24 Q Okay.

25 A Because there won't be any. Just like there won't be

1 any lowering of the intralateral rates, not without a law to
2 compel them to lower the rates, and they'll get around it
3 somehow.

4 Q Thank you.

5 COMMISSIONER DEASON: Sir, I have one follow-up
6 question. I made a notation that in your testimony you
7 indicated that you -- it was your understanding that there is a
8 proposal to shrink the calling area even further.

9 MR. CONLY: Yes, sir. I've seen this several times.
10 I looked on that yellow sheet for it right there, but I didn't
11 see it there.

12 COMMISSIONER DEASON: Yes, sir. That's news to me,
13 also. Okay. I'm not saying that it is or is not in the
14 proposal.

15 Mr. Rehwinkel, is that something you can address or
16 can you have a representative at some time address that with
17 Mr. Conly?

18 MR. REHWINKEL: I can address it right here,
19 Mr. Chairman. There is no such proposal in our proposal. In
20 fact, our proposal -- and I didn't go through this in my
21 opening remarks because that's what December is about. Our
22 proposal is that every customer, every Sprint customer that has
23 ECS calling will get an allowance of five free calls per month,
24 no matter where they're situated. So, in our view, that
25 actually expands the local calling area to some degree. But

1 there is no proposal to shrink the local calling areas in our
2 petition, and I'm not aware of any in any others.

3 COMMISSIONER DEASON: Any further questions? I think
4 not. Thank you, sir, for your testimony.

5 MR. CONLY: Thank you.

6 MR. BECK: The next witness is Tess Canja. I may be
7 mispronouncing your name.

8 MS. CANJA: No, you did well.

9 TESS CANJA

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

12 DIRECT STATEMENT

13 MS. CANJA: Thank you, Commissioners, for this
14 opportunity to testify. I am Tess Canja, C-A-N-J-A,
15 1166 Winston Street, Port Charlotte, Florida 33952.

16 I am very, very opposed to this proposal for a
17 rate hike in residential rates, not because I cannot afford it.
18 I really could afford it. But I live in Port Charlotte. Port
19 Charlotte has the largest proportion of older persons in
20 Florida and just about the largest in the whole country. Our
21 median age is 54. And I see all these people who cannot afford
22 this increase in their local rates, and for a number of
23 reasons. The main one is they're never going -- they need food
24 on the table, they need their medications, they're living on a
25 very fixed income, and it's very, very difficult for them to,

1 to make ends meet as it is. And besides that, they, they don't
2 make long distance calls in-state or out of state. If anybody
3 is going to call, someone will call them because they know they
4 cannot afford it. Or some of them, as, as I do, use a, use a
5 calling card and can get a very inexpensive long distance
6 service that way. As for -- so they're never going to make up
7 in long distance calls of any kind the money that they're going
8 to have to pay extra in local rates.

9 As for Lifeline, did you know that Sprint charges
10 Medicaid nursing home residents \$50 to move a phone from one
11 room to another in the same facility? They're often
12 transferred from one bed to another, and if they want to
13 continue to have that phone service, it's \$50. And if these
14 folks are still getting the same allowance they got when my
15 mother was in a nursing home, it's \$35 a month to pay all of
16 their personal needs, including their telephone bills.

17 I brought along with me a number of letters from
18 these people in Port Charlotte, their comments. And if I might
19 take just a minute, I'd like to read just a few excerpts from
20 them, and you'll see that there's very great concern that
21 they're living on fixed incomes, there's very great concern
22 that they need local service that they can afford. So these
23 are a variety of them.

24 "I am opposed to this inappropriate and immoral phone
25 rate hike. I do all I can now to keep my expenses down trying

1 to live on a meager fixed income. There is no pot of gold out
2 here, just a nugget, and it is almost all gone."

3 Another, "It is very difficult to be asked to pay
4 more."

5 Another, "Instead of raising basic rates for
6 everyone, why not charge more for special services like fast
7 speed Internet service because these people do use long
8 distance of various kinds, they can afford it, and then the
9 burden is off those who cannot."

10 Another, "I have already cut my phone to bare bones
11 and can hardly afford it. I cannot imagine why you have to
12 raise more money from those of us who can't afford it."

13 "Another blow to seniors" -- this is another one.
14 "Another blow to seniors on fixed incomes trying to maintain
15 independence. Nest eggs are turning into empty shells. Who
16 will answer?"

17 And still another, "We do not make long distance
18 calls, so won't make or save money at the proposed rates."

19 You asked about competition. This one said, "I don't
20 care about competition. What I want are reasonable rates with
21 dependable and quality service."

22 And still another on competition, "Please reject
23 these rate increases. Competition at higher rates does not
24 benefit us."

25 And the last, but there are many more in here. "I

1 that the prices go up. I'm thinking of cable for now. And,
2 and so, no, I would not, I do not think that this is the
3 answer.

4 Thank you very much. Was there another question?

5 COMMISSIONER DEASON: I think not. Thank you, ma'am.

6 MR. BECK: Yes, thank you.

7 The next witness is Denise Dufault.

8 DENISE DUFAULT

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 MS. DUFAULT: Hello, Commissioners, the gentleman
13 from Sprint, AARP, thank you all for letting me speak. My name
14 is Denise L. Dufault, D-U-F-A-U-L-T. I live in Ft. Myers, and
15 for personal reasons I can't divulge exactly where I live.

16 COMMISSIONER DEASON: That's fine, ma'am.

17 MS. DUFAULT: I'm on disability and the proposed rate
18 increase will have my phone shut off. I'm attempting to go to
19 Florida Gulf Coast University, and that school allows you to
20 have Internet access. If I'm sick one day, I can't go to
21 school to use the computer, I'd like to be able to use it for
22 my home. But if the rate goes through and my phone is shut
23 off, then I can't do my homework. I can't go to school and
24 complete it.

25 I'm barely making ends meet. I know there's a lot of

1 retirees here who feel the same as me. And for the gentleman
2 from AARP, I do not want to pay any more money than I have to.
3 I mean, it's hard as it is. I'm young, I get no prescription
4 coverage, which means it comes out of my check. So you pay
5 more money for phone, more money for medicines. There's not
6 much help for young people out there who are on disability.
7 The older persons get slightly more help, but they're in the
8 same boat as I am. They wait for the check at the third of the
9 month, and by the 6th they're broke. If you make it to the
10 end, you're lucky.

11 Please do not raise the rates, please do not allow
12 them to. I won't have a phone. I do not make any long
13 distance calls. If I do, you can go to Wal-Mart and buy
14 a \$5 card and it'll last me two months. If my family wants to
15 call me, they call me. I don't call Naples, I don't call Port
16 Charlotte, I don't call anywhere. I call in Lee County. If I
17 want to use my Internet, that's local. And now the -- I found
18 out that the pay phones are 50 cents. So even going to a pay
19 phone doesn't, is not an option.

20 Please do not allow this rate increase. There are a
21 lot of people who cannot afford them. The Lifeline is only
22 like \$4 a month credit, but then with all the taxes it null and
23 voids it. So what's -- it's almost what's the point? There
24 should be -- for people who are on a fixed income there should
25 be more help. A lot of disabled people are young and there's

1 not much out there. And I don't have children, so there is no
2 help for me. I've tried.

3 Please do not raise the rates. There are many people
4 who cannot afford things as they are.

5 COMMISSIONER DEASON: Thank you, ma'am. You
6 mentioned Lifeline. I believe the credit is more than \$4. I
7 believe it's \$13.50.

8 MS. DUFAULT: I only get \$4.

9 COMMISSIONER DEASON: Okay. Mr. Casey, can you check
10 into that?

11 MR. CASEY: Sure.

12 COMMISSIONER DEASON: Okay. We do have some
13 literature. And for those in the audience who are not aware of
14 Lifeline, it is a program for those individuals who qualify,
15 and it is an income-based standard for qualifying, that you
16 will receive a credit on your monthly telephone bill and you
17 will also receive a one-time credit for any initial
18 installation charges. I think -- I believe that initial credit
19 is up to \$30. We do have information on that. I know that the
20 Public Counsel's Office is actively engaged in promoting that
21 program. Mr. Beck, if there's anything you want to add, I'm
22 going to give you that opportunity in just a moment. But I
23 would encourage you, if you think you qualify or if you have
24 friends or neighbors or family that you think may qualify, I
25 would encourage you to pick up the information that is out on

1 the front desk and share that with them.

2 Mr. Beck, do you have anything to add?

3 MR. BECK: Yes. Just that the Lifeline program was
4 recently expanded. It previously had been just for people who
5 participated in certain programs such as Medicaid or Section 8
6 housing. It's now income-based. It depends on the size of the
7 household as well as the income.

8 MS. DUFAULT: Okay. I wasn't aware of that. And I
9 had gotten that \$4, whatever it is, \$4 seven years ago. And I
10 had -- you know, I've asked the Sprint phone company, called
11 about my bill, you know, can you help me out, and they never
12 mentioned it.

13 MR. BECK: Okay. Well, let me -- I'll be glad to
14 help you after the hearing. We also have an 800 number where
15 we have people that that's all they do is try to help you
16 qualify. If you have a pen here, I can give it to you. It's
17 1-800-540-7039.

18 MS. DUFAULT: 7039?

19 MR. BECK: Yes. And not only do we have information,
20 but we'll get the process going and actually get you qualified.
21 Our office actually does the qualification and we give it to
22 your -- I mean, to the telephone company, so.

23 MS. DUFAULT: Okay. All right. Thank you very much
24 for allowing me to speak today.

25 COMMISSIONER DEASON: Thank you, ma'am.

1 MR. BECK: The next witness is Charles Meyers.

2 CHARLES MEYERS

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. MEYERS: Good evening, Commissioner Deason,
7 members of the Board, representative of Sprint, AARP and the
8 Public Counsel. Upon arriving here this evening I found where
9 the text that I had prepared is an overview of what's happening
10 with the rate increase, so, therefore, the Service Commission,
11 I'll send another dissertation to you at a later date.

12 Thank you very much for affording us, the public, an
13 opportunity to be heard regarding the rate increases proposed
14 by Sprint. As we are fully aware, our Legislature passed a
15 bill allowing telephone companies to raise local rates in
16 exchange for lowering charges to long distance carriers for
17 using their lines, wherein long distance companies get cheaper
18 rates and the consumer pays the bill. However, it is my
19 understanding that the legislators were promised, and I
20 emphasize that, that in exchange, long distance rates will be
21 lowered. In their wisdom, words to that effect were not
22 legislated or enacted, either guaranteeing lower long distance
23 rates or how soon after local rates go up that long distance
24 rates will be decreased. Quite a loophole in the law.

25 Since the inception of the relaxation of rules and

1 regulations by the Federal Commission, Communications
2 Commission, it is apparent that telephone companies have
3 arbitrarily and capriciously increased rates without the proper
4 procedures required; for example, public hearings and timely
5 notification.

6 As an example, in my billing statement dated
7 October 4th, 2003, we are being advised that effective in
8 October the rates and charges for some access line services and
9 selected optional services are increasing. These include, but
10 not limited to, selected features, directory listings,
11 directory assistance, operator services, local toll, minimum
12 payment fees and basic services. These changes will be
13 reflected in billings beginning in October. Please review your
14 bill to see how these charges affect you. If you have any
15 questions, please call the customer service number at the top
16 of this page, quote, unquote. Additionally, we're being
17 subjected to charges for long distance or extended calling when
18 we dial cellular service subscribers effective October 31,
19 2003. I have not seen any proposal or proposals to this
20 effect.

21 In view of the above, charges have been increased
22 even before any approval or sanction has been given by this
23 Commission, the purpose of our gathering here this evening. It
24 would appear more feasible, logical and practical for Sprint
25 and other telephone companies to absorb the costs as a means of

1 COMMISSIONER DEASON: Thank you very much.

2 MR. BECK: The next witness is Terri Koopman.

3 TERRI KOOPMAN

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 MS. KOOPMAN: Good evening. My name is Terri
8 Koopman. I live at 210 Caroline Street Northwest in Lake
9 Placid. This was almost the closest meeting that I could come
10 to and so I have come over here.

11 In Highlands County, which is where I live, we have a
12 huge elderly population. We also have a huge population of
13 young families that are barely making it. And it is going to
14 be very difficult for those people to maintain access to a
15 telephone when -- we'd fall in the 90 percent category. This
16 \$6.86 a month is a 90 percent increase. That's unreasonable,
17 just totally unreasonable. That means that families are not
18 going to have access to a phone, and you can't call 911 for an
19 emergency if you don't have a phone. People on fixed income,
20 you can't call 911 if you don't have a phone.

21 There are three towns in the county. It costs us a
22 quarter to call back and forth. Most of the services are in
23 Sebring. Five calls a month. All righty. Almost all the
24 medical services are in Sebring, all the shopping is in
25 Sebring. Five calls a month, not going to get it. I don't

1 spend \$6.86 a month on in-state long distance, and my long
2 distance carrier is Sprint. Would someone explain to me how
3 they're going to raise my phone bill and lower it at the same
4 time so that it's revenue neutral for me? I don't get it.

5 There is not likely to be competition in rural areas
6 of this state. I'm not willing to pay more for it anyway, but
7 I don't see it happening.

8 Customer service is a joke. There is not a live
9 person in my county that I could talk to. And the average time
10 on hold when you call customer service is something in excess
11 of an hour. I'm retired. I guess I don't have anything better
12 to do. But for working families, for people at work, most
13 employers really don't like for people to be on the phone in
14 excess of an hour when they're supposed to be working, and
15 customer service hours are the same hours that people work.
16 Not a good plan. What are we getting for \$6.84 a month?
17 Better service? Don't think so.

18 Lifeline is wonderful. The last I heard about it,
19 maybe 20 percent of the elderly people are signed up. I know
20 people including my daughter who has tried to sign up that have
21 been kicked off because of some reason, we're not sure why, but
22 she's maybe back on now. I pay for Lifeline. That's a charge
23 on my bill every single month. If only 20 percent of the
24 people who are eligible are getting this service, what's
25 happening to my money? Sprint's not paying it. I am and y'all

1 are. And it is very difficult for people to access the
2 services.

3 You know, I'm a widow woman. If I fall and break my
4 hip and I don't have a phone to call 911, I guess I'll just lie
5 there until my kids finally decide that they haven't heard from
6 mom in a day or two. But having a telephone is a lifeline for
7 young families, for older families, for single people, for
8 retired people. And to ask that we pay 90 percent more and not
9 get anything out of it is just unreasonable. Thank you very
10 much.

11 COMMISSIONER DEASON: Thank you, ma'am.

12 MR. BECK: Thank you much.

13 The next witness is William Ousley.

14 WILLIAM OUSLEY

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. OUSLEY: Thank you, board members. My name is
19 William Ousley, 3745 Southeast 6th Avenue, Cape Coral, Florida.

20 Today it was announced there's going to be a
21 2.1 increase in Social Security for this coming year. My wife
22 makes just about the average. I know the gentleman from AARP
23 knows what the average is. Hers is close to \$800 a month.
24 People are below that and there are people above it, but I
25 think that's pretty close to the average.

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

3 DIRECT STATEMENT

4 MR. SCUDIERI: Scudieri. My name is Louis Scudieri.
5 I live at 16320 Kelly Cove Drive, Ft. Myers 33903, I think it
6 is.

7 The -- this issue has really infuriated me from a
8 political basis and also from a consumer basis. And I'll take
9 the political basis first off. 2002 was an election year here
10 in the State of Florida. The Legislature unfortunately decided
11 to take that bill and approve it. Governor Bush was up for
12 reelection and the bill he thought during his election year was
13 not a good thing for the consumers of the State of Florida;
14 hence, he vetoed it. A year went by, the same bill comes to
15 the Legislature, and the Legislature in their wonderful thought
16 process decides to pass it again. And Governor Bush, not up
17 for reelection, decided to write it into law; pretty close to
18 the same bill that he vetoed a year and a half before. This is
19 a sham, a flimflam on the consumers and the people and the
20 citizens of the State of Florida. Nothing more and nothing
21 less.

22 Just go back a little bit in history. I'm retired
23 from the United States military, the United States Marine
24 Corps. I spent 32 years in the service and had the fortunate
25 part about my military experience, I lived in a lot of

1 different jurisdictions in the United States and also overseas.
2 So my familiarity with different phone services, et cetera,
3 what they have and they don't have, rates, et cetera, is
4 perhaps a little bit more than the average folk who just moved
5 down here after retirement.

6 What I've seen and what we all have seen,
7 particularly all the folks here remember when the United States
8 Congress some years back decided that the greatest phone
9 company in the world and Weston Electric, which was its
10 provider of equipment, should be disbanded or broken apart and
11 let's create some other telephone companies because we don't
12 want a monopoly. We want people to become competitive. So we
13 went from a, one service that was superb, in my view, with a
14 provider of equipment, Weston Electric, which was a subsidiary
15 of AT&T that no matter whatever happened to your phone, all you
16 have to do was go to that phone center, drop it off and get
17 another phone, never a problem, and never, never a problem with
18 customer service. It was superb service. But the United
19 States Congress decided to do that. Consequently, the
20 consumers of the United States as well as the State of Florida
21 wound up with a variety of different wonderful companies and a
22 magnificent telephone bill that now exceeds six, seven, eight
23 pages in telling you about all the fees and everything else.

24 The United States Congress made a decision to disband
25 AT&T with the same basis as what this proposal is: We're going

1 to get more competition. Well, we got more competition. I
2 haven't seen my phone bill go down and it's been a lot of years
3 since AT&T was disbanded, quote, unquote, so we'd have
4 competition in the United States and consequently across the
5 country.

6 So what do we get as a consumer? Have we seen a
7 decrease in our bill? No. We've seen a much more complicated
8 billing system. We don't have competition. I live in
9 Ft. Myers. I can't go to another phone company. I'm stuck
10 with Sprint. Its customer service -- I hate to use the
11 vernacular, but I'll refrain from that -- it stinks. It's,
12 it's -- the folks who do their marketing want to call you at
13 ten minutes after 9:00 at night and explain to you their new
14 service. And I said, excuse me, you caught me at a bad time.
15 Why don't you send it to me in the mail. And the fellow on the
16 other end of the line said, you must be retired. And I was
17 shocked I was receiving this kind of reaction on the phone from
18 a person representing a large corporation. Of course, I called
19 customer service and made several complaints and never got a
20 response back from anybody.

21 My phone service is okay. I don't have a problem
22 with my phone service. It's satisfactory. I carry Sprint PCS
23 as a cell phone.

24 We're stuck here in a little bit of a dilemma because
25 on one hand we've got corporations -- and the last time I

1 checked with my stockbroker, Sprint, Verizon, and I forget the
2 other company, BellSouth, their net, their quarterly reports in
3 the last three quarters have been superb except in their cell
4 phone business which has had some problems. And so that's
5 their overall view nationally.

6 We're subjected here in the State of Florida with
7 this bill that was presented and passed with an absolute rape
8 of the consumer in the State of Florida. With the same old
9 guide or guides, because I called my representative, Senator
10 Aaron Berg, Senator Saunders, Representative Green, et cetera,
11 after the Legislature passed this and said the same thing: How
12 could you possibly pass this idiocy? Don't you recall what
13 happened with Ma Bell when the Congress did that and we were
14 promised all this competition and we were going to get reduced
15 rates?

16 It doesn't exist and it will not happen. And the
17 focus from all of these companies is this is another sham to
18 extract dollars needlessly out of the consumer. We're all on
19 fixed incomes. I'm retired. I work part-time solely for my
20 own mental activity, but the fact of the matter is that my
21 neighbors, the people I know who are retired people, and the
22 same stories that you've been hearing all this evening, are
23 people who are on fixed incomes. And the assault on the fixed
24 income from a variety of different sources, whether it's
25 government sources of Medicare, Medicaid, et cetera, et cetera,

1 increasing drug prices and all that, and this nonsense that
2 suggests that we're going to have some panacea to our problem
3 because we're going to have these increases in rates and we're
4 going to get more competition -- I'm sure that Sprint is dying
5 to have more competition come into Lee County. I'm sure
6 they're dying to see Collier County get more competition. For
7 what purpose? They're going to -- what is it going to be, a
8 telephone war like we used to have gas wars? Nobody is kidding
9 anybody. And anybody that has any degree of common sense and
10 any degree of history of what has happened in this country with
11 public utilities -- it used to be once upon a time a fairly
12 decent investment. AT&T was a great stock once upon a time.
13 Not anymore.

14 This is not to be done to the people of this state,
15 and you have an opportunity to reverse what a Legislature was
16 cajoled in by dollars that were spent lobbying, immense amount
17 of dollars that were spent lobbying by these three phone
18 companies in order to cajole our legislators that should have
19 had our interests at stake and not these three companies. And
20 then we had the capitulation of a Governor who was no longer up
21 for reelection. And I'm a registered Republican. And I was
22 appalled. The reasons he gave for vetoing this bill in 2002
23 were the same reasons he should have vetoed this bill this past
24 time, and it's a disgrace that he would perpetrate this
25 nonsense on the people of Florida, let alone Southwest Florida.

1 It's a disgrace. You have the opportunity to reverse that.
2 You have the opportunity to ensure that this rape, this
3 financial rape of the citizens of this state don't happen
4 again. It's your ball, it's your court, and it's time that you
5 did something that's going to represent the people of this
6 state.

7 You folks don't get cajoled by lobbying money from
8 Sprint, BellSouth and Verizon. They already did that. And we
9 can take that to the ballot box next fall when we're going to
10 vote for our representatives and senators, and I know the ones
11 that represent me that voted for this bill are definitely not
12 getting my vote primarily on this issue because it's a rape of
13 the people in this state. So I would hope that you would be
14 able to reverse this idiocy because we're not going to see any
15 more competition come into this area, and I doubt anybody wants
16 to come into this area for competition. You're going to see
17 more dollars being raised to absolutely support the bottom line
18 corporate rate, and it's going to do nothing for the consumer
19 of my area and certainly Southwest Florida, let alone the rest
20 of the state. Thank you.

21 COMMISSIONER DEASON: Thank you, sir.

22 MR. BECK: Thank you much. The next witness is
23 Robert Wright.

24 ROBERT WRIGHT
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 MR. WRIGHT: Thank you, Commissioners, for allowing
4 the public to speak their mind on this very important subject.
5 My name is Robert E. Wright, W-R-I-G-H-T, 173 Pebble Beach
6 Circle, Naples, Florida 34113. I thank you for the
7 opportunity.

8 I am opposed to this increase. When they say it's
9 competition, usually there's competition of companies, one will
10 lower its prices, will lower its rates in order to get
11 customers from the others in order to increase their own
12 business in competition. I see no competition in this because
13 the companies are established, they have a set of customers.
14 If they move into new territories and extend their lines and
15 pick up new customers from new developments, new construction,
16 yes, they get new customers. But will the others say, hey, I'm
17 going in and try to get those customers? I don't think that's
18 going to happen. So I don't see any competition at all amongst
19 the customers -- the suppliers unless they can prove how they
20 would -- competition.

21 Another thing is one company dropped the rates in
22 order to get customers. Let the companies look in-house to see
23 if they can cut costs, if they can do things more efficiently.
24 We have the modern technology today that is tremendous; the
25 cell phones and everything that's coming online day by day. So

1 let them look in-house and see if they can cut back. They
2 probably will say, no, we can't because we're building all the
3 time, new infrastructure, new trucks, new people we have to put
4 on board. True. But you can always operate more efficiently,
5 and that's one very important thing amongst corporations.

6 The increase of 35 percent for BellSouth up to
7 90 percent for Sprint is really incomprehensible because those
8 are terrible increases, and there's no reason to have increases
9 of that size.

10 Now will companies lose customers by this increase
11 when people cannot afford phones? And I'm talking mainly about
12 the low income and the fixed income people. I'm retired, I'm
13 on a fixed income. I can afford an increase. But perhaps
14 there are a lots of others, and there are, low income widows
15 who live on Social Security, widowers who live on Social
16 Security who cannot afford increases. I don't want to see an
17 increase because in Collier County they want to come up with a
18 franchise fee on electric bills. Put that on top of the
19 telephone increases and what is your widow or widower or the
20 poor, low income person going to pay this increase? It's going
21 to cut into their budget, into what they can buy in medication
22 and food. That is another coin. It's not the telephone, but
23 it adds to it.

24 So the low income people and the fixed income people
25 would definitely be hurt. The advertising of the big companies

1 from Madison Avenue says we care about you, we are here to help
2 you. Are they? Then let them show it. Let them show it. And
3 it's up to you, the Public Service Commission, to give this
4 consideration to roll this back. Sure, they may be entitled to
5 increases. I worked for a large utility in New York City where
6 I dealt with the rates, and you have to prove to the commission
7 that you need this money. But we don't see where it's been
8 proven.

9 So let the Commission go back and look hard into this
10 situation. I don't think the, the companies need this type of
11 an increase at all. So let us look into it and see that we can
12 do better, and much better.

13 One thing is that the Lifeline has been mentioned.
14 And one thing I feel -- one lady mentioned 20 percent. Not
15 enough people in Florida take advantage of Lifeline, not enough
16 of them know about it. It should be promoted more, greater,
17 and bigger. There's one company that has done a lot in the
18 promotion of it, trying to get more people involved with
19 Lifeline. And that should be done. True, there's great --
20 there's a discount even when they sign up for it and it should
21 continue.

22 Another thing is we were told -- and I understand
23 that when these were granted and the Governor signed it that
24 the three companies would not increase for three years and now
25 it's come down where they want to increase in two years. So

1 let's not have that. Let them stick to what they say. And
2 I've heard today it will be some things in 2006, which is two
3 years. So I ask the Commission to take a good hard look at
4 these things and remember the low and fixed income people that
5 will be hurt greatly. If some of them can't afford a phone
6 bill, well, the kids have to pick up the cost for mom's phone
7 and she is alone and she needs it for an ambulance or hospital
8 care or emergency services. Think about that. Their children
9 will have to pick it up, they'll pick it up, and you'll hear
10 from them. Thank you very much for your time. Yes.

11 CROSS EXAMINATION

12 BY MR. TWOMEY:

13 Q Mr. Wright, if you could be guaranteed that these
14 rate increases would bring you two more local companies, would
15 it be worth it to pay all those companies to have them compete
16 for your business at \$80 more per year?

17 A If I understand, you mentioned two other companies?

18 Q Well, let me be clear. I'm saying would competition
19 be worth it to you to have all the companies competing for your
20 rate if all of them cost you \$80 more a year?

21 A If they all competed. If they all competed. You're
22 talking about more than the three that's now?

23 Q No, sir. I mean if you had three in your area --

24 A Yes?

25 Q -- but each one of them costs \$80 per month than what

1 you're paying now, would that be a good deal?

2 A \$80 more a year?

3 Q \$80 more.

4 A \$80 more a year?

5 Q Yes, sir.

6 A Than what I'm paying now?

7 Q Right.

8 A Well, if there was an advantage to it -- what
9 advantage would it be? Are these three companies competing for
10 my dollar; is that what you're saying?

11 Q Yes, sir.

12 A Yeah. They would have to prove to me, well, one
13 service is better than the other, one company is better than
14 the other.

15 Q Yes, sir. But I'm saying they'd all be \$80, they
16 would all cost more.

17 A They would all cost the same amount instead of as we
18 see it, three different amounts. Are we there?

19 Q No. But your -- I'll just drop the question.

20 A Okay. What's -- what are you --

21 Q I'm not asking the question right.

22 A If I'd be willing to pay the \$80 if all three
23 companies had the same charge, same amount.

24 Q Let me try again.

25 Do you think that competition should result in lower

1 rates and better services, or do you think that you should have
2 to pay for competition?

3 A No, I don't think you should have to pay for
4 competition. That's strictly within them. That's within their
5 own confines to do better competition and to try to get
6 business for themselves from the public. I want better
7 service, sure. If they can prove that they could do better
8 service for this amount of money, with the rates, then come up
9 with it. Yes, I do.

10 Q Thank you.

11 A Thank you very much for your time.

12 COMMISSIONER DEASON: Thank you.

13 MR. BECK: The next witness is Patricia Teeter.

14 PATRICIA TEETER

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 MS. TEETER: Good evening, gentlemen, members of the
19 community. I'm opposed to this rate increase. Two days ago I
20 called my local phone company to see exactly what the rate
21 increase would mean for us, and I haven't heard anyone talk
22 about the actual rate increases that they're proposing.

23 In this area the telephone company told me that the
24 access rate will go from \$10.72 to \$11.02. They plan to
25 eliminate the extended calling area charge that we have now for

1 a 25-cent flat fee for the local long distance within, like,
2 45 miles of our, of our home, but they didn't say what they
3 planned to do. Are they going to charge us per minute if they
4 eliminate that 25-cent fee? I don't -- the business office
5 didn't know what they planned to do with that.

6 Also, they plan to increase the suspension of service
7 charge from \$15.35 to \$19. The late payment charge, if you're
8 late on your bill, will go from \$2.50 and jump to \$4. Call
9 waiting will go from \$6 to \$6.50. Call forwarding will go
10 from \$1 to \$1.25. Three-way calling is proposed to go from 95
11 cents to \$1.25. And Star 69 and Star 66 are proposed to go
12 from 95 cents to \$1.25. Caller ID will jump from \$8.50
13 to \$9.50.

14 Also, in speaking with the business office, I was
15 going over my telephone bill to see why my basic rate was
16 supposed to be \$10 -- she said my basic rate was \$10.72. But
17 with all the taxes added on, the access fees, for the past
18 month it came to \$18.37.

19 One charge that I, that she brought up was called the
20 number portability charge of 53 cents, and I didn't really
21 understand what that was. And she said that's a charge that we
22 incur so that if we move from one place to another, that our
23 phone number can move with us. Now my husband has his own
24 business, he's self-employed, and he moved from the east side
25 of the Midpoint Bridge to Cape Coral, within one mile west

1 going over the Midpoint Bridge, and he wasn't able to move his
2 business number with him. So I asked her, I said, well, why
3 don't you just charge the people that are moving, taking the
4 number with them? Why should I pay 53 cents a month to have
5 this number portability charge, I said, because it didn't work
6 for my husband's business? Why don't they just charge the
7 people who use this service?

8 And that's what I'm really finding out nowadays in
9 utility bills is things that we're basically getting charged to
10 have the capability or the ability to use a service and the
11 rates go up.

12 I'm sorry. I lost my thought. I lost my train of
13 thought.

14 COMMISSIONER DEASON: Just take your time.

15 MS. TEETER: Oh, I know. Well, I, I just wish they
16 could have figured out a fairer way to charge people for what
17 they really use. Like I did discontinue my long distance
18 service and I use a calling card from Costco's. I pay three
19 and a half cents a minute. I don't really want to advertise it
20 because maybe they'll go up in their rates. But three and a
21 half cents a minute is pretty cheap. And if I would have
22 had -- when I did have a long distance calling feature with
23 Sprint, I believe I paid like \$8.95 to have 100 minutes a
24 month, which I really wasn't sure when did my month cut off,
25 when did I have to use that 100 minutes, and the minutes never

1 rolled over. So if you don't use up your 100 minutes, they
2 benefit. And if you would go over, they charge extra.

3 I just think there should be a better way to charge
4 people and make it fair and not that, that people get charged
5 for having the ability to do something. Why don't they get
6 charged for actually using a service? I guess that's all. My
7 husband might have something to add to this. Thank you,
8 gentlemen. Okay.

9 COMMISSIONER DEASON: Thank you, ma'am. Let me just
10 clarify one thing. You raised a lot of good points and we
11 appreciate your testimony. The, the number portability charge,
12 that was a charge that was approved by the FCC, it's through
13 FCC policy, and had to be implemented for all of the local
14 companies consistent with FCC policy. And that, that charge
15 is, is not for you to be able to take your telephone number
16 with you when you move. That charge is if you change in your
17 current residence or your current business location, if you
18 change local providers, if you change from Sprint to a
19 competitive company, you could keep your telephone number. So
20 I just wanted to clarify that. That was, that was the reason
21 that you were not able to keep the number, your husband could
22 not keep the number when you actually changed physical
23 locations for this business.

24 Mr. Rehwinkel, if you could clarify the change in the
25 25-cent calling patterns and the access to those calls, please.

1 MR. REHWINKEL: Yes. First of all, the -- and
2 another speaker today also brought this up about certain
3 increases. There is on October 24th the annual adjustment
4 that's allowed, that's been allowed for several years. We have
5 a basic and a nonbasic adjustment. The rates that the lady
6 mentioned are part of that. The 30-cent increase is part of
7 the basic increase that is the 2003 annual increase, which is
8 what Mr. Twomey referred to earlier as the inflation minus one
9 percent adjustment.

10 There were several other charges that were mentioned
11 that are the nonbasic. These are not the basic local service,
12 but these are the discretionary features like call waiting, et
13 cetera. Those were changed or will be changed as part of that.

14 There were several routes, and several of them in
15 this area -- ECS routes are being eliminated. And the ones
16 that affect Ft. Myers are Punta Gorda to Cape Coral and Punta
17 Gorda to Ft. Myers. When we talk about eliminating those
18 routes, that means that there are no charges associated with
19 any calls, any local calls on those routes. So there will be
20 no charges for any calls on those routes. And we certainly
21 hope to make more of those adjustments in, in the future. But
22 those are the two that affect this area right now. Sebring and
23 Avon Park and Sebring to Lake Placid are also being eliminated
24 on the same basis.

25 I would also like to say the number portability

1 charge was authorized by the FCC for a five-year period. And
2 for Sprint it will no longer be charged after February of 2004.
3 So it is -- it's in the last six months of its existence.

4 Mr. SCUDIERI: Hallelujah. Isn't that wonderful.

5 MR. REHWINKEL: One other thing, Mr. Chairman.

6 Sprint was a little bit different than the other companies. We
7 actually do allow customers to port their numbers when they
8 move across town within the same wire center -- within the same
9 rate center, which is the local calling area. So we did allow
10 that. We were a little bit different than --

11 COMMISSIONER DEASON: Well, then can you check then
12 to see if this lady's husband, if that move was in the same
13 rate center or not? Could you report back to the Commission?
14 I don't know if it was or was not.

15 MR. REHWINKEL: We would be glad to. Is it Teeter,
16 Ms. Teeter?

17 MS. TEETER: Yes.

18 MR. REHWINKEL: Ms. Khazraee is here and she can help
19 her go over that, and we'll report back to you.

20 COMMISSIONER DEASON: Ms. Teeter, while Mr. Rehwinkel
21 is answering questions, do you have any other questions? We
22 want to be as responsive as we can to your questions.

23 MS. TEETER: The gentleman from Sprint mentioned
24 about the extended, the extended calling area charges will go
25 from 25 cents to 30 cents. Is that --

1 MR. REHWINKEL: I apologize. No. They would go from
2 25 cents to zero.

3 MS. TEETER: To zero then?

4 MR. REHWINKEL: On those routes.

5 MS. TEETER: Okay. What about to Naples, Immokalee
6 and North Naples? The telephone company said that those would
7 be eliminated?

8 MR. REHWINKEL: At this time they are not proposed
9 for elimination. In this case that the Commission is taking
10 testimony on, if the petition is granted, every customer that
11 made calls, those type of calls would have five of them free
12 each month. That's the only adjustment to those rates at this
13 time.

14 MS. TEETER: Okay. Thank you.

15 COMMISSIONER DEASON: Thank you. Any further
16 questions? Thank you, ma'am.

17 Mr. Beck.

18 MR. BECK: The next witness is Harry Teeter.

19 HARRY TEETER

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. TEETER: Members of the Public Service
24 Commission, Commissioners, members of the utilities. My name
25 is Harry Teeter. I'm a resident of San Carlos Park. I have an

1 engineering office in Cape Coral. I have no axe to grind
2 against Sprint, who is my carrier.

3 I am middle-aged and I remember the good old times
4 when we had very, very good service which we all could afford.
5 It was a regulated monopoly and it was regulated under your
6 thumbnail. It was based upon -- their rates were a return on
7 investment based upon facilities put in the ground, facilities
8 that were operational. And we had the best phone system in the
9 world because they could only make money if they put something
10 good in and kept it. That quality was based upon investment.
11 It was not based upon gimmicks, call slamming, tricks, limits
12 of freedom, if, ands and buts, which are now added at a big
13 cost.

14 I am not here to speak for myself. I am here for the
15 people, to speak for the people who could not be here: The
16 handicapped, the housebound, those on fixed incomes. There are
17 a lot of people out there who are not on government assistance
18 who need your help. They have limited incomes to spend on
19 money. Increasing something that is a base service from \$6, an
20 increase of \$7 over three years means that they have \$7 less to
21 spend on something.

22 There are a lot of people out there, businesses who
23 have multi lines, call centers and things like that who deserve
24 to pay for it. If you have to make a long distance call, if
25 you're calling California or something like that to solicit

1 somebody's, somebody's whatever, you should pay, you should pay
2 for it. But to call from Cape Coral to Lehigh Acres and use
3 that as a toll call is really ridiculous. That's a 12-mile
4 distance in the same county. My office to cut costs does not
5 have a long distance carrier. I basically kissed all my
6 clients in Lehigh, said goodbye to them. Every time I want to
7 call somebody, which I make very few calls and make very few
8 long distance calls, make very few long distance calls out of
9 state, I punch in a calling card number and go that route.
10 It's economical to me. Instead of providing me with some
11 service that I could use that would go to Sprint, it now goes
12 to one of their competitions who are not at this Commission
13 hearing.

14 I am definitely against an increase in the base rate.
15 It would hurt too many people who do not deserve to be hurt. I
16 do not want to be charged after five calls if somebody calls
17 me, a large fee for something that should be reasonable. It's
18 in the same county, it's in the same community. It's putting
19 up walls of economic detriment to commerce. I'm against
20 decreases in base services.

21 I thank you for your time, Commissioners, members of
22 the utilities, the Public Service Commission. Thank you.

23 COMMISSIONER DEASON: Thank you.

24 MR. BECK: Thank you, Mr. Teeter.

25 Mr. Chairman, Mr. Teeter is the last person who

1 signed up ahead of time to testify.

2 COMMISSIONER DEASON: Let me take this opportunity
3 then to ask if there are other members of the public who wish
4 to make a statement at this time who have not signed up for it?
5 Let the record reflect that there are no other individuals who
6 wish to make a statement at this time.

7 Let me take this opportunity to thank everyone for
8 taking the time to come to the Commission. That's what makes
9 these hearings successful, and the benefit to the Commission is
10 to hear from members of the public.

11 Let me just review for a moment the schedule we're
12 going to follow. We have, I believe, seven more public
13 hearings we will be conducting around the state. I know we
14 have one tomorrow in Sarasota.

15 We will be having the technical hearings in
16 Tallahassee in mid-December, I believe, 10th, 11th and 12th of
17 December, and the Commission is scheduled to make a decision
18 shortly thereafter. The legislation under which we are
19 operating these proposals requires the Commission to make a
20 decision within 90 days. I believe -- is there anything else
21 we need to cover at this point, Ms. Banks?

22 MS. BANKS: Not that I'm aware of, Commissioner.

23 COMMISSIONER DEASON: Thank you all for your
24 attendance. This hearing is adjourned.

25 (Service Hearing concluded at 7:57 p.m.)

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

3

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

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

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

17 DATED THIS 28TH DAY OF OCTOBER, 2003.

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