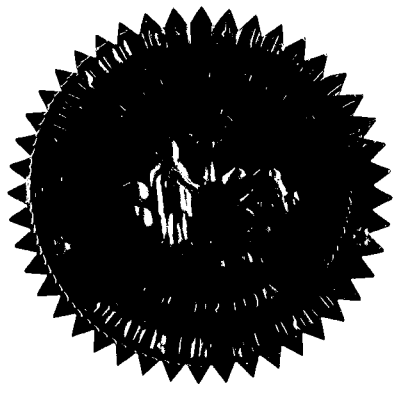


BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 060300-TL

PETITION FOR RECOVERY OF INTRASTATE  
COSTS AND EXPENSES RELATING TO REPAIR,  
RESTORATION AND REPLACEMENT OF  
FACILITIES DAMAGED BY HURRICANE DENNIS,  
BY GTC, INC. D/B/A GT COM.



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PROCEEDINGS:           AGENDA CONFERENCE  
                          ITEM NO. 7

BEFORE:                 CHAIRMAN LISA POLAK EDGAR  
                          COMMISSIONER J. TERRY DEASON  
                          COMMISSIONER ISILIO ARRIAGA  
                          COMMISSIONER MATTHEW M. CARTER, II  
                          COMMISSIONER KATRINA J. TEW

DATE:                    Tuesday, July 18, 2006

PLACE:                  Betty Easley Conference Center  
                          Room 148  
                          4075 Esplanade Way  
                          Tallahassee, Florida

REPORTED BY:            JANE FAUROT, RPR  
                          (850) 413-6732

1 PARTICIPATING:

2                   JOHN MANN, JAMES MADURO, JR., BOB CASEY,  
3 CHERYL BULECZA-BANKS, RICK WRIGHT, DALE MAILHOT,  
4 ADAM TEITZMAN, ESQUIRE, FPSC General Counsel's Office, and  
5 MICHAEL COOKE, GENERAL COUNSEL, representing the Florida Public  
6 Service Commission Staff.

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

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2 CHAIRMAN EDGAR: And as I mentioned earlier, we will  
3 be coming back to Item 5 at approximately 11:00 o'clock, and  
4 that brings us to Item 7.

5 I'll also note, as we allow everyone to get settled  
6 before we start this, that Item 7 is a post-hearing decision,  
7 so participation is limited to Commissioners and staff.

8 MR. MANN: Good morning, Commissioners. I'm John  
9 Mann on behalf of staff Commission -- or Commission staff.  
10 Item Number 7 involves a petition by GT Com for approval of  
11 storm-recovery costs associated with repairing its lines,  
12 plants, and facilities damaged by Hurricane Dennis in 2005.

13 GT Com initiated this filing pursuant to  
14 Section 364.051(4)(b), which provides that certain tropical  
15 storm damage occurring after June 1st, 2005, may be recoverable  
16 through guidelines established in the statute. This is a case  
17 of first impression for the Commission based on the new  
18 statute. GT Com filed this petition on March 31st, 2006, and  
19 by statute the Commission has 120 days upon which to act.

20 In this docket it was the responsibility of staff to  
21 verify the petitioner's intrastate storm costs and expenses and  
22 to determine whether these amounts are reasonable under the  
23 circumstances and should be recovered from GT Com customers.  
24 Before you is our recommendation regarding the amount of costs  
25 that staff believes should be recovered from ratepayers for the

1 damage caused by Hurricane Dennis.

2 As the Chairman noted, this is a post-hearing  
3 decision and participation is limited to Commissioners and  
4 staff. Staff is now prepared to proceed issue-by-issue or to  
5 answer any questions that you may have.

6 CHAIRMAN EDGAR: Thank you.

7 And I note that we have six separate issues as a part  
8 of this item, and I do think that we will move through them  
9 probably one-by-one. Before I ask staff to begin further  
10 discussion on Issue 1, are there any general comments or  
11 questions?

12 Commissioner Carter.

13 COMMISSIONER CARTER: Madam Chairman, I want to say,  
14 sitting on this issue earlier, I think we looked under every  
15 rock and behind every tree on this, and I think that we found,  
16 you know, what is real and what's not real. And staff, in my  
17 opinion, has done an excellent job in bringing to bear the  
18 discussion from that point in time as well as identifying the  
19 issues and have given us some solid recommendations on that.  
20 Thank you.

21 CHAIRMAN EDGAR: Thank you.

22 Okay. If you will start us off with Issue 1.

23 MR. MANN: Yes, ma'am.

24 CHAIRMAN EDGAR: Excuse me, I'm sorry. Commissioner  
25 Arriaga for additional comments.

1           COMMISSIONER ARRIAGA: Thank you. In order to  
2 facilitate the voting, I just want to make a general comment.  
3 Thank you.

4           I also find, like Commissioner Carter, that staff did  
5 an excellent job here. Magnificent. To me it's not an issue  
6 of numbers, it's not an issue of if we approve 400,000 or  
7 4,000, there are two basic issues as far as I'm concerned:  
8 One, the issue of incremental costs. And I want to make sure  
9 that we all understand, at least from my point of view, that  
10 the way staff found the manner to analyze this, which was  
11 basically saying reasonable expenses under the circumstances is  
12 an appropriate interpretation of the statute.

13           To have gone the way or the path, and during the  
14 hearing I mentioned this several times, of incremental cost  
15 would have been an extrapolation of the electric utilities'  
16 cases to the telecom companies. Therefore, I always said  
17 during the hearing that I was concerned about the use of  
18 incremental cost because of the interpretation of the statute  
19 and because -- it was sort of like tightening the Commission  
20 into a method of analysis where we need to have the flexibility  
21 to analyze different cases according to different  
22 circumstances. So that was a very, very important finding.

23           The second is, as I said, more than numbers, we're  
24 setting policy. This is the first time we used this statute,  
25 and I think that we have done today, what we are about to do,

1 what the staff did, is the most appropriate way to interpret  
2 the statute and move forward with potential cases that will be  
3 coming up. So, once again, thank you.

4 CHAIRMAN EDGAR: Issue 1.

5 MR. MANN: Yes, Chairman.

6 Issue 1 states what amount of intrastate  
7 costs/expenses did GT Com incur relating to repairing,  
8 restoring, or replacing the lines, plants, or facilities  
9 damaged by Hurricane Dennis. Staff is recommending, as a  
10 starting point, that we use the number 312,693. And as we  
11 explain in our analysis, we are merely taking their number and  
12 not including certain taxes and carrying charges that they  
13 initially did not seek for recovery, but did mention during the  
14 hearing that if we discounted or disallowed other things that  
15 they would want recovery of these amounts. So this issue is  
16 merely just a starting point of what numbers we're looking at.

17 COMMISSIONER DEASON: Move staff, Madam Chairman.

18 COMMISSIONER CARTER: Second.

19 CHAIRMAN EDGAR: Okay. We have a motion and a second  
20 on Issue 1. All in favor of the motion say aye.

21 (Unanimous affirmative vote.)

22 CHAIRMAN EDGAR: Opposed? Show Issue 1 adopted.

23 MR. MADURO: James Maduro, Jr., on behalf of staff.

24 In Issue 2, staff has identified five categories in  
25 which some or all of the costs should not be included for

1 reimbursement under the recovery clause.

2 Staff is now available for questions.

3 CHAIRMAN EDGAR: Thank you.

4 Commissioner Tew.

5 COMMISSIONER TEW: I have a question that basically  
6 ties Issue 2 and Issue 3 together under the area of benefits.  
7 I noticed under Issue 2 with regard to benefits, which was Item  
8 2 on Page 8, in the staff analysis it discusses that  
9 Witness Buckley had a proposed adjustment of 35,921. And then  
10 when I got to Issue 3, with respect to benefits on Page 17, I'm  
11 hoping you can help me tie the numbers together. There was a  
12 55,333 figure that is taken and multiplied times the intrastate  
13 allocation factor. And I can't make those numbers match up, so  
14 I'm trying to determine what I'm missing here. If you need me  
15 to go through that again, I can.

16 MR. MANN: So the gist of your question is what is  
17 the difference between 38,000 and 35,000?

18 COMMISSIONER TEW: Yes.

19 MR. MANN: 35,000 was the number that they agreed to,  
20 Witness Ellmer agreed to at the hearing. And 38,000 was the  
21 number that we calculated in accordance with our analysis.

22 Bob or Cheryl, do you want to add to that?

23 MR. CASEY: Yes. The 35,000 was based on, I believe  
24 it was two work orders. And we believe since there was not  
25 proof that they can bring forward, we disallowed all of them,

1 all of the work orders.

2 COMMISSIONER TEW: Okay. So your recommendation is  
3 consistent with Issue 3, the 38,925 number, not based on the  
4 staff witness?

5 MR. CASEY: Yes, ma'am.

6 COMMISSIONER TEW: Okay. And my other question --  
7 Chairman, may I -- has to do with capital costs, which I guess  
8 is mostly discussed in Issue 2. And I understand that based on  
9 the earlier adjustments in the staff rec, that by the time you  
10 get to the capital assets issue that your number is reduced to  
11 \$201,080. And when I looked back at the statutory language  
12 about what was allowed for recovery and it talked about  
13 intrastate costs and expenses, I may need some help from the  
14 accountants and the attorneys here, I wondered what was the  
15 significance of saying cost and expenses, and if we thought  
16 that that was speaking at all to the difference in capital cost  
17 and O&M expenses? I'm not sure who can help me there.

18 Do you follow what I'm asking, or should I try  
19 another way?

20 MR. MANN: I think what you're asking is if they had  
21 a \$100 cost to put in a new piece of equipment and they had  
22 time, engineering time associated with putting that in that  
23 they would get full recovery for both amounts. And I think  
24 what we found in our recommendation was that they did not incur  
25 any costs, any labor costs, in-house labor costs that they



1 wouldn't have otherwise incurred had they not had a hurricane.  
2 And that was repeatedly mentioned in the hearing and in  
3 discovery.

4           And so if we eliminate -- one, we didn't think the  
5 in-house labor should have been recovered in the first place.  
6 And then when we got rid of the capital costs, based on  
7 recovery either through universal service funds, or primarily  
8 through universal service fund or recovery through depreciation  
9 on a going-forward basis, that was the difference.

10           Am I answering your question?

11           COMMISSIONER TEW: I think so. I guess my general  
12 concern is whether or not the statute was telling us to -- was  
13 dictating something about capital costs or not. And I realize  
14 that staff has gone through two reasons for denying the capital  
15 cost here, and I think that was because they are depreciated  
16 over a 15-year period was one, and the second one was because  
17 of the universal service high cost loop support, which I agree  
18 with. And I just had some lingering questions about what the  
19 statutory language intended when it said costs and expenses, if  
20 it was clear or not whether or not capital costs should be  
21 allowed for recovery. But I just throw that out as something  
22 for others to consider. I'm not clear on that issue. And if  
23 anyone else would like to jump in, that's --

24           MS. BULECZA-BANKS: This is Cheryl Bulecza-Banks on  
25 behalf of Commission staff. Personally, I didn't view those as

1 two distinct terms meaning -- costs meaning capital costs and  
2 expenses meaning expenses. That certainly is one  
3 interpretation one could use. I guess in accounting terms, I  
4 don't really -- if I see the term cost, that doesn't  
5 necessarily mean to me it's a capitalized cost. It just means  
6 a cost that has been incurred. I didn't draw that distinction  
7 between the two.

8 CHAIRMAN EDGAR: And I had a question on what was  
9 Point 4 of this, which is the work that was done at Alligator  
10 Point. Could you go over the numbers for me on that? What the  
11 total cost was for the installation that was done; what was the  
12 estimate if it had been a replacement of what had been there  
13 previously; and how in the recommendation that is dealt with?

14 MR. WRIGHT: The total for the Alligator Point  
15 carrier system was \$80,405. And of that, 40,000 was determined  
16 to be a fiber upgrade that they had had previously. And the  
17 intrastate amount of that is the 28,158.

18 CHAIRMAN EDGAR: Commissioners, are there further  
19 questions? Discussion?

20 Commissioner Deason.

21 COMMISSIONER DEASON: I suppose I have a question for  
22 Legal. And the particular statutory language which is the  
23 focus of this entire petition and hearing, as I recall it uses  
24 the term that a telecommunications company may file a petition  
25 to recover costs associated with a hurricane or a named

1 tropical storm. I'm paraphrasing, but basically that is  
2 correct, is it not?

3 MR. TEITZMAN: Yes, Commissioner.

4 COMMISSIONER DEASON: And, Madam Chairman, when I was  
5 looking at the statutory language, to me the key term -- I  
6 think staff has focused and the parties focused on the phrase  
7 within the statute which puts the burden upon the Commission to  
8 determine what is reasonable under the circumstances for any  
9 named tropical storm or hurricane. And I think that is  
10 certainly something that we have to consider, reasonableness.

11 But to me another key term in the statute is the term  
12 recover. And what that implies to me is that it implies that  
13 they may petition the Commission to recover costs which are not  
14 otherwise recovered by some means. And that's what recover is.  
15 You don't recover twice. Recover means you either recover it  
16 through whatever charges you're imposing on customers  
17 presently, and if that is not sufficient, then there needs to  
18 be a separate recovery mechanism, and that was the focus of  
19 this hearing.

20 And I think that the basis of staff's recommendation  
21 is that there should not be a double recovery. If it can be  
22 demonstrated that they are costs that are the direct result of  
23 responding to and restoring service from a tropical event, that  
24 there should be recovery if it is not being recovered by some  
25 other means.

1           And so I think that we can approach it in two ways,  
2 the term what is reasonable and whether costs are being  
3 recovered by some other means. And that other means basically  
4 is through the existing rates which this company charges its  
5 customers. So having said that, I am in general agreement with  
6 the approach staff took, and I think when they were defining  
7 reasonable, I think they expanded that definition to exclude  
8 the potential for double-recovery.

9           And absent more precise language indicating  
10 differently, I just think it is the most reasonable  
11 interpretation of the statute is to provide for recovery as  
12 long as there is not recovery by other means. And I think the  
13 burden is on the petitioner to demonstrate that there is not  
14 recovery by some other means. And I think we've had a lack of  
15 that demonstration here, and staff has recognized that in their  
16 analysis and in their recommendation. So I'm just kind of in  
17 general agreement with the approach that staff has taken by  
18 interpreting the statute and analyzing the underlying issues  
19 and the accounting that takes place to try to put numbers with  
20 those issues.

21           CHAIRMAN EDGAR: Commissioner Deason, just to follow  
22 along that same, I think, train of thought in the statute,  
23 which I'm looking at right now, where it says reasonable. It  
24 does go on to say reasonable under the circumstances. And so  
25 when I read that, and from the benefit of the discussion and

1 testimony that we had at hearing to read that under the  
2 circumstances to include other recovery mechanisms and  
3 accounting mechanisms that are in existence.

4           Commissioners, if there are further comments, further  
5 discussion.

6           Commissioner Carter.

7           COMMISSIONER CARTER: Madam Chairman, I guess someone  
8 would say I had field day asking questions when this was up  
9 before us, but we did look at the opportunity for other sources  
10 to recover proceeds and we looked at the reasonableness of the  
11 costs that were incurred, and we asked them to provide that  
12 information, provide us a basis for what your numbers are. And  
13 based upon the analysis done by staff, I'm prepared, if it's  
14 appropriate, at this time to move staff's recommendation on  
15 this issue.

16           CHAIRMAN EDGAR: Commissioner Arriaga.

17           COMMISSIONER ARRIAGA: And we seem to be in  
18 agreement, but I think Commissioner Deason has a very important  
19 point here, extremely important. Because, as I said at the  
20 beginning, this is policy we're making today. And to clarify  
21 the interpretation of the statute for future cases is really,  
22 really important. So I believe that a statement indicating  
23 that under the circumstances includes the fact that  
24 double-recovery is not allowed is very important. So if,  
25 Commissioner Carter, you're making a motion, would you accept

1 adding that language, please?

2 COMMISSIONER CARTER: Absolutely.

3 COMMISSIONER ARRIAGA: Thank you. Then I will second  
4 your motion.

5 CHAIRMAN EDGAR: Then maybe we need a little further  
6 discussion, because I'm not quite certain where it is that  
7 you're requesting that that statement be inserted. And before  
8 we move forward, I want to make sure that we are all clear.

9 So, Commissioner Carter, your motion. Commissioner  
10 Arriaga, your suggestion. Could you give me a little --

11 COMMISSIONER ARRIAGA: Maybe Commissioner Deason can  
12 help us, because his idea was originally what made the motion  
13 and the second.

14 COMMISSIONER DEASON: Well, I just was trying to lay  
15 out my reading of the statute, and that it is important to look  
16 at the terminology "reasonable under the circumstances." And I  
17 think staff has grasped that, and I have no differences or  
18 disagreements with staff. I think that it is also important to  
19 recognize that the terminology in the statute also indicates  
20 that they may file a petition to recover.

21 And to me, if costs are already being recovered by  
22 another means, whether it is some type of high-cost fund  
23 recovery, or whether it is interpreted to mean that there is a  
24 certain amount of costs being recovered through the company's  
25 existing rates, I don't think -- when it says recover, it is

1 just that, it means costs that are not otherwise being  
2 recovered by some other means. That's the interpretation that  
3 I would put on it. And maybe it can all be wrapped up with the  
4 terminology about, you know, reasonable under the  
5 circumstances.

6 I just think we need to look at the statute as a  
7 whole. And that's the way I look at the statute. But if there  
8 is a disagreement among staff or Legal as to the importance of  
9 that term recover, maybe we need to discuss it. But I think  
10 both the term reasonable under the circumstances and the term  
11 recover, that we need to give meaning to all of the terminology  
12 that's in the statute.

13 COMMISSIONER CARTER: Madam Chairman.

14 CHAIRMAN EDGAR: Commissioner Carter.

15 COMMISSIONER CARTER: May I just ask Legal. Is it  
16 more appropriate to put that language in the body of the  
17 finding versus the nature of the motion.

18 MR. TEITZMAN: Well, you could modify staff's  
19 recommendation --

20 COMMISSIONER CARTER: You got the sense of the  
21 Commission in terms of where we are trying to get to, right?

22 MR. TEITZMAN: Oh, yes, certainly I have it, as well  
23 as we can review the transcripts. But you could modify staff's  
24 recommendation to include Commissioner Deason's statements.

25 COMMISSIONER CARTER: Madam Chairman, if I may?

1 CHAIRMAN EDGAR: Commissioner Carter.

2 COMMISSIONER CARTER: Would that be a cleaner way to  
3 do it, just add that to the recommendation itself and just have  
4 the motion with the modification that we accept staff's  
5 recommendation. Would that be cleaner to do it that way?

6 MR. TEITZMAN: I believe that would work, yes,  
7 Commissioner.

8 COMMISSIONER DEASON: May I add one thing?

9 CHAIRMAN EDGAR: Commissioner Deason.

10 COMMISSIONER DEASON: And where I find the  
11 significance in the term recover, and that a petition may be  
12 filed to recover these reasonable costs, I think that there is  
13 a burden on a company to show that what they are asking to  
14 recover is not being recovered by some other means. And I  
15 think that the evidence in this case is lacking in that regard.

16 MR. COOKE: Chairman?

17 CHAIRMAN EDGAR: Mr. Cooke.

18 MR. COOKE: Let me just suggest -- I think Legal  
19 staff is in agreement with the sense that we're hearing from  
20 the Commission in terms of the statute, and the use of the term  
21 recover blends well with the way the staff recommendation was  
22 written. The Commission is about to issue, I believe, a  
23 decision directing us to issue an order. I believe we can  
24 capture in the order itself the sense that we hear from you  
25 regarding Commissioner Deason's comments. And I think that



1 would be a cleaner way than revising the recommendation,  
2 per se.

3 So, in other words, I think our next step, assuming  
4 that the Commission accepts and adopts the staff's  
5 recommendation would be to issue an order. And based on what  
6 has been discussed here, in that order, we can reflect that we  
7 also interpret the word recover in the way that has been  
8 discussed here.

9 COMMISSIONER CARTER: That's satisfactory to me,  
10 Madam Chairman.

11 CHAIRMAN EDGAR: Okay. Commissioner Carter has made  
12 a motion in favor of the staff recommendation on Issue 2, and  
13 further adding that the order that would be issued from this  
14 encompassed the discussion that we have had at the bench about  
15 our interpretation of the term recover. Further discussion?

16 Commissioner Arriaga, are you comfortable with that?

17 COMMISSIONER ARRIAGA: Second.

18 CHAIRMAN EDGAR: Okay. Then I have a second on that  
19 motion. All in favor say aye.

20 (Unanimous affirmative vote.)

21 CHAIRMAN EDGAR: Opposed? Show the motion adopted on  
22 Issue 2.

23 Let's go to Issue 3.

24 MR. WRIGHT: Rick Wright, Commission staff. Issue 3  
25 identifies appropriate costs from categories addressed in

1 Issue 2's analysis along with the analysis of taxes, carrying  
2 costs, and universal service fund reimbursements.

3 COMMISSIONER DEASON: Chairman, I have a question.

4 CHAIRMAN EDGAR: Commissioner Deason.

5 COMMISSIONER DEASON: I guess the best place to look  
6 at this would be on Page 21 of the recommendation. There's a  
7 chart there which summarizes staff's proposed adjustments. And  
8 after staff's adjustments, we -- let me look. There is an  
9 adjustment that is termed carrying costs, and there is a  
10 category called timing from customers, and then there is a  
11 category called timing from USAC reimbursements.

12 What's the difference between those two?

13 MS. BULECZA-BANKS: This is Cheryl Bulecza-Banks on  
14 behalf of staff. The timing from the customers, that's the  
15 carrying charges that would have incurred from the time that  
16 they actually expended the money for the repairs, replacing the  
17 lines, et cetera, until an estimated time that they would  
18 receive the reimbursement, which we, for this analysis, assumed  
19 it was actually September of this year.

20 The other, the timing for the USAC reimbursements  
21 relates to the lag in timing from the time that they will  
22 receive the reimbursement for depreciation return on the  
23 capital assets, which wouldn't occur until, I believe, January  
24 of 2007 is when they would start receiving those  
25 reimbursements. So it really reflects the capital cost piece,

1 because the expense piece from USAC has already been recovered.

2 COMMISSIONER DEASON: So USAC -- there is a delayed  
3 recovery for capital items, is that true?

4 MR. MAILHOT: There is a delayed recovery for both  
5 capital and expense items. This is Dale Mailhot with staff.  
6 The company incurred the expenses in 2005. The 2005 expenses  
7 will be used as a basis for the company's 2007 receipts from  
8 USAC. On that schedule that you're looking at, if you want to  
9 sort of match up here, the \$3,000, the \$3,886 where it says  
10 timing from USAC, for USAC reimbursements, that relates to  
11 staff's adjustment above where it says USAC reimbursements of  
12 \$40,000, that's essentially the interest on that \$40,000.  
13 Because there will be almost a two-year delay between the time  
14 they incurred the expenses and the time they get the money back  
15 from USAC.

16 COMMISSIONER DEASON: And the \$77, that basically is  
17 the timing on the 987?

18 MR. MAILHOT: That's correct.

19 COMMISSIONER DEASON: That's all the questions I  
20 have, Madam Chairman.

21 CHAIRMAN EDGAR: No further questions? Are we ready  
22 for a motion on Issue 3?

23 COMMISSIONER DEASON: I move staff.

24 COMMISSIONER CARTER: Second.

25 CHAIRMAN EDGAR: I have a motion and a second. All

1 in favor of the motion say aye.

2 (Unanimous affirmative vote.)

3 CHAIRMAN EDGAR: Opposed? Show Issue 3 adopted for  
4 the staff recommendation.

5 That brings us to Issue 4.

6 MR. MANN: Yes, Chairman. Issue 4 is what would be  
7 the appropriate line item charge. The statute allows up to 50  
8 cents a month for a 12-month period. Based on the amount that  
9 we have recommended in this proceeding, the total amount is  
10 4,950. We believe that it would be appropriate to have a  
11 one-time charge of 11 cents assessed on the 47,000 lines that  
12 GT Com has. This is just a fallout of Issues 2 and 3.

13 CHAIRMAN EDGAR: To our staff, do you have  
14 information or an estimate as to what the overhead or  
15 administrative cost would be to administer this?

16 MR. MANN: No. I want to say de minimis, but, boy, I  
17 don't know. I don't have a handle on what it would take to add  
18 a line item to their bill and collect this amount. \$2,000.  
19 No. (Laughter.)

20 COMMISSIONER DEASON: Madam Chairman, along that  
21 line, may I follow up?

22 CHAIRMAN EDGAR: Commissioner Deason, please.

23 COMMISSIONER DEASON: If we approve your  
24 recommendation, and maybe this is a question for Legal, too, we  
25 would just be authorizing this charge, but we would not be

1 mandating the charge, and it would be at the discretion of the  
2 company to make an evaluation as to whether the one-time .11  
3 cent charge is worth the administrative cost of imposing it?

4 CHAIRMAN EDGAR: And if I may, Commissioner Deason,  
5 thank you, because that is exactly where I was going, as well.  
6 And before I ask staff to respond to your statement, because my  
7 thinking was the way the recommendation is written, it does say  
8 should assess. And is there the option to give some discretion  
9 to the company, as with, perhaps, may assess, something along  
10 those lines?

11 Mr. Cooke.

12 MR. COOKE: I believe the intent is to authorize the  
13 recovery of this amount. It doesn't necessarily mean that they  
14 have to do so. If you prefer that there be a change or a  
15 clarification of that, we can do that as well in the order.

16 CHAIRMAN EDGAR: Commissioner Carter.

17 COMMISSIONER CARTER: I was really waiting for  
18 Commissioner Deason with his infinite knowledge of accounting  
19 and economic issues on that. But this one-time charge, is  
20 that -- I mean a one-time per access line charge, does that  
21 really recover the costs, or are we really -- does that really  
22 recover the costs that we have agreed to allow?

23 MR. MANN: Yes, that's the math on 46,861 access  
24 lines times 11 cents gets you the 4,950.

25 COMMISSIONER CARTER: Madam Chair.

1 CHAIRMAN EDGAR: Commissioner Carter.

2 COMMISSIONER CARTER: And that gets us to where the  
3 Chair's question was, and does that cost -- is that cost to  
4 recover the amount of money purely for the outstanding amount  
5 versus the amount of money, if any, would be required to  
6 implement this process to recover that. I mean, there is a  
7 certain charge. There is going to be a charge. It may be your  
8 2,000, it may be whatever, but there is going to be a charge in  
9 doing that. They are going to have to advertise to the  
10 consumers and say there is going to be a charge on your bill  
11 next month of this amount. Have you guys thought about that?  
12 Is that included in this?

13 MR. MANN: Well, I think we addressed that to an  
14 extent in Issue 6 where we keep the docket open. And I believe  
15 at that time they could possibly petition us, I mean, correct  
16 me if I'm wrong, and say, well, we had all of these expenses,  
17 here is our bills for doing this, should they be included, did  
18 we not assess enough? You know, we are going to true this up  
19 once they have made the assessment, so I think if they made a  
20 case. But I don't really think it should be that expensive to  
21 add a line item. The only other case we have done is Sprint on  
22 the telecom side, and there was nothing in there about  
23 recovering costs for adding that line item in the bill. The  
24 only discussion was tell us what the line item is going to say  
25 before you assess it.

1 Adam, is that your understanding?

2 MR. TEITZMAN: That would accurately reflect what  
3 occurred during Sprint. Whether or not they could petition to  
4 recover the cost of recovery, I would imagine they can make  
5 that argument during a true-up process. I do not believe they  
6 have raised that issue during the pendency of the proceeding as  
7 of this date. I do not know -- there is no evidence in the  
8 record as to what the cost would be.

9 COMMISSIONER CARTER: Madam Chair.

10 CHAIRMAN EDGAR: Commissioner Carter -- just a  
11 second. Just with the additional comment that the previous  
12 case that our staff has mentioned, the order, I believe,  
13 authorized a recovery of 30 million, so we have got a little  
14 difference in scale.

15 Commissioner Carter.

16 COMMISSIONER CARTER: Madam Chair, I was just  
17 thinking, generally your overhead is going to run -- in a  
18 typical business, your overhead is going to run between 5 and  
19 10 percent. That's administrative, that's wage and hour,  
20 that's insurance, that's rent, that's a proportional share. I  
21 mean, if we are going to deal with this and be done with it and  
22 not have the people come back and say, oh, yes, we had a  
23 one-cent charge per line that was overhead, and we need to  
24 recover that, so you're going to ask to come back here for one  
25 cent? I mean, one cent in my estimation would be 10 percent

1 of the 11 cent one-time charge. I'm not an accountant, but I'm  
2 saying there is a cost of overhead when you are doing a  
3 transaction.

4 COMMISSIONER DEASON: Well, consistent with our prior  
5 vote, if they wanted to make that case -- besides, I think they  
6 can only file one time a year under the statute. But if they  
7 wanted to make that case they would have to demonstrate that  
8 putting that line item charge on the bill, that somehow they  
9 could not have taken care of that with in-house labor, and that  
10 it was a true incremental cost above whatever their current  
11 cost structure is. And I think that would be a difficult  
12 showing to make. But, you know, that would be -- but they did  
13 not include it in their case in chief. I don't think it should  
14 be a concern of ours at this point.

15 CHAIRMAN EDGAR: Commissioners, just to mention, as I  
16 said a few moments ago, when I look at the staff recommendation  
17 in Issue 4, and the second sentence there that says GT Com  
18 should assess, perhaps a may assess in order to point out that  
19 it's an authorization. It is an authorization, but it is not a  
20 requirement is I think what I'm hearing. Is there further  
21 discussion?

22 I'm sorry, Commissioner Tew.

23 COMMISSIONER TEW: I was on the same page with you,  
24 Chairman. I was trying to work on language to say something  
25 like assess a one-time per access line surcharge of no more



1 than, or no more than a line item charge of -- in some way  
2 saying no more than that, so that we're not saying they have to  
3 charge anything. But I think may gets us to the same place.

4 CHAIRMAN EDGAR: Commissioner Carter.

5 COMMISSIONER CARTER: I was just going to say, Madam  
6 Chairman, based upon where we are now, if appropriate I would  
7 move the staff recommendation with your comments about the -- I  
8 just had a brain cramp here.

9 CHAIRMAN EDGAR: May assess substituted for should  
10 assess.

11 COMMISSIONER CARTER: Yes, ma'am.

12 CHAIRMAN EDGAR: Thank you.

13 Commissioner Tew, is that a second?

14 COMMISSIONER TEW: Second.

15 CHAIRMAN EDGAR: Commissioners, further discussion?  
16 Okay.

17 We have a motion. We have a second. I think we are  
18 all clear. All in favor of the motion say aye.

19 (Unanimous affirmative vote.)

20 CHAIRMAN EDGAR: Opposed? Show the motion adopted.

21 And we are on Issue 5.

22 MR. MANN: Commissioners, Item 5 is if a line item  
23 charge was approved in Issue 4, which you just did, on what  
24 date should the charge become effective, and on what date  
25 should the charge end. That was anticipating that there would

1 be a 12-month charge. Since this is a one-time charge, we're  
2 just asking that they charge this amount no sooner than 30 days  
3 and that they provide us with language.

4 CHAIRMAN EDGAR: Commissioners, any comments or  
5 questions?

6 Commissioner Deason.

7 COMMISSIONER DEASON: Just to confirm with staff,  
8 which I think is probably obvious, but that you will be  
9 reviewing the language to make sure that it is an adequate  
10 description.

11 MR. MANN: We are very attuned to the confusion on  
12 telephone bills. We'll be all over it.

13 COMMISSIONER DEASON: Very good. Move staff's  
14 recommendation.

15 COMMISSIONER CARTER: Second.

16 CHAIRMAN EDGAR: We have a motion and a second. All  
17 in favor say aye.

18 (Unanimous affirmative vote.)

19 CHAIRMAN EDGAR: Opposed? Show Issue 5 adopted.  
20 That brings us to Issue 6.

21 And in light of our discussion, it would be to leave  
22 the docket open. Is there a motion?

23 COMMISSIONER DEASON: I move staff's recommendation.

24 COMMISSIONER CARTER: Second.

25 CHAIRMAN EDGAR: All in favor say aye.

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(Unanimous affirmative vote.)

CHAIRMAN EDGAR: Opposed? Show it adopted.

Thank you.

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STATE OF FLORIDA )

CERTIFICATE OF REPORTER

COUNTY OF LEON )

I, JANE FAUROT, RPR, Chief, Hearing Reporter Services Section, FPSC Division of Commission Clerk and Administrative Services, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

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

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

DATED THIS 25th day of July, 2006.



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JANE FAUROT, RPR  
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FPSC Division of Commission Clerk and  
Administrative Services  
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