

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

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: FT. WALTON BEACH SERVICE HEARING

BEFORE: CHAIRMAN LILA A. JABER
COMMISSIONER J. TERRY DEASON

DATE: Tuesday, November 4, 2003

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TIME: Commenced at 6:00 p.m. (CT)
Concluded at 7:35 p.m. (CT)

PLACE: Okaloosa County Water and Sewer
Administration
Third Floor Board Room
1804 Lewis Turner Boulevard
Ft. Walton Beach, Florida

REPORTED BY: TRICIA DeMARTE, RPR
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6 MICHAEL B. TWOMEY, ESQUIRE, P. O. Box 5256,
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8 American Association of Retired Persons.

9 CHARLES REHWINKEL, ESQUIRE, Sprint-Florida,
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11 Tallahassee, Florida 32301, appearing on behalf of
12 Sprint-Florida, Incorporated.

13 FELICIA BANKS, ESQUIRE, FPSC General Counsel's
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P R O C E E D I N G S

1
2 CHAIRMAN JABER: Good evening. Let me start by
3 thanking you all for being here. And on behalf of
4 Commissioner Deason and me, we'd like to take an opportunity to
5 let you know that we're very anxious to hear your comments
6 today and certainly appreciate the turnout.

7 I want to tell you a little bit more about the case
8 and why we're here, but there are some formalities that we have
9 to follow, so if you'll bear with us for just a few minutes.
10 I'm going to ask our staff counsel to read the notice and open
11 up this hearing for us. We're going to ask parties to my right
12 to make appearances, let you know who these folks are and who
13 they represent. And then Commission staff is on my left, and
14 we'll let them introduce themselves as well.

15 So with that, Ms. Banks, would you like to read the
16 notice?

17 MS. BANKS: Yes. Pursuant to notice issued on
18 October 8th, 2003, this time and place has been set for a
19 hearing in Docket Numbers 030867, 030868, and 03869, which are
20 the petitions by Verizon, Sprint, and BellSouth to reduce
21 intrastate switched access charges in a revenue-neutral manner.

22 CHAIRMAN JABER: And let's see. We'll start -- is
23 that Mr. Rehwinke1 there?

24 MR. REHWINKEL: Madam Chairman, Charles Rehwinke1 on
25 behalf of Sprint-Florida, Incorporated.

1 MR. TWOMEY: I'm Mike Twomey appearing on behalf of
2 the AARP.

3 MR. BECK: And I'm Charlie Beck with the Office of
4 Public Counsel.

5 UNIDENTIFIED SPEAKER: What is that?

6 CHAIRMAN JABER: The Office of Public Counsel is an
7 arm of the Legislature. They are a legislative entity that is
8 responsible for representing the consumers in cases in front of
9 the Public Service Commission. And Mr. Beck will be making a
10 presentation in just a minute, so he can elaborate on that.

11 Mr. Beck, if you will do that, that would be great.

12 MR. BECK: That's fine, sure.

13 CHAIRMAN JABER: Ms. Banks, and you want to introduce
14 the PSC staff that's here?

15 MS. BANKS: Yes. Here with me to my immediate left
16 is Beth Salak, and the young lady you saw helping you out in
17 the corridor is Ms. Bridget Hoyle, and to my extreme right here
18 is Mr. Tarik Noriega.

19 CHAIRMAN JABER: Thank you. And as I said earlier,
20 the gentleman on my right is my colleague, Commissioner Terry
21 Deason.

22 And I want to start the hearing by telling you a
23 little bit about the cases we have pending in front of us and
24 why your testimony this evening is so important. This last
25 legislative session our Legislature passed a very comprehensive

1 telecommunications bill. It's called the Tele-Competition
2 Innovation and Infrastructure Enhancement Act. It became
3 effective in May of this year. It allows certain telephone
4 companies to petition the PSC -- those companies would be
5 Sprint, BellSouth, and Verizon, to petition the PSC to have
6 rates reduced that they assessed to long distance companies for
7 use of their network, and in return, these local companies have
8 asked the PSC to increase local rates to offset any alleged
9 loss of revenue.

10 In deciding those petitions, the PSC has criteria
11 that are delineated in the statute. And among the criteria is
12 a responsibility to make a finding that granting the petition
13 will help create a more attractive competitive market for the
14 benefit of the residential consumer. In that regard, your
15 testimony and your feedback is critical to the process.

16 When you came in, you probably saw a yellow sheet
17 like this. This tells you a little bit more about the cases,
18 but one of the things I wanted to point out to folks, if you
19 don't want to testify today, but you want us to have your
20 comments, there's a back sheet on the yellow pamphlet that
21 allows you to fill out your customer comments and leave them
22 with us here tonight. You can leave them with one of the
23 Commissioners here or staff, or there's a young lady outside,
24 Bridget Hoyle, that you can drop them off with. Those
25 customers comments will go into our proceeding as customer

1 correspondence, and our staff will use them as they prepare
2 their recommendation for our consideration.

3 You will have probably been asked to sign a sheet
4 that let's you have the choice of speaking tonight or not. A
5 little bit later on in our proceeding Mr. Beck will be calling
6 your name in the order that you signed up. We ask that you
7 give us your last name and perhaps even spell it so that we
8 have a clear record.

9 And with that, what I'd like to do now is have the
10 parties make a brief presentation and then conclude with our
11 staff presentation. Again, the formality of the process
12 requires that I have you stand up and take an oath that your
13 testimony will be the truth and nothing but the truth. Let's
14 go ahead and get started with Mr. Rehwinkel, and then we'll go
15 to Mr. Beck. And, Mr. Twomey, you'll be last.

16 MR. REHWINKEL: Thank you, Madam Chairman. Good
17 evening, ladies and gentlemen. My name is Charles Rehwinkel,
18 state vice president for Sprint in Florida. After initially
19 filing our case on August 27th of this year, Sprint, along with
20 BellSouth and Verizon, refiled an amended petition on
21 October 1st. We did this in order to comply with the
22 Commission's ruling granting the Office of Public Counsel's
23 motion to dismiss, which you may hear some about later. This
24 restarted the 90-day clock for the Commission to act in this
25 matter. Our petition asks that we be allowed to reduce our

1 in-state access charges to a level equal to our rates for
2 state-to-state calling.

3 If the PSC grants this petition, then long distance
4 companies will be required by law to pass these cost savings
5 along to residential and business customers in the form of
6 lower rates. Ultimately, the Commission will monitor and
7 enforce this flow-through requirement. In this proceeding, if
8 our petition is granted, we will implement a three-step
9 adjustment to the basic monthly local rates as follows for
10 residence: In 2004, \$2.95; in 2005, \$2.75; and in 2006, \$1.16.
11 For single-line business on average the adjustments will be:
12 In 2004, \$2.70; in 2005, \$2.40; and in 2006, 90 cents. Various
13 nonrecurring charges like service connection and service
14 restoral charges would also be increased in three steps over
15 the same time frame.

16 Sprint has also guaranteed that Lifeline rates will
17 remain protected from any of these monthly rate increases until
18 at least 2007. These changes are designed to meet the goals of
19 Florida statutes by bringing the benefits of a competitive
20 marketplace to the residential customers of Florida.

21 Madam Chairman, this concludes my opening remarks.

22 CHAIRMAN JABER: Thank you, Mr. Rehwinkel.

23 Mr. Beck.

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

1 start off by addressing the question a gentleman here in front
2 asked is who is the Public Counsel? You know, what do we do?
3 We have a small office. We're completely independent of the
4 Public Service Commission. We're less than one-twentieth the
5 size of the Commission, but we appear as a party before the
6 Commission and advocate on behalf of citizens. We have the
7 rights of any other party to cross-examine witnesses, present
8 our own witnesses, present evidence. We're engaging right now
9 in discovery in this case where we request documents from the
10 company and get them to answer questions we have about their
11 case. During the hearing, we'll cross-examine the company's
12 witnesses, and at the end, we have a right to appeal the case
13 if we decide there's a basis for it to the Florida Supreme
14 Court.

15 Let me mention the previous Public Counsel, Jack
16 Shreve, who was Public Counsel for 25 years and retired this
17 past June, is in the audience. Jack, I wonder if you could
18 just raise your hand. I just wanted to acknowledge Jack. Jack
19 was Public Counsel for 25 years, and now he's representing
20 Attorney General Charlie Crist. And he's gone to every one of
21 the service hearings. This is the 13th one we've had.

22 So far in the case we had a number of activities.
23 This past August the companies filed their first petitions.
24 They asked for two rate increases. One on January 1st, 2004
25 and another one the following year. The statute that allows

1 them to file this case says the rate changes have to occur over
2 a period of no less than two years, and we felt they had
3 violated that by having two increases just 12 months apart. So
4 we filed a motion to dismiss the case; the Commission granted
5 that motion. And the companies refiled -- I think Sprint filed
6 two days afterwards, refiled their case.

7 I think the Commission's action is important because,
8 first of all, it shows that the Commission has broad authority
9 over these cases. They can accept or reject the companies'
10 cases as they see fit and how the evidence turns out, and that
11 makes your testimony very important in this case because the
12 Commission is going to rely on your testimony and all the other
13 evidence in the case when they make the final decision whether
14 to accept or reject Sprint's petition.

15 This past Friday we filed formal testimony in the
16 case. There's going to be a hearing in December in front of
17 the Commissioners where expert witnesses testify; the company
18 presents their case. Our case asked the Commission to reject
19 the companies' petitions. We filed testimony by two witnesses.
20 One is a professor of economics at Queens College in New York,
21 and he's a visiting scholar at MIT's consortium on the
22 convergence of the Internet and telephony. And he's testified
23 that the companies failed to meet the first two criteria of the
24 statute. And the staff, I think, in a moment is going to go
25 over those with you. They're going to present testimony in

1 December, and I think the Commission will likely rule in
2 December on the case too.

3 When it comes time here very soon to call everybody,
4 I'm going to try my very best to call everybody in exactly the
5 order that you signed up. So thank you again for coming
6 tonight, and we look forward to your testimony.

7 CHAIRMAN JABER: Thank you, Mr. Beck.

8 Mr. Twomey.

9 MR. TWOMEY: Thank you, Madam Chair. Ladies and
10 gentlemen, my name is Mike Twomey. I'm an attorney
11 representing the AARP, and there are 2.6 million members in the
12 state of Florida. The reason the AARP intervened in these
13 cases is to try and kill the rate increases completely and
14 totally. The AARP feels that they're not meritorious in any
15 respect and is working for those of you who are members or
16 those who are not members and just regular residential,
17 single-line business customers trying to see that you have no
18 increases at all.

19 Let me just state briefly, the law that these cases
20 are being processed pursuant to is goofy in every respect of
21 the word. The telephone companies went to the Legislature and
22 they said, here's what we want to do, Legislators. We want to
23 spend a lot of money to get this law passed with campaign
24 contributions, 150 lobbyists. We're not going to make any
25 money from it though. We're going to give all the money back

1 to other folks. And if we're successful in our purpose of the
2 legislation and then what's going to happen is we're going to
3 lose customers to competition. And nobody believes that.

4 Nobody believe that at all.

5 And the AARP believes that the real motivation of the
6 companies is the fact that they are losing dramatically large
7 amounts of money that they get from long distance companies in
8 something called access fees. There have been some
9 examinations that suggest that some of the companies are losing
10 from 9 to 10 percent per year, and it's kind of the buggy whip
11 division of telephone companies on the local level. So what
12 AARP believes is, is that the companies got this legislation
13 passed so they could take in these cases \$355.5 million a year
14 of the money that they're now getting from long distance
15 companies in this dwindling pot of access and put it on the
16 backs of residential customers and single-line business
17 customers. Residential, single-line business customers, not
18 big business because telephone companies wrote the law. No one
19 challenged that. They wrote it completely. And they wrote big
20 business out of any rate increases at all.

21 AARP fears that the flip side of the law where they
22 say it's revenue neutral, that long distance rates are going to
23 have to come down and you'll benefit by that, AARP feels and
24 fears that as much as 99 percent of those increased --
25 decreased in-state toll rates could go to big business who are

1 not getting any local rate increases and still be consistent
2 with the law leaving only 1 percent perhaps for you-all.

3 Now, more problematic is the fact that in the three
4 cases filed by these companies, there's not one word of data
5 attempting to show how much the in-state long distance rates
6 are going to come down. And AARP felt that was critically
7 important because one of the things the telephone companies
8 told the Legislature, and one of the things that many of the
9 legislators told their constituents when they passed the law
10 was, is you folks out there that are residential that are going
11 to get these rate increases, Mr. Rehwinkel gave you the three
12 bites, it's \$6.86 a month, ladies and gentlemen. Sprint's
13 bill, if the PSC approves their increases, will go up
14 \$6.86 irrespective of where you live in their service
15 territory, which depending upon how much you pay currently will
16 be a 60 to 90 percent rate increase. Okay? Anyways, they
17 said, don't worry about those rate increases, we're going to
18 give you lower in-state toll calls, and you might be able to
19 break even or even win. Okay? And because the AARP saw that
20 there was no evidence at all to show what those rates would be,
21 we tried to have the cases dismissed on the theory that they
22 didn't join the long distance companies who were indispensable.

23 The Commission heard those arguments yesterday and,
24 unfortunately, we lost. The Chairman voted with us.
25 Commissioner Deason voted against us, but in the process, which

1 was gratifying to AARP, was they all, including
2 Commissioner Deason, I think, recognized the fact that these
3 companies had large holes in their cases because they didn't
4 give that information. And he can correct me if I'm saying it
5 wrong. But we felt we made a demonstration that the companies
6 weren't showing the kind of things that you need to know and
7 whether you can save or not. So we're going to push ahead
8 there.

9 Let me tell you who the winners are in these cases.
10 Local companies are winners, long distance companies are
11 winners, big business are winners. The losers are, pure and
12 simple, residential customers, single-line business customers.

13 Let me tell you briefly what will happen if the
14 Commission decides to reject these cases which Mr. Beck said we
15 believe the Commission has the authority to do. The
16 Legislature said they have the authority to reject the
17 increases; the Governor said it when he signed the bill into
18 law. If they deny the rate increases as far as rates go, these
19 people can still raise their rates pursuant to the current law
20 but only by the rate of inflation minus 1 percent, which is
21 because they are what's called a declining cost industry like
22 big TV sets, computers and that kind of thing, their costs
23 coming down. They can raise it inflation minus 1 percent which
24 is somewhat consistent with what you-all -- those of you
25 retired will be getting a 2.1 percent COLA on your Social

1 Security. That's probably fair. Okay?

2 If they grant the increases, your rates if you're
3 served by Sprint will go up 60 to 90 percent, 35 percent to
4 90 percent in the rest of the state. And after that, after
5 they're implemented over just two short years, they can raise
6 the rates 20 percent per year every year and not have to ask
7 anybody's permission.

8 Let's talk about quality of service. Right now, the
9 Public Service Commission still maintains a jurisdiction over
10 their quality of service, whether your phone is fixed rapidly
11 after it goes out, whether your phone is installed, that kind
12 of thing. If they deny the increases, they maintain that
13 jurisdiction until the law is changed. If they approve the
14 increases, the companies can take that jurisdiction away from
15 them in as little as two years and make them come back and try
16 and get it.

17 Let's talk about Lifeline, which was tout as one of
18 the big reasons for passing this law and having these
19 increases. Lifeline eligibility goes to people with
20 125 percent income of the national poverty level irrespective
21 of whether the increases are denied or granted. It's not an
22 issue. Let's talk about protecting the people that are
23 Lifeline recipients from the same increases you'll have, the
24 60 to 90 percent. Mr. Rehwinkel said in his opening statements
25 that they're committed -- Sprint is committed to seeing that

1 those people are protected for at least, I think, three years.
2 What happens after that? If they grant the increases, those
3 people get it too, and there's nothing on the horizon that
4 shows they'll have any more ability to have additional
5 financing or assistance to pay for it. Okay?

6 Like the Public Counsel, the AARP had a witness that
7 filed testimony last Friday. Our witness says there's no
8 subsidy paying more for competition. It doesn't make any
9 sense.

10 And those of you that are going to testify that are
11 residential customers, I would encourage you to get up and say,
12 I don't believe in paying more for competition, if that's how
13 you feel. If you're on Social Security or fixed incomes and
14 can't afford these increases, say so, if that's the truth. I'd
15 encourage you to get up and testify. And thank you for being
16 here this evening.

17 CHAIRMAN JABER: Thank you, Mr. Twomey.

18 Ms. Banks, would you please give us a very brief
19 explanation of the legislation itself?

20 MS. BANKS: Yes. Thank you, Chairman. As has been
21 indicated previously, the reason we are here tonight is to
22 address three separate petitions that have been filed pursuant
23 to 364.164 of the Florida Statutes.

24 In the Commission's consideration of these petitions,
25 there are four criteria that have been set in the statute that

1 the Commission must consider. The first the PSC must consider
2 is whether saying yes to the petition would remove current
3 support for basic local telecommunication services that
4 prevents the creation of a more attractive competitive local
5 exchange market for the benefit of residential consumers;
6 whether saying yes to the petition would induce enhanced market
7 entry; whether required intrastate switched network access rate
8 reductions to a period over a period of not less than two years
9 or no more than four years.

10 And parity simply means that the access charges
11 charged by the local exchange companies for in-state or within
12 state charge would be the same as those made between states or
13 state-to-state calls.

14 And the last criteria that the Commission must
15 consider is whether or not saying yes to the petition would be
16 revenue neutral. And revenue neutrality is just simply defined
17 as changes in access revenues offset by equal changes in local
18 revenues. Again, we're here tonight to hear your comments
19 regarding these petitions, and we look forward to what you have
20 to share.

21 CHAIRMAN JABER: Thank you, Ms. Banks.

22 Mr. Beck referred to this gentleman earlier, but I
23 would be remiss in not letting folks know that the other group
24 that is also part of this proceeding on the periphery that are
25 monitoring the proceedings is the Office of the Attorney

1 General. And the representative here tonight for the Office of
2 Attorney General is Jack Shreve, as Mr. Beck mentioned earlier.

3 With that, if you wish to testify tonight, would you
4 please stand and raise your right hand.

5 (Witnesses collectively sworn.)

6 CHAIRMAN JABER: Thank you. Mr. Beck, how about we
7 start with the first witness.

8 MR. BECK: Thank you, Chairman Jaber. Our
9 first witness is Mark Hilton.

10 MARK HILTON

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

13 DIRECT STATEMENT

14 MR. HILTON: Good evening. My name is Mark Hilton; I
15 live in Crestview. I'm representing myself as a resident but
16 also representing, without their knowledge, the place where I
17 work. So I don't speak on their behalf. I speak on my behalf
18 in the fact that I manage about \$175,000 worth of Sprint
19 service on an annual basis. It includes business lines which
20 will be covered by this proposal.

21 What's not clear to me in the tariffs or in this
22 proposal is whether or not business lines that do not currently
23 have long distance on them and never will have long distance on
24 them will be covered by this Act. I give you an example. I
25 have telephone lines that you only call in on them; you never

1 call out on them. They're modem lines. They're lines that are
2 software-based only. They only exist in the switch. They're
3 only used for incoming calls. There's no chance of making an
4 outgoing long distance call. In fact, I don't even have long
5 distance carriers assigned to those numbers. So are those
6 going to be covered -- are they going to have a separate
7 category for those type lines which will not be charged these
8 increases?

9 The other area that I wanted to talk about was the
10 competitive local exchange in this area. One of the things
11 that they want to know about this rate increase is whether or
12 not there's a competitive marketplace in this area to support
13 this Act. I deal a lot with competitive local exchange
14 carriers because I'm always trying to reduce my costs. There's
15 a facilities-based competitive local exchange carrier in this
16 area who told me they're not after the residential market
17 because it's just too costly. They -- basically for the local
18 loop, for the last mile, they have to pay the local exchange
19 carrier for that. I have tried to work with them to do some of
20 my other lines, but again, they have to pay for the local loop
21 to get that line there.

22 Also, my relationship with the local exchange carrier
23 is a very positive one overall. You know, they have been here
24 for many years before as Centel. Most places you only have one
25 carrier. In this area, we basically only have one carrier.

1 Cox Cable is trying to make a market attempt in some areas of
2 this northwest Florida, but they haven't done it in this area
3 yet. Many people would not be comfortable with going with a
4 cable company because of their past dealings with cable
5 companies and their service.

6 Most people are going to stay with Sprint no matter
7 what happens in the competitive market, just like there are
8 thousands and thousands and millions of people who never
9 changed their long distance carrier from AT&T. In 1984 when
10 they broke up the Bells, many people never changed their long
11 distance carrier because it was comfortable just to stay where
12 they were, and the same thing will happen with this. Even if
13 there's a competitive marketplace, they will not change, so
14 they will end up paying the increases in these costs.

15 One of the other areas that I would like to see if
16 this thing is approved is to make it more revenue neutral.
17 This area has a unique problem that the south county in order
18 to talk to the north county and over to the next county, Walton
19 County, also, must pay a toll, a local toll of 20 cents to 25
20 cents. In the business market, it's more the longer you talk,
21 but in the residential market, it's a fixed cost. That was
22 based on providing hardware many years ago that was costly to
23 provide. It was all carrier-based microwave shots and things
24 like that, were very expensive. Now everything is fiberoptics.
25 That's a moot point now. The Air Force, United States Air

1 Force which has a big population in this area, the Chamber of
2 Commerces have all tried to get this taken out, but it has not
3 worked. So that's something that I would like to see maybe to
4 make things revenue neutral.

5 Many people have residential lines at home that they
6 use for modems for ISPs. I realize broadband is making a big
7 market, but a lot of people can't afford that. So they have a
8 second phone line for modem call to make for Internet access.
9 Those are local calls. They never use them for long distance
10 calls. They might not even have a long distance carrier on
11 there; they might. So there's another kind of line that might
12 not want to have these rate increases because they would not
13 get any benefit, they would not get any resulting revenue back
14 from the long distance carriers since they don't have a long
15 distance carrier.

16 Many of the competitive local exchange carriers have
17 gone out of the business in the last few years because the cost
18 associated with obtaining service from the incumbent local
19 exchange carrier is just too high. The changes in the
20 unbundled elements that just happened recently is another case
21 where no one knows what's going to happen to those charges and
22 whether or not the competitive local exchange carrier will make
23 it cheap enough for a competitive local exchange carrier to
24 compete based on the local loop.

25 One of the reasons why the costs for the -- and I

1 know that the local basic rate is very cheap and has been
2 artificially held cheap is hurting the local exchange carriers.
3 And one of the ways people have gotten around that is they're
4 using calling cards, they're using cell phones, they're using
5 dial-around 10-10 numbers to get around some of these access
6 charges. And so somebody has to if they don't try to make up
7 for that loss of revenue.

8 I don't see ever the resulting decrease in long
9 distance rates, intrastate rates, and I hope you'll consider
10 intraLATA costs, dropping those costs too, not just intrastate
11 rates, I don't see those ever making up for the increase in
12 costs of this proposal. Thank you.

13 CHAIRMAN JABER: Thank you, Mr. Hilton. I want to
14 come back to your questions, but if you bear with us for a
15 moment, parties may want to ask you follow-up questions. So
16 let's give that opportunity.

17 MR. HILTON: Sure, that's fine.

18 CHAIRMAN JABER: Commissioner Deason first.

19 COMMISSIONER DEASON: Yes. Thank you. Mr. Hilton,
20 you mentioned the fact that this area, that there are a number
21 of routes which are on a local toll basis. There is a charge
22 of -- is it a flat 25 cents or 20 cents?

23 MR. HILTON: For residential, it's 20 cents from
24 north county to south county. It's 25 cents from south county
25 to De Funiak Springs. If it's a business line, single business

1 line, which many people have, you pay a certain fixed -- I
2 think it's 10 cents for the first minute, or something like
3 that, and then it's intraLATA rates per minute after that. So
4 it can get quite costly on a longer call.

5 COMMISSIONER DEASON: Let me ask Mr. Rehwinkel a
6 question. Are any of those routes being planned in your
7 proposal to be changed to a toll-free basis, or is that not
8 part of your proposal?

9 MR. REHWINKEL: Commissioner Deason, those routes are
10 not -- none of those are being proposed to be eliminated. For
11 the residential ECS routes, which is what these are, part of
12 our proposal is that customers would get a monthly allowance of
13 five calls with no charge. But that would not apply for
14 business, I don't believe, because they are, as Mr. Hilton
15 indicated, I think it's 10 cents the first minute and 6 cents
16 additional minutes. They're on a measured plan.

17 COMMISSIONER DEASON: But the routes which Mr. Hilton
18 indicated, under your proposal each residential customer would
19 be allowed an allowance of five calls free before the charges
20 would begin?

21 MR. REHWINKEL: Correct, Commissioner. Yes, sir.

22 COMMISSIONER DEASON: Okay. You say that there's
23 been a number of efforts by local community groups, local
24 governments discussing with Sprint about eliminating charges?

25 MR. HILTON: Right. It is a great cost. And the way

1 this are is laid out because of the Air Force base, it's a
2 dividing point between the north county and the south county,
3 and you have no choice. In some cases, the land is running
4 out -- there's no more land left in the south county, so
5 everybody is moving up to the north county to live but they
6 work in the south county. So you've got a lot of phone calls
7 going on between the north county and south county. And so
8 it's very difficult for the military and myself to restrict
9 those calls because of personal calls in a business
10 environment.

11 In a residential environment, all your friends are
12 across that divide, so you end up paying all those 20 cents.
13 Most of the ISPs, a lot of ISPs, AOL are on the south county,
14 which we live in the north county, you have to pay those
15 20-cent calls to establish a connection. So everybody wants to
16 get rid of those because it's a very big burden.

17 I could save quite a bit of money. In fact, one of
18 the CLECs wanted to provide me a dial-around capability, and I
19 would save about \$600 a month off my phone bill. That's quite
20 a bit of money.

21 COMMISSIONER DEASON: Thank you.

22 CHAIRMAN JABER: And other questions?

23 Mr. Twomey.

24 MR. TWOMEY: Yes, ma'am.

25 CROSS EXAMINATION

1 BY MR. TWOMEY:

2 Q Just briefly, Mr. Hilton. Are you aware that the
3 local exchange companies don't count access fee revenue,
4 vertical services revenue and other revenues like information
5 service revenues when they make the claim that their local
6 rates don't cover the cost of providing that service?

7 A No.

8 Q Okay. Thank you.

9 A If you look at the rate that we pay here in this
10 area, and it's probably governed a lot by the fact that this is
11 not as expensive an area to live as some other larger areas, we
12 do pay a lower rate than some other areas of the country for
13 this service, for basic service. I think that has more to do
14 with the fact of where we live and not necessarily that it
15 should be the same everywhere in the United States. It's based
16 on where you live is the cost -- as we pay less here, they pay
17 more in Tallahassee for that same basic service, which is why
18 I don't understand why the increase is going to be across the
19 board no matter where you live, \$6.86 after two years no matter
20 if you're paying \$9 a month now or paying \$12 a month now. I
21 don't see how they correlate those increases.

22 Q That's a good question. Thank you, sir.

23 CHAIRMAN JABER: Go ahead. Mr. Rehwinkel.

24 MR. REHWINKEL: I justed to -- when you are done, I
25 wanted to offer --

1 CHAIRMAN JABER: The one-way lines? I'm going to
2 come back and give you an opportunity to address that first
3 question, but let's outline the questions.

4 Mr. Hilton, I wanted to come back to some of the
5 questions you posed early on and give folks an opportunity to
6 respond, as well as our own staff.

7 Just starting backwards, and Commissioner Deason
8 touched on this, as it relates to that 20-cent charge or the
9 25-cent charge in other areas, it's called ECS, and in other
10 parts of Florida it's called EAS, extended area service. And
11 in addition to what Mr. Rehwinkel said about their filings,
12 I've asked staff because these are similar comments we've heard
13 at all of the public hearings, our staff is looking at the
14 possibility of either eliminating, modifying, taking a new look
15 at whether EAS and ECS charges are appropriate in a new
16 competitive telecommunications framework. So in addition to
17 what Mr. Rehwinkel said, I want you to know that our staff is
18 also looking at that from a statewide perspective.

19 Now, whether that is resolved in this proceeding or
20 in a separate proceeding, that's yet to be determined because
21 obviously we don't have all of the companies in front of us for
22 that kind of determination.

23 Just working backwards, with regard to your question
24 on whether or not competitive carriers exist in this area,
25 that's the precise feedback we need to hear from you all. Do

1 you feel like you're getting advertisements, approached by
2 local competitive carriers? You said you talked to one
3 facilities-based carrier, for example, but they were more
4 focussed on penetrating the business market as opposed to the
5 residential market. That all will go into the determination on
6 whether these petitions will promote a more competitive market.

7 But do know that the companies have a burden of proof
8 here to justify their petitions, and I would expect that part
9 of the testimony would indicate whether there is already
10 competition in parts of Florida and where it would be and how
11 this petition might improve the level of competition.

12 And then, finally, with regard to your question --
13 you asked an excellent question. I have to tell you, I haven't
14 heard it yet at any public hearing, this is the first time,
15 whether the small business lines that are only capable of
16 receiving calls would be affected by this petition. And I
17 think, if you don't mind, I'd like to give Mr. Rehwinkel an
18 opportunity to give us his opinion on that. And we'll also
19 have staff delve into that question.

20 Mr. Rehwinkel.

21 MR. REHWINKEL: If I could, Madam Chairman, if you'd
22 permit me, I'd like to go back to the ECS issue --

23 CHAIRMAN JABER: Sure. Go ahead.

24 MR. REHWINKEL: -- and then we'll come to
25 Mr. Hilton's first question.

1 CHAIRMAN JABER: Go ahead.

2 MR. REHWINKEL: The ECS routes that are being
3 discussed here tonight, I believe, were the very first
4 authorized in Florida, and they were part of a -- I want to say
5 a late 1980 Centel rate case back when Centel was a provider
6 here. And they are classified by the statute as basic local
7 service per statutory definition. So it certainly is something
8 that we're always looking at, but it's part of that whole rate
9 determination that the Commission underwent over the years.

10 With respect to Mr. Hilton's lines that he's talking
11 about, we do have some representatives of the company in the
12 back of the room, and I would ask that we be given an
13 opportunity to have Mr. Hilton talk with Ms. Kazaree back there
14 because it's possible that the lines that he's talking about
15 are not considered basic for purposes of the statute, but we
16 certainly would like an opportunity to look at that and give a
17 response to the Commission on that.

18 MR. HILTON: That was a question I had is, you know,
19 spending \$175,000 a year, I'm not considered a small business,
20 but I do have small business type lines, B1 lines all over the
21 county -- in both two counties. And do they fall under the
22 umbrella of the fact that I'm a major thing, or do they
23 still -- they're separately considered as business lines?

24 MR. REHWINKEL: It would probably depend on how
25 they're billed as far as whether they're classified as

1 B1 lines. Single-line business are considered basic for
2 purposes of the statute, but sometimes it depends on how
3 they're aggregated and billed. So I would ask that we be given
4 an opportunity to get with Mr. Hilton and see. And we'll give
5 a response to the Commission on that.

6 CHAIRMAN JABER: Mr. Rehwinkel, is it safe though to
7 represent that if it's a B1 single-line business that meets the
8 definition of basic service, that that would be covered in a
9 proposed rate increase?

10 MR. REHWINKEL: Yes, ma'am, because unless there's a
11 differential other than a B1, I think they would be.

12 MR. HILTON: Then I'll never see a revenue-neutral
13 case on that line because of the way I use the line.

14 CHAIRMAN JABER: Let's do this, Mr. Hilton. You've
15 posed a very good question. If you don't mind, I would like
16 the Sprint representative and our staff person to take a look
17 at either your bill or have your phone number, and they can
18 research it and bring back to us an answer because I'm
19 certainly very interested in that. And I do want you to have
20 the opportunity to follow up. Thank you for your testimony.

21 MR. HILTON: Thank you.

22 CHAIRMAN JABER: Mr. Beck, your next witness.

23 MR. BECK: The next witness is Ronald Rodda.

24 RONALD RODDA

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. RODDA: Good evening. My name is Ronald Rodda
4 and I'm from Shalimar. I don't have as much testimony as the
5 previous speaker, but I want to say that this new rate increase
6 is supposed to come back to me in lesser charges in my
7 intrastate long distance. My intrastate long distance charges
8 for last year have been exactly zero. My long distance charges
9 have been exactly zero because I use a phone card. So all I
10 can see is my rates are going to go up, and I will get nothing
11 out of this, just a higher bill. And that is the extent of my
12 testimony. Thank you.

13 CHAIRMAN JABER: Mr. Rodda, thank you. Let me make
14 sure no one has a question.

15 Thank you, sir.

16 MR. BECK: The next witness is Betty Kenton (sic).

17 BETTY KENYON

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

20 DIRECT STATEMENT

21 MS. KENYON: Good evening. I'm Betty Kenyon. I'm a
22 resident of the city of Destin, Okaloosa County, Florida, and I
23 am a retired senior citizen. I'm retired from the federal
24 government, so I've had an opportunity to live throughout the
25 United States. And, curiously enough, Sprint has been my local

1 carrier, my long distance carrier, and currently Sprint almost
2 has my soul with all the services I receive from them.

3 But the approval of the rate increase for local
4 telephone rates for Sprint, Verizon, and BellSouth by the state
5 Legislature in April of this year was an injustice to we
6 consumers. I know the Governor vetoed it last year. And I
7 know the argument has stated the increases will spur
8 competition is without merit. We don't have any competition in
9 Okaloosa County.

10 Now, Sprint is the local and long distance carrier
11 here, and the surcharges and taxes on my local phone bill are
12 more than my basic rate of \$10.37. Now, I have the surcharges
13 and taxes are \$11.05. So anyhow, it is very, very
14 discouraging. I was looking back over my phone bills, and so I
15 have Sprint local, Sprint long distance. And I just keep that
16 long distance as a necessity. I use the phone card. I also
17 have Sprint PCS, so I make the majority of my long distance
18 calls there.

19 Now, with the figures -- and I'm going to give each
20 of you a copy of this for your information. Now, my surcharges
21 totaled \$8.27, and the taxes on my last bill were \$1.42. Now,
22 while the taxes are to be expected, the phone company has
23 raided our funds through the back door with the surcharges.
24 Now they want to raid us through the front door our basic local
25 phone rates. We are promised that maybe, just maybe the

1 surcharges will decrease.

2 Now, in regards to the surcharges, the 911, and the
3 hearing/speech surcharge are vital to the community. The
4 number portability surcharge is used by few and apparently is
5 an extra surcharge to increase the profit of the local phone
6 company. And I know people who move and they don't take that
7 phone number with them.

8 And I'd like to add also now the interstate access
9 surcharge and federal universal service fund are other areas
10 where there is slight of hand as to what happens with the
11 money. It was a chuckle to me when my last phone bill, one I
12 just paid, listed information on the back that effective
13 1 October 2003 the interstate access surcharge and federal
14 universal service fund surcharge will decrease from 1 cent to 3
15 cents per phone line. My reaction to that was wow, big
16 whoopee.

17 So I respectfully request that this Commission
18 thoroughly review the actions of the phone companies. I don't
19 have any high-priced lobbyist to petition on my behalf. I am a
20 member of AARP though. It is my sincere belief that Sprint,
21 Verizon, and BellSouth have ample profit as indicated by the
22 excessive amounts spent on lobbyist conferences and parties.

23 Now, I would like to add also with my long distance
24 Sprint telephone service there was a new fee added last month,
25 99 cents. It had to do with a carrier property service fee.

1 And I called and they said, oh, we sent you a notice. I looked
2 through my records, sure enough, I had gotten two -- a little
3 card two months before. And so what they were doing was adding
4 a 99-cent charge and deleting a 9-cent carrier property service
5 charge. Wow. That's all I have. Thank you very much.

6 CHAIRMAN JABER: Thank you, Ms. Kenyon. Let me see
7 if there are any questions for you. And I would appreciate
8 copies.

9 Thank you, ma'am. Thank you for your testimony.
10 There are no questions.

11 MS. KENYON: Thank you.

12 MR. BECK: Thank you.

13 CHAIRMAN JABER: Mr. Beck.

14 MR. BECK: The next witness is Ed Donte (sic). I
15 hope I'm pronouncing your name correctly.

16 ED DONZE

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

19 DIRECT STATEMENT

20 MR. DONZE: My name is Ed Donze; I live over here in
21 Shalimar. I've been down here in Florida for the last 18
22 years. I did so because it was cheaper living down here than
23 it was in St. Louis. It's almost getting to be as bad as
24 Chicago now however. But I only know what I read in the paper
25 about this stuff, and this happens to be today's paper. I wish

1 I had one from last week where I think the Commissioners all
2 had a meeting down south which was pretty well sponsored by
3 AT&T and Verizon and the rest of them. When I worked for a
4 living, I went to conventions just like you guys do. I know
5 when they were buying lunches and dinners and having evening
6 entertainment, I know where all this comes.

7 As I look in today's paper, I said, well, my God,
8 AT&T has got to have an increase. They are just getting fined
9 for \$78,000. Where are they going to pick up \$78,000 to pay
10 the fine? It's going to be from people like me. Now, I
11 represent myself, but I know very well there are many people in
12 the same boat. I live on a limited income, Social Security.
13 My prior retirement benefits, they're gone. Okay? My savings,
14 sure, I've got some savings I can call on. But when a phone
15 bill begins to increase here, as I have figured this out, my
16 phone bill is going to increase by over 100 percent. What I'm
17 paying now, \$11 for a monthly charge plus \$9 in taxes, of
18 course, so as the charges go up, taxes are going to follow
19 right behind it. You'll get up to a point where you're going
20 to charge me \$20 for a service and \$19 in taxes.

21 Yes, I can't call Crestview. Every time I do, it's a
22 toll charge, 20 cents. I actually made five of them last
23 month -- the phone bill I got yesterday and paid yesterday, by
24 the way, so that they don't cut me off.

25 Long distance. Fortunately, a few years ago, one of

1 my children gave me a telephone with a fax attachment on it so
2 that if I have to send long distance, I can write him out a
3 letter, put it on the fax machine, and it's a heck of a lot
4 cheaper than mail service. So I did that and I'm charged long
5 distance for this. The fax machine is long distance.

6 My long distance charges were \$3.45 last month.
7 However, by using that service, I had a universal connectivity
8 charge of 41 cents, an in-state connection fee of \$1.88,
9 another fee here of -- a bill statement fee. Sprint is
10 charging me a \$1.50 to send me a bill. Then --

11 CHAIRMAN JABER: Do you know, Mr. Donze, let me just
12 tell you, I asked that question yesterday. So that's a good
13 question, a very good question.

14 MR. DONZE: Hey, if you want, you know, I can keep
15 track of it. Why charge me a \$1.50 to make this up? After
16 that, here comes a regulatory assessment fee. Now, this fee is
17 not a tax. It's our charge required by the government;
18 however, it helps AT&T recover their expenses. Well, gee, why
19 don't you just charge me another dollar on there? You know,
20 people on fixed incomes, they don't have this kind of money.
21 We can't afford it. Over 100 percent increase on my phone bill
22 and I'm trying to get by on Social Security and a little
23 savings. That's ridiculous.

24 Now, I know there's a lot of people right here in
25 Ft. Walton Beach, they don't take the newspaper because they

1 can't afford it. Fortunately I can afford a newspaper. When I
2 say I read the newspaper, that's what I say. And when I see
3 something like this -- I'm on the do not call list too, and the
4 do not calls have dropped down. So you get fined for doing it.
5 AT&T makes a boo-boo, they get fined for it, they'll fight it,
6 and who's going to have to pay for it? The consumer. Thank
7 you.

8 CHAIRMAN JABER: Thank you, sir. As with the other
9 speakers, if you could give us an opportunity, I'll see if
10 there are any questions. And I want to come back to your
11 questions as well. So let's have you stand by the microphone.

12 MR. TWOMEY: I wanted to ask you a question, but you
13 need to --

14 CHAIRMAN JABER: Let's have you stand by the
15 microphone, and we'll let Mr. Twomey ask you a question and
16 then I'll come back to yours.

17 Mr. Twomey, do you have comments or a question?

18 MR. TWOMEY: I have a question -- or questions, Madam
19 Chair.

20 CROSS EXAMINATION

21 BY MR. TWOMEY:

22 Q Mr. Donze, the \$1.88 in-state connection fee charge
23 you referenced on your bill, are you under the impression
24 that's something either the state or the federal government has
25 approved?

1 A Yes.

2 Q So you're not aware that it's a fee that's charged to
3 you by Sprint without asking the permission of anybody?

4 A Well, they didn't ask my permission to charge me
5 \$1.50 to make up a statement and send it to me either. I mean,
6 I can give them 37 cents every month if they mailed it to me.

7 Q Mr. Donze, are you an AT&T customer long distance or
8 Sprint?

9 A It's Sprint I guess it is.

10 Q Sir, is your long distance customer -- your long
11 distance carrier Sprint or AT&T?

12 A Sprint.

13 CHAIRMAN JABER: Mr. Twomey, one of --

14 MR. DONZE: Well, AT&T charges. That's AT&T charges
15 here.

16 CHAIRMAN JABER: One of the things I was going to ask
17 is that our staff look at the bill, but --

18 MR. DONZE: Three dollars for long distance service
19 and \$4 in charges.

20 MR. TWOMEY: The point I wanted to -- Madam Chair,
21 the point I wanted to try and relate, which I tried to relate
22 yesterday in the agenda and through the questioning technique,
23 but is for Mr. Donze to understand that that fee is not either
24 state -- not to malign Sprint but whoever the carrier is long
25 distance, that it's not approved by the state government or the

1 federal government, and that it's levied by the long distance
2 carrier. And that you can do away with it by ceasing your
3 service, the same as the property tax assessment which is not
4 approved by the state or the federal government.

5 BY MR. TWOMEY:

6 Q And what I do have in the way of a question, sir, is
7 my math shows that if your rates are increased by \$6.86 a month
8 and you multiply it times 12 months, my number is \$82.32.
9 You're not counting the additional fees and taxes that you
10 referenced. And my question to you is, is are you interested
11 in paying \$82.32 more a year plus the taxes for the potential
12 of more competition?

13 A You guys have got competition with the alligators up
14 your ears already. Look at all the people running around with
15 cell phones in their pocket. Call me anytime at nighttime
16 after seven o'clock, it's free. Okay?

17 And it's also my understanding, anybody with a
18 computer and gets on the e-mail and this sort of thing, they
19 can sit there at home and send e-mails to their friends in
20 London, Paris, wherever; hey, no long distance charges. And
21 you talk about competition. Boy, you've got plenty of
22 competition. So where's our reduced rates coming from all this
23 competition?

24 Q Thank you very much.

25 A It makes me sick.

1 CHAIRMAN JABER: Mr. Donze, I wanted to address some
2 of your questions, and actually, Mr. Twomey has already
3 addressed one of them, so it serves as a good transition. The
4 \$1.88 charge you referred to I wanted to clarify that that is
5 an AT&T charge. It's an AT&T long distance charge. And while
6 Mr. Twomey is right that certainly one of the ways to avoid
7 that charge is to take a look at other long distance carriers
8 or other options where you can make long distance calls --
9 we've heard people talk about calling cards, for example -- you
10 do also need to know that one of the aspects of the bill of
11 this legislation that passed last year is that if certain
12 things happen like local rate increases are granted by the
13 Commission, the \$1.88 fee is supposed to be removed. And I say
14 that just for your information, not passing judgment on whether
15 those petitions should be granted or not.

16 The second question you posed related to that \$1.50
17 charge, and coincidentally, yesterday in our proceeding, as
18 Mr. Twomey mentioned, I brought up that \$1.50 charge, and AT&T
19 has made a commitment to get back to us with that answer. So
20 as soon as we know, we'll make sure that that's communicated to
21 the consumer advocates in the proceeding. But again, it is
22 also a long distance charge that is not part of the Sprint
23 petition.

24 And then, finally, you and the previous customer made
25 some references to the universal service charges on your bill,

1 and I wanted to also clarify for you and for the record that
2 those are not Commission-approved charges. The universal
3 service fee is a charge that's allowed by the federal
4 government. And the whole notion behind it is that every
5 American should be entitled to a telephone and that those costs
6 are recovered from the consumers' bill. Again, you're
7 absolutely right, those charges continue to increase, but I
8 didn't want to leave you with the impression that that was
9 something the state Commission approved.

10 MR. DONZE: Well, and I think that that charge will
11 increase. It will go from 41 cents to 73 cents. You're
12 cutting right into the poor people in the area, you know.
13 You're on a limited budget. You've got to live within it. And
14 now you come along with increases as much as 100 percent. Is
15 my Social Security going to go up that much? Even when the
16 Social Security goes up \$10, Medicare takes \$7 of it, you know,
17 and that's what, Commissioners, the telephone companies are
18 going to do too. Same thing. So they do need an increase to
19 pay off their \$78,000 deal.

20 MR. TWOMEY: Madam Chairman?

21 CHAIRMAN JABER: Mr. Twomey.

22 MR. TWOMEY: May I make one expansion on a comment
23 you made which I think is important?

24 It's true, ladies and gentlemen, as Chairman Jaber
25 said, the in-state connection fees which vary in dollar amount

1 by the different long distance carriers will by the law come
2 off if these rate increases are improved. The important thing
3 to understand though is they are not required to come off until
4 July of the year 2006. We are now in November of 2003.

5 And additionally, when they do come off, the law
6 provides that the long distance companies can net those moneys
7 out against the moneys they promised to reduce your in-state
8 toll rates. And the moneys are huge. I don't know what it is
9 for Sprint or others, but previous years, AT&T has testified
10 before the Florida Legislature that they make as much as
11 \$50 million a year from it. So they will come off, but not
12 until the year 2006 in the middle year.

13 MR. DONZE: Yeah, but by that time, your long
14 distance companies are getting 20 percent, 20 percent,
15 20 percent every year increase in the phone rates. You're not
16 saving me any money.

17 MR. TWOMEY: I'm on your side, sir.

18 MR. DONZE: You remember that, that you asked that
19 this thing will go up 20 percent without even asking the
20 Commission for permission. They can get an automatic increase
21 of 20 percent every year in the phone bill. So if they
22 eliminate this \$1.88, you know what can they do? There's a
23 train coming down the track there and I'm supposed to stand out
24 there and say stop? Huh-uh. Never happen.

25 CHAIRMAN JABER: Thank you, sir, very much.

1 MR. DONZE: Thanks for listening to me.

2 CHAIRMAN JABER: Absolutely.

3 UNIDENTIFIED SPEAKER: (Inaudible.)

4 CHAIRMAN JABER: I'm sorry. I need you to go to the
5 microphone, but we've got to let other people who have signed
6 up speak. So how about at the end? How about at the end we'll
7 allow you to come back?

8 UNIDENTIFIED SPEAKER: (Inaudible.)

9 CHAIRMAN JABER: Okay. Absolutely. But just in an
10 effort to keep this going along and for the purposes of the
11 court reporter, we'll stick with the order.

12 Mr. Beck.

13 MR. BECK: Thank you, Madam Chairman. The next
14 witness is Robert Bomar.

15 ROBERT BOMAR

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

18 DIRECT STATEMENT

19 MR. BOMAR: Good evening. My name is Robert L.
20 Bomar, B-O-M-A-R. I live in Ft. Walton Beach out on Okaloosa
21 Island. I've had to sort of learn quickly about the Public
22 Service Commission a little bit after the things that have been
23 in the newspaper. And approximately 10, 12 days ago I
24 communicated my feeling about this rate increase to
25 Chairman Jaber. Is it Jaber? Am I --

1 CHAIRMAN JABER: Jaber.

2 MR. BOMAR: I communicated in writing my feelings to
3 her. The current information that continues to be available to
4 me in the paper is that you are apparently continuing to plan
5 this service increase for basic phone service from \$3 to \$7.25
6 per month. That's some sort of an average. And I calculate
7 that out at somewhere around 130 percent. I may be a little
8 off on it. But then we also add, as Mr. Donze mentioned in
9 there, there's another 20 percent per year that's just going to
10 rock along on it. That's a lot of increase, that's a lot of
11 percentage.

12 Now, I'm a very small residential customer. I've got
13 one telephone. I don't make many long distance calls. We've
14 got apparently the call waiting that I would get rid of if my
15 wife would let me because it puts us in a position of deciding
16 who's the most important call. So I would get rid of that one
17 if I could.

18 I tried to get a little bit of knowledge about the
19 Public Service Commission. I assumed if they were into this,
20 they had me at heart. And I got on the Internet, and I've got
21 your charge that's available off of there. And it's very
22 interesting because it's got your pictures and who you are.
23 They've got the Chairlady Ms. Jaber, Mr. Deason, Mr. Baez,
24 Mr. Bradley, Mr. Davidson. And it says that you're charging
25 this. That you will provide safe and reliable utility service

1 at fair prices. And it says down below there that you will
2 further emphasize incentive-based approaches where feasible to
3 regulate rates that remain subject to rate, et cetera.

4 Well, then I began to wonder how is the Public
5 Service Commission established? So I went to the next little
6 thing on there and found out that indeed you are appointed by
7 the Governor. Am I correct on that?

8 CHAIRMAN JABER: Absolutely.

9 MR. BOMAR: And it gave about five or six categories
10 of interest that he seemed to stress which included accounting,
11 administration, five or six different things, but I did not
12 find anyone in there who seemed to be charged with
13 representation of the consumer. Now, it just wasn't in there.
14 I don't know who is supposed to represent us. And I'm sure
15 that these gentlemen here -- and I admire the stand that they
16 are taking, but that was sort of not indicated in there.

17 Well, I am disturbed about this amount of increase
18 that you're preparing to put on the regular local users to take
19 care of something that the long distance users have done. So
20 today, I did a couple of -- three interesting things. First of
21 all, I looked at my little bill, and last month I made a long
22 distance charge of 10 cents. My wife called somewhere. For
23 that I paid \$10.45 in assorted charges that were related to
24 that. They are listed as carrier universal service charge,
25 carrier cost recovery, Florida communication service tax. So I

1 paid \$10.45 for a dime's worth of long distance calling. I
2 don't call long distance much. My daddy never did let me do it
3 when I was growing up unless it was really important, and I
4 just don't call that much. So I said okay. Then we got this
5 thing about competition. I don't have to put up with this. I
6 can call somebody and find out how I can do better than this.
7 So I got to looking. And the phone book is a pretty good place
8 to look. So I pulled it out and I looked in it. And it's got
9 a big thing in here, local service providers. This happens to
10 be the Sprint booklet because I'm a Sprint customer.

11 And I count through here, there are 17 -- from
12 Page 2 through 7, there are 17 services listed in here that are
13 local service providers. I made my way through the canned
14 phone message that is going to put me in a mental institution
15 if I have to keep listening to them, and I finally pervaded
16 through to three of them and found out that no -- they don't
17 have any local service that they provide. They are all a
18 business thing, and we can do you six lines that will get you
19 into this, that, and the other, but, nope, we don't do local
20 service. So I thought okay. I'm not going to let this
21 frustrate me. So I called the Better Business Bureau to see if
22 they could give me any help on where I might go to find local
23 phone service, and got referred to another voice mail and ended
24 that one and growled and got out of it. But I finally talked
25 with a lady who was with the Public Service -- I mean, excuse

1 me, with the Better Business Bureau for northwest Florida and
2 talked with her about this.

3 And she said, well, no, that she didn't have any idea
4 about where I might look other than Sprint, said that was the
5 only service that she knew. So I get back in the yellow pages
6 under telephone services back here, and I finally ran across a
7 place back there that had telephone services. And I located
8 one in Destin called the NewSouth Communication, Destin. I got
9 a telephone number here for them. And I talked with a very
10 nice and helpful young lady there. Actually, she was a voice
11 and I was not referred to anybody's voice mail. I told her I
12 was really trying to shop for another service, that I was
13 concerned about this increase for the local service that was
14 being talked about in the newspaper. And she was aware of it.
15 And we talked about it a little bit and finally came down to
16 where she said, well, no, we don't provide that, but she said,
17 you know, we have to use phone lines, and we have to rent ours
18 from Sprint, and we're going to be going through that same
19 thing that you're going through. So I feel your pain is sort
20 of not that way, but she said, I sort of feel it. And I said,
21 it seems to me that I have my tail caught in a rather severe
22 trap. And she said, well, we have ours caught in there too.

23 There is no competition. I tried to find it and then
24 tried to get some help to get someplace to get it. And I guess
25 the thing that I'm concerned about is this increase. And I

1 know that those of you who are in the telephone business have
2 got a problem with other things breaking into your business
3 like the cell phones and the Internet and all of that. And I'm
4 further aware that most recently being a retired surgeon, I'm
5 aware of the fact that the insurance companies that have got
6 this thing about providing medical insurance, that one of the
7 things that has occurred with them is that they have lost
8 investments. They lost them just like anybody else did who was
9 fortunate enough to be an investor. And I think the telephone
10 companies possibly have lost some money too, and they are in
11 the process of getting ready to make it up off the back of the
12 individual residential user. And I don't think it's right and
13 I sort of resent it. Thank you.

14 CHAIRMAN JABER: Thank you, sir. Mr. Bomar?

15 MR. BOMAR: Yes, ma'am.

16 CHAIRMAN JABER: Let me ask you to just hold on. We
17 may have some questions. Hang on.

18 MR. BOMAR: I hope I can answer them. I'm really a
19 novice in this. The 130 percent got me in learning quick.

20 CHAIRMAN JABER: You've done quite well.

21 Mr. Twomey, you have questions?

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

23 CROSS EXAMINATION

24 BY MR. TWOMEY:

25 Q Just a few, Dr. Bomar.

1 A Okay.

2 Q Do you have any fear when you tell the Commissioners
3 here that there isn't any competition that they might or some
4 might interpret that as meaning that you want to pay more for
5 competition?

6 A I don't have any problem voicing that to anybody.
7 I'm not afraid to voice it. I'm not that sophisticated in
8 this. In fact, I'm sort of getting ready to get punished
9 already, so.

10 Q We hope you're not. But you said your search through
11 the phone book and through the telephone listings was
12 motivated, if I heard you correctly, by your concern for the
13 increase.

14 A That's right.

15 Q I think I heard you say that you wanted to look for
16 competition in order to, quote, do better.

17 A I wanted to find another company that might give it
18 to me a little cheaper than what's going and with the increase
19 built into it.

20 Q You want to pay less, not more?

21 A Yes, sir. Yes, sir.

22 Q Okay. So I'll conclude by asking you, would I be
23 correct in understanding that you're not interested in paying
24 \$82.32 more a year plus the associated taxes and fees in order
25 to have the potential, the mere potential of competition, are

1 you?

2 A Yeah, I'm very much interested in that from the
3 negative side of it. No, I do not want to get involved like
4 that. And I think we've already seen enough of this
5 imaginative accounting that's gone on in the business field to
6 where when you get us into questions like this, most of us, I
7 think, are not really prepared to deal with it. But, no, I am
8 not interested in paying that much more money.

9 Q Thank you very much.

10 A Thank you.

11 CHAIRMAN JABER: Thank you for your testimony, sir.
12 I appreciate it.

13 MR. BOMAR: Thank you.

14 CHAIRMAN JABER: Mr. Beck, your next witness.

15 MR. BECK: The next witness is John Vaughan.

16 JOHN VAUGHAN

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

19 DIRECT STATEMENT

20 MR. VAUGHAN: Madam Chairman, my name is John
21 Vaughan. And I appreciate the opportunity to address the
22 Commission on this matter. I would like to start off -- I'm
23 from Ft. Walton Beach. I would like to start off to say that
24 I'm a relatively new retiree. I'm 70 years old. That means
25 for the past six decades I have paid for services in all sorts

1 of governmental quasi-monopoly situations. This is my
2 first time in that six-plus decades of appearing before an
3 agency to protest a rate.

4 Now, you've heard a great deal of eloquence spoken by
5 people on the effect of the charges on them personally. I also
6 feel those. I have to admit that these charges in my case will
7 not break me. I will not have to go hungry. But I do want to
8 object to them on three levels. Number one, the pure
9 ridiculousness spuriousness of thinking that I as a thinking
10 individual could be conned by this so-called revenue-neutral
11 proposal. These rates of \$6.87, I'm going to round that off to
12 \$7, I would have to spend 12.5 hours a day a month to make that
13 up in a 20 percent reduction in my intrastate phone bill. I
14 don't spend three minutes a day on intrastate phone calls,
15 number one. So I can only conclude that these economics were
16 provided to Sprint and the other things by engineers from
17 Elbonia, and for those that don't know Elbonia, read Dilbert in
18 the newspaper.

19 Number two, inequity. To load on a fixed charge on
20 my monthly phone bill which is not voluntarily, that is an
21 absolute necessity, and expect to give that back to me in long
22 distance charges which are totally voluntarily to me smacks of
23 inequity. I'm 70 years old. I'm very mobile, but there's one
24 thing we all hear that there's only two things you can
25 guarantee, death and taxes. There's a third. Before you die,

1 you're going to get old. And as I get old, get less mobile
2 that phone will become more and more a necessity for me, not a
3 luxury and not voluntary. And to say that I have to pay an
4 extra bill on my monthly bill and then hope to make it up in a
5 voluntary thing, as I say, smacks of gross inequity.

6 And third, we talked of service and monopoly. As I
7 said, I'm 70 years old. I have been paying service fees for a
8 half century. Never in my life have I gotten worse service
9 than Sprint. Never. Two weeks ago I completed a remodeling
10 for my daughter, and we had had the phone disconnected. In
11 trying to get it reconnected, I spent 1 hour, 22 minutes
12 talking to seven different voices to get that accomplished.
13 Now, that's service, and that's what I'm supposed to be
14 appreciative of?

15 I also would do anything, I will say this in my
16 prejudice and bias against Sprint, to get out from under them.
17 There is no way. I too have done what Dr. Bomar has said and
18 have found no alternative. I would pay a premium right now I
19 am so upset with Sprint for their lack of service, but there is
20 no alternative. Thank you.

21 CHAIRMAN JABER: Mr. Vaughan, thank you. If I could
22 ask you hold on to see if -- Mr. Twomey?

23 Thank you, Mr. Vaughan.

24 Mr. Beck.

25 MR. BECK: The next witness is Steve Czonstka. I'm

1 probably mispronouncing your name.

2 STEVE CZONSTKA

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. CZONSTKA: My name is Steve Czonstka. I live in
7 Niceville out in Blue Water Bay. I'm a retired military small
8 businessman, but I work out of my house, so it's a residential
9 line. I would like to see if I could add anything that hasn't
10 been said already is I think -- I oppose this rate increase on
11 two grounds. First of all, I see there's a precedent here, and
12 correct me if I'm wrong, but I believe under the
13 Telecommunications Act at one time the cable companies were
14 able to increase their rates to spur competition, and in this
15 area -- I arrived here in 1985. My cable bill was \$10. After
16 that Act passed, today I'm paying \$42, and I still only have
17 one cable company. And so I think the circumstances are going
18 to be similar with this. There is no competition, and this is
19 not going to increase the competition.

20 Secondly, I was here when Centel had the service.
21 Sprint took it over. I noticed a very large decrease in our
22 ability to talk to anybody locally. You couldn't go -- they
23 closed their local office. You couldn't go into the local
24 office and pay your phone bill anymore. Whenever you called
25 anybody, you could never talk to anybody locally. You'd talk

1 to somebody else and several different voices several different
2 times. So I just see that as a negative, and I don't think
3 they should be rewarded for that decrease in service.

4 CHAIRMAN JABER: Thank you, sir.

5 Mr. Beck, your next witness.

6 MR. BECK: Next witness is Harold Lafountail (sic).

7 HAROLD LAFOUNTAIN

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. LAFOUNTAIN: Harold Lafountain. I live in
12 Crestview, Florida, 4757 Young Road, Crestview. I brought my
13 telephone bill here tonight for somebody to show me where I'm
14 going to save \$6.80 on my bill when they get done playing with
15 this plus 20 percent on top of that year after year. I just
16 don't know where somebody is coming from, but the math just
17 doesn't add up. So may I give this to the Chairman --

18 CHAIRMAN JABER: Absolutely.

19 MR. LAFOUNTAIN: -- and she passes it over to Sprint
20 and show me --

21 CHAIRMAN JABER: Go ahead. Thank you, sir.

22 Pronounce your last name for me.

23 MR. LAFOUNTAIN: Lafountain.

24 CHAIRMAN JABER: Lafountain. Okay. And,
25 Mr. Lafountain, you've handed me your Sprint bill. And your

1 specific question is where should you expect that charges be
2 reduced. And I don't see -- just for the record, it doesn't
3 look like you have long distance service, or do you have long
4 distance?

5 MR. LAFOUNTAIN: I have it indirectly, not through
6 Sprint. Who wants to pay them their outrageous prices?

7 CHAIRMAN JABER: Who is your long distance provider?

8 MR. LAFOUNTAIN: AT&T phone card from Sam's for 4
9 cents a minute.

10 CHAIRMAN JABER: Mr. Rehwinkel, if you'll just take a
11 minute and look at the bill, and tell me what plan that is, if
12 you can.

13 And, Mr. Lafountain, we'll let you finish your
14 testimony, and we'll come back to your question.

15 MR. LAFOUNTAIN: Okay. As some other people have
16 mentioned the newspaper, we've had three articles in the paper
17 in the last three weeks. The first one is telling us how the
18 three major companies in this state has financed parties and so
19 on down south. Then they came back about two weeks later or so
20 on and, yes, we did do this for the Commissioners. And today's
21 article, it really shocked me. Never mind the \$6.78 increase
22 in the two or three years, but on top of that, 20 percent a
23 year. Where in the world did somebody come up with 20 percent
24 for on and on and on and on? You can drive some of the richest
25 people out of business at a 20 percent increase a year. In

1 other words, I would not be able to afford -- I would have to
2 get a cell phone because I couldn't afford the basic service in
3 ten years if you're going to say 20 percent, 20 percent on top
4 of already. Who in the world ever came up with such a thing?
5 I don't know.

6 CHAIRMAN JABER: Thank you, sir. Let me try to
7 answer some of your questions by asking Mr. Rehwinkel a
8 question. First of all, what is the local monthly bill?

9 MR. REHWINKEL: Well, if I could say right up,
10 Mr. Lafountain will not have an increase on his bill as a
11 result of anything even if you grant the petitions. He is a
12 customer of a service called Small Talk, I believe, which is a
13 measured rate which is discounted off of the monthly recurring
14 rate with a 30-call allowance that's billed at a per message
15 rate above that 30-call allowance, and that is not considered a
16 basic service and would not be subject to any increases.

17 MR. LAFOUNTAIN: Let me explain why I have that.

18 CHAIRMAN JABER: Mr. Lafountain, let me follow up
19 with Mr. Rehwinkel. Could you tell us a little bit more about
20 Smart Talk and how customers become eligible for that? Because
21 I'm sure we'll have follow-up questions of our staff on how to
22 become part of that program.

23 MR. REHWINKEL: I'm not sure that this service is
24 still eligible for further subscription, but I don't -- is it,
25 Mr. Poag?

1 CHAIRMAN JABER: Mr. Poag, can you come over to the
2 microphone?

3 MR. REHWINKEL: Ben Poag of Sprint is here. And if
4 it's okay with you, I'd like for him to address that.

5 UNIDENTIFIED SPEAKER: Madam Chairman, are these
6 people under oath?

7 CHAIRMAN JABER: No, actually, they're not. And let
8 me just remind you, the court reporter doesn't capture the
9 comments from the audience. So if you have any other
10 questions, I'll allow that opportunity at the end.

11 UNIDENTIFIED SPEAKER: (Inaudible.)

12 CHAIRMAN JABER: Okay. To address your question, but
13 recognizing that the court reporter doesn't capture the
14 question, let me repeat it for the record. The question is the
15 customers were sworn to give their testimony and is the Sprint
16 representative sworn? The answer to your question is the
17 formal part of the testimony for the consumers is this public
18 hearing. Sprint, AARP, the Office of Public Counsel, perhaps
19 other parties that will be intervening, their witnesses will be
20 sworn and all of the testimony will be inserted into the record
21 under oath. But for purposes --

22 UNIDENTIFIED SPEAKER: (Inaudible.)

23 CHAIRMAN JABER: No, sir. And again, I have to
24 remind you your questions don't get picked up by the court
25 reporter.

1 Mr. Poag, answer the question as it relates to Smart
2 Talk.

3 MR. REHWINKEL: Can I say just for the record I'm an
4 attorney and I'm an officer of the court as all the other
5 representatives here, but I would not mind Mr. Poag being sworn
6 in if you want to swear him in.

7 CHAIRMAN JABER: Excellent.

8 (Mr. Poag sworn.)

9 CHAIRMAN JABER: Great. The question, Mr. Poag, that
10 I asked relates to the Smart Talk Program. Give us more detail
11 about the program and how the customers become eligible.

12 MR. POAG: Okay. I just want to clarify something,
13 Chairman Jaber. Small Talk is the service that he has. That
14 is not quite the same thing as Lifeline. There's some
15 similarities in that they are both discounted type services,
16 but the Small Talk, as Mr. Rehwinkel indicated, is not a basic
17 service and would not be subject to any increases associated
18 with the petitions that are before you today. You wanted, I
19 think, information about Lifeline?

20 CHAIRMAN JABER: No, it was the Small Talk. And
21 actually, I misspoke. I thought it was called Smart Talk, but
22 it's Small Talk.

23 MR. POAG: Okay. Small Talk. Okay. Small Talk is
24 basically -- it's a service that is designed for people that do
25 not make a lot of calls, and basically it's priced lower than

1 the normal basic flat-rated service. And when I say flat-rated
2 service, it means you can make unlimited types of calls with
3 that service within your local calling area. The Small Talk
4 service again has a lower monthly recurring fee, and then you
5 get an allowance of 30 calls per month with no additional
6 charge, calls over and above. And I'm talking outgoing calls
7 only. There's no charges for incoming calls, but on the
8 outgoing calls, there's a 10-cent charge per call within your
9 flat rate local calling area.

10 If you're calling into what is called an extended
11 service area where you have the usage charges, the 25-cent
12 charge or the 20-cent charge, then you would pay that too, but
13 it would not be in addition to the 10-cent charge.

14 CHAIRMAN JABER: Thank you, Mr. Poag.

15 MR. LAFOUNTAIN: And I would like to explain why I
16 have this. If you see I called Niceville, not me, my wife, 17
17 times. We do more calling to the south part of the county
18 because that's where the businesses are versus in Crestview,
19 not too many calls go out. So, you know, years ago I'm
20 looking, do I make 30 calls in Crestview? No way. And if I
21 made 31, a dime is much cheaper than the full rate for the
22 basic cost of having the service up in that part of the world.
23 So for me it was beneficial. I had to pay initially an added
24 expense to get it changed over, but every time I called down
25 here in the south part of the county -- because we got this

1 little reservation, it says no, no, no. It's a dividing line.
2 So I have to pay every time I call down here 20 cents, or if I
3 want to call De Funiak Springs, I have to pay a quarter and so
4 on. But then if I want to call Navarre, that's a long distance
5 call. Thank you.

6 CHAIRMAN JABER: Thank you, sir.

7 Mr. Beck.

8 MR. BECK: Thank you. The next witness is Anastas
9 Pazevic.

10 ANASTAS PAZEVIC

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

13 DIRECT STATEMENT

14 MR. PAZEVIC: My name is Anastas Pazevic; I live in
15 Destin. And I'm speaking for myself. I'm also a retiree and a
16 member of AARP. When I read the paper today, I was almost
17 convinced that this is a fait accompli that the Commission has
18 voted 4:1 to continue to consider, and I'm glad that this is
19 not so, and that you all are here to prove me wrong.

20 But I have not -- what I wanted to ask is that why
21 has not this been advertised as least for a week or more to
22 attract attention of the public to come here and witness, give
23 testimony to why this is objectionable? And then I haven't
24 heard this yet. What is the rationale and why are these
25 increases necessary?

1 Now, I hear this that Mr. Twomey said, this is just a
2 piece of the puzzle, it's half of the equation. That's not
3 enough. The 70 percent increase and thereafter 20 percent
4 increase ad infinitum is outrageous. If phone companies want
5 to stay competitive, they should lower the prices, not
6 increase. However, we do not have competition here. What we
7 have, friends, is price gouging, monopoly, and blackmail
8 because that's the only show in town. And so we have to dance
9 to their tune, which is very unfair.

10 Now, how many retired people or employed people
11 receive a 70 percent increase in salary? Not too many. Many
12 retirees need these basic service telephone, basic telephone
13 service more than long distance service because they have the
14 need to call friends or emergencies. And I believe that this
15 is an exuberant taxation, unfair and unjust.

16 I commend the Commissioner Deason for insisting that
17 AT&T and MCI WorldCom join the case and provide information to
18 the Commission. And to the Commissioner Davidson I ask, if the
19 PSC does not have the legal authority to dismiss the case, who
20 does? And I believe it's us, the people.

21 We ask you, I ask you, the Commission, Madam
22 Chairman, respectfully, to reexamine this issue and to take the
23 phone companies to task, and if not satisfied, reject their
24 request for this ridiculous increase. Thank you.

25 CHAIRMAN JABER: Thank you, sir. Let me see if there

1 are any questions. There are not. Thank you for your
2 testimony.

3 MR. BECK: Thank you. Madam Chairman, Mr. Pazevic is
4 the last witness signed up. I believe Ms. Kenyon had some
5 additional comments she wanted to make.

6 CHAIRMAN JABER: Right. Before we do that, let me
7 make sure. For those customers who may have walked in after
8 the process started but wish to testify now, let me ask you to
9 stand and raise your right hand, please.

10 Ms. Kenyon, do you still want to make some comments?

11 MS. KENYON: Yes.

12 CHAIRMAN JABER: Go right ahead. Let's have you come
13 up to the microphone.

14 BETTY KENYON

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 (Continued)

18 MS. KENYON: Two points I wanted to add is that
19 Crestview at the north end of the county is our County Seat.
20 So sometimes if you're in the south end and have to
21 communicate, it can get a bit costly. Okay. That was point
22 one.

23 I mentioned earlier Sprint has my soul, so to speak,
24 for communication services, but does everyone know you do not
25 have to have your local phone service and your long distance

1 phone service on the same bill? I believe Sprint came out with
2 that about four years ago and -- it wasn't that. It was before
3 I retired my last assignment. And so I called. I said, I
4 don't want that. That's where that \$1.50 charge comes from.

5 My daughter here in Destin has everything on one
6 bill, and I suggested to her that she call Sprint and say she
7 wants separate bills, and she's not charged the \$1.50. So I'll
8 just throw that out as a little consumer tip.

9 CHAIRMAN JABER: And I appreciate that, Ms. Kenyon.
10 Actually, Ms. Salak passed me a note as another customer was
11 speaking, I just didn't want to interrupt. And absolutely,
12 Ms. Salak, do you want to go ahead and confirm what Ms. Kenyon
13 has just stated?

14 MS. SALAK: That's true. It's due to having your
15 long distance bill placed on your local bill.

16 MS. KENYON: Now, I don't know if that applies with
17 AT&T.

18 MS. SALAK: Yes.

19 MS. KENYON: You could have them separate too; right?
20 I mean, regardless who --

21 CHAIRMAN JABER: Ms. Salak, let me ask you, who is it
22 that a customer would contact? Is it their local provider, or
23 is it their long distance provider that they would contact to
24 have the separate bills?

25 MS. SALAK: I believe Mr. Rehwinkel wanted to address

1 that.

2 MR. REHWINKEL: Well, let me say, first of all, I
3 don't -- I think the one bill we first heard about was an AT&T
4 long distance customer billed on Sprint. I could be -- subject
5 to being corrected on this, but it's my understanding that AT&T
6 charges its long distance customers that want a unified bill
7 billed by Sprint, they charge them \$1.50 if the customer would
8 be billed separately. In other words, get two bills in the
9 mail, then they don't have that charge. But if a Sprint
10 customer has long distance on the Sprint local bill, there is
11 not a charge on there.

12 MS. KENYON: There is a charge. My daughter has the
13 \$1.50 charge. She has Sprint local and Sprint long distance.
14 I have separate bills; I don't have to pay that \$1.50.

15 CHAIRMAN JABER: Let me ask you this, Ms. Kenyon. If
16 you will send us a copy of your daughter's bill, either send it
17 to Ms. Hoyle over there or just leave us your daughter's phone
18 number, we can circle back around and have a copy of her bill.
19 We'll be glad to follow up and get you an answer.

20 MR. REHWINKEL: Does your daughter live here in --

21 MS. KENYON: Destin. Two miles from me. Two miles
22 west of me. Okay. Thank you.

23 CHAIRMAN JABER: Thank you.

24 Mr. Hilton.

25 MARK HILTON

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 (Continued)

4 MR. HILTON: I just want to clarify why she's paying
5 that. I had that same problem when I had Sprint Business
6 Sense. It was explained to me that those are two separate
7 companies even though they have the same, you know, name of
8 Sprint. Sprint Business is not the same as Sprint local, and
9 that's why I got charged those extra charges is to compensate
10 each other for those charges.

11 CHAIRMAN JABER: Okay. Thank you, Mr. Hilton.

12 Sir, have you been sworn? Did you just walk in?

13 UNIDENTIFIED SPEAKER: (Inaudible.)

14 CHAIRMAN JABER: I just want to remind everyone in
15 the audience, we can't pick up the testimony if you don't come
16 up to the microphone. So come on up and you can repeat what
17 you said.

18 RICH WEBBER

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

21 DIRECT STATEMENT

22 MR. WEBBER: I walked in a few minutes late and was
23 sworn in. My name is Rich Webber and I live in Shalimar. And
24 I consider myself sort of a smart consumer. And I switched
25 from Sprint and their long distance service to AT&T because

1 they were offering a better rate, and then eventually I found
2 out you can go get a Sam's card in 3.4, 3.7 cents a minute.
3 And so I have no long distance charges, haven't had for about
4 two years and don't intend to go back to Sprint. But I think
5 they're going to end up in what's called the death spiral.
6 They're going to raise their rates. Cell phone rates keep
7 coming down. People are going to say, why do I need a local
8 provider? I can just go ahead and get a cell phone that I can
9 use anywhere, and I'll go with the cable company and go ahead
10 and hookup my cable for my computer and use that. And I think
11 what they're going to find out is they're going to start losing
12 customers because they are going to go to cell phones.

13 Now, if Sprint ends up -- maybe they are subsidizing,
14 you know, their PCS systems and the same with the other
15 companies that they have got their cell phones tied into. I
16 don't know if that money can be mingled or they've got to be
17 kept separate when they are doing that. In other words, you
18 know, this is money we're bringing in from the local provider,
19 and here's what we're putting out for cell phone, and can they
20 take any of that money and be passing it back and forth saying,
21 you know, when you put it all together, you know, what are the
22 rates and so forth? Are you understanding where I'm coming
23 from?

24 CHAIRMAN JABER: Yeah.

25 MR. WEBBER: So they drive down -- you know, they can

1 compete with the cell phones. They're having to lower their
2 rates lower and lower, and yet where they're forcing us --
3 because I've got an option on cell phones. I don't know how
4 many different cell phone companies I could go to. It's just
5 unbelievable here. I guess there's five or six, seven or
6 eight that you can actually go to and get a cell phone with.
7 And they're all competitive. You can sit there and price one
8 against the other and get the plan that best suits you. But
9 with your local service, like everybody has said, you know, you
10 spend half of it in taxes, \$10 on local service and \$10 in
11 taxes and surcharges that I have no clue what they are for, but
12 I've got to have the phone and I pay them.

13 But if they keep going up, I'll just end up canceling
14 it, use my cell phone, and they are going to lose one more
15 customer. So they're going to turn around and say, we're not
16 getting enough revenue, so I've got to increase my rates one
17 more time, so versus 20 percent, I'm going to have to go up 25
18 or 30 percent a year. That's it.

19 CHAIRMAN JABER: Thank you, sir. Let me make sure
20 there are no questions of you. Thank you for your testimony.

21 Mr. Vaughan; correct?

22 JOHN VAUGHAN

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 (Continued)

1 MR. VAUGHAN: Madam Chairman, you asked a very astute
2 question just a while ago, and I would like to reask it.

3 CHAIRMAN JABER: Go ahead.

4 MR. VAUGHAN: You asked someone where do you go for
5 information. And I also would like to ask that question in
6 relating to the services that we're supposed to be receiving.

7 As I mentioned, it took me an hour and a half just to
8 get a phone connected. I have asked several questions of
9 Sprint, of AT&T about bills, and the answer is always a
10 recorded message that has nothing to do with my question. So I
11 would hope as the Chairman of the Commission you would ask that
12 question over and over and over again. Where do you go for
13 service? Thank you.

14 CHAIRMAN JABER: Absolutely. And one of the things
15 though that I want to relay to you and to all the customers,
16 when you do have service issues and you feel like you have not
17 received a response, the yellow sheet that you took from our
18 staff today has an 800-number, a consumer hot line number, if
19 you will. Please feel free to contact the PSC because that is
20 precisely one of the areas that our very knowledgeable
21 professional staff can assist you with.

22 Mr. Beck, with that I heard you say there were no
23 other customer testimonies?

24 MR. BECK: Yes, that's correct.

25 CHAIRMAN JABER: Let me just say, this is -- I think

1 it was referred to earlier by Mr. Beck, this is the 13th public
2 hearing. We have 14 total scheduled. The last one will be in
3 Tallahassee, I believe, on the morning of December 10th. This
4 is a case that absolutely is developing in terms of testimony.
5 The customer testimony is critical to our process. On
6 December 10th, 11th, and 12th, I believe, the parties in this
7 case will have an opportunity to also put their expert
8 witnesses on the stand to testify. So this is Phase I, as we
9 call it, and Phase II will conclude sometime mid-December.
10 Again, I want to thank you all for being here. I thank you for
11 your input. And this hearing is adjourned.

12 (Service Hearing concluded at 7:35 p.m. CT.)

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1 STATE OF FLORIDA)
2 COUNTY OF LEON)

CERTIFICATE OF REPORTER

3
4 I, TRICIA DeMARTE, RPR, Official Commission Reporter, do
5 hereby certify that the foregoing proceeding was heard at the
6 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 14th DAY OF NOVEMBER, 2003.

18 *Tricia DeMarte*

19 _____
20 TRICIA DeMARTE, RPR
21 FPSC Official Commission Reporter
22 (850) 413-6736
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