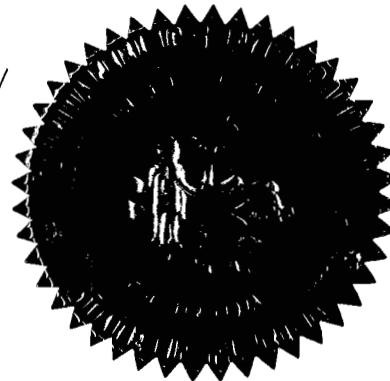


BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 060598-TL

In the Matter of:

PETITION TO RECOVER 2005 TROPICAL SYSTEM
RELATED COSTS AND EXPENSES, BY BELLSOUTH
TELECOMMUNICATIONS, INC.



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PROCEEDINGS: AGENDA CONFERENCE
ITEM NO. 8

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

DATE: Tuesday, December 19, 2006

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

REPORTED BY: JANE FAUROT, RPR
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1 PARTICIPATING:

2 ADAM TEITZMAN, ESQUIRE, PAT WIGGINS, ESQUIRE, BETH
3 SALAK, RICK WRIGHT, SUE OLLILA, JAMES MADURO and EVERETT
4 BROUSSARD, representing the Florida Public Service Commission
5 Staff.

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P R O C E E D I N G S

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2 CHAIRMAN EDGAR: We'll go back on the record, and we
3 are on Item 8.

4 MR. WRIGHT: Good afternoon, Commissioners, Rick
5 Wright, Commission Staff.

6 On September 1st, 2006, BellSouth Telecommunications,
7 Incorporated, filed a petition to recover 2005 tropical storm
8 related costs as a result of six named tropical storm systems
9 pursuant to Section 364.051, Subsection 4, Florida Statutes.

10 BellSouth amended its petition on September 20th,
11 2006. Issues 1, 2, part of Issue 5, and Issue 6 as described
12 on Page 6 of the recommendation have been stipulated and
13 approved by the Commission at the hearing held on December 6th,
14 2006. Staff is prepared to address Issues 3A, 3B, 4, and the
15 remaining portion of Issue 5 at this time, either
16 issue-by-issue or however the Commission wishes.

17 CHAIRMAN EDGAR: Okay. I think on this one we need
18 to go issue-by-issue. And as has been described to us, that
19 gives us, basically, give or take, how you look at it, four
20 issues to go through, 3A, 3B, 4, and perhaps 5. And so we are
21 on Issue 3A.

22 MS. OLLILA: Commissioners, Sue Ollila for Commission
23 Staff, Issue 3A. Issue 3A concerns the appropriate type and
24 number of retail access lines to assess the storm recovery
25 surcharge. Staff recommends that for the purpose of assessing

1 the storm-recovery surcharge, the retail customer or access
2 line should be defined as the number of activated channels.
3 For example, a residential or small business customer with one
4 line would be assessed one surcharge. We also recommend that
5 Lifeline customers not be assessed the surcharge. For the high
6 capacity retail business customers, we recommend the number of
7 activated channels. For example, a DS-1 customer -- a DS-1 is
8 capable of 24 channels. If a customer has ten of those
9 channels activated, we recommend that ten surcharges be
10 applied. As of June 2006, BellSouth had approximately
11 4.9 million access lines. Staff is available for your
12 questions.

13 CHAIRMAN EDGAR: Thank you. And, of course -- and
14 you may have said this in your introduction, but, of course, we
15 realize this is a post-hearing decision so it is just
16 participation with our staff.

17 Commissioners, are there any questions of our staff
18 on Item 3A? I see no questions.

19 COMMISSIONER DEASON: Move staff's recommendation.

20 COMMISSIONER CARTER: Second.

21 CHAIRMAN EDGAR: All in favor of the motion say aye.

22 (Unanimous affirmative vote.)

23 CHAIRMAN EDGAR: Opposed?

24 Show the motion adopted for Issue 3A.

25 And we are on 3B, where we have from our staff both a

1 primary and an alternate recommendation, and so, Mr. Teitzman.

2 MR. TEITZMAN: Adam Teitzman on behalf of Commission
3 staff.

4 As you noted, Madam Chair, Issue 3B has both a legal
5 and a technical component. The legal question is whether a
6 line item charge on BellSouth's wholesale UNE loops is
7 appropriate pursuant to Florida and federal law. If the
8 Commission approves primary staff's recommendation, the
9 technical question will have been rendered moot, and the
10 Commission need not address it.

11 However, if the Commission approves the legal
12 alternative recommendation, the Commission will then need to
13 address on which types of lines should the charge be assessed,
14 how those lines should be counted and, finally, what is the
15 total number of UNE loops to be assessed.

16 Madam Chair, primary staff and alternative staff both
17 have summaries of our recommendation. Would you like us to
18 proceed?

19 CHAIRMAN EDGAR: Yes. Let's go into the primary.

20 MR. TEITZMAN: Okay. Commissioners, today I will be
21 speaking in support of the primary recommendation. In the
22 FCC's First Report and Order implementing the Telecom Act, the
23 FCC determined that it had been granted authority by Congress
24 to determine a national pricing methodology for unbundled
25 network elements. The FCC chose TELRIC, which considers

1 forward-looking costs and excludes historical or embedded
2 costs. In doing so, the FCC stated that under its national
3 pricing rules, states will attain the flexibility to consider
4 local technological, environmental, regulatory, and economic
5 conditions. The Supreme Court has upheld the FCC's decisions.

6 Primary staff believes that BellSouth's proposed line
7 item charge is a rate increase that deviates from the TELRIC
8 methodology set forth by the FCC. Furthermore, a UNE rate
9 proceeding before the Commission is the appropriate vehicle to
10 consider any increase to BellSouth's UNE rates. Accordingly,
11 primary staff recommends that the Commission find that the
12 proposed line item charge on wholesale UNE loops is
13 inappropriate pursuant to federal law and, therefore, should be
14 denied.

15 CHAIRMAN EDGAR: Mr. Wiggins, the alternate
16 recommendation.

17 MR. WIGGINS: Thank you, Madam Chair. Patrick
18 Wiggins for the alternate staff legal view.

19 We, of course, disagree that the TELRIC framework for
20 establishing pro-competitive, forward-looking pricing for UNE
21 loops precludes the Commission from authorizing these ad hoc
22 storm surcharges for the reimbursement of costs incurred by
23 BellSouth in rehabilitating its COLR network. Although this
24 can get complicated, in a nutshell, we just have three basic
25 reasons I want to mention this afternoon.

1 The first is that the TELRIC framework for
2 establishing forward-looking competitive prices and the
3 statutory line charge plan accomplish different things; they
4 intend to do different things. They are not really adverse to
5 one another. In fact, I find them supplemental or
6 complementary.

7 Second, TELRIC was not intended to nor can it handle
8 certain extraordinary outlying costs, things that are
9 essentially unpredictable and extraordinarily large.

10 And, third, the statutory scheme established by the
11 Florida Legislature works. It's simple, it's easy to
12 implement, it's fair, and it will be done by the time the FCC
13 or any other proceeding got to look at it under some sort of
14 enforcing the TELRIC model.

15 I think that the statutory scheme is a valid exercise
16 of legislative authority, and it is not preempted by the
17 statute. Of course, I'm happy to go into any of these other
18 three reasons in more depth if you like.

19 CHAIRMAN EDGAR: Thank you, Mr. Wiggins. I'm not
20 sure about the description of simple, but the rest of it I
21 agree with.

22 Commissioners, questions or discussion?

23 Commissioner Tew, do you have --

24 COMMISSIONER TEW: Sure, I'll go first.

25 I think this is for Mr. Teitzman about the primary.

1 Can you elaborate a little bit -- I know it's in the
2 recommendation, or point me to where the term rate increase --
3 I think it was in the statute, and talk a little bit about that
4 terminology in that portion of the statute. And then maybe
5 talk about what terminology is used in the latter part of the
6 statute that's the more recent addition. Does that rate
7 increase terminology re-appear in the latter part that was
8 added in the more recent legislature?

9 MR. TEITZMAN: Well, first, storm recovery is found
10 in Section 364.051(4)(a) and (b). And (4)(a) discusses an
11 increase to the rates if circumstances have changed
12 substantially. It then clarifies in Part B that damage from a
13 tropical storm constitutes a compelling showing of changed
14 circumstances. Part A does discuss a rate increase; and,
15 therefore, we believe that this is a rate increase. I would
16 note, that you do not find the term rate in Part B. You do
17 find the term line item charge. However, I think both primary
18 and alternative staff believe that the line item charge is a
19 vehicle to increase the rates, as opposed to considering it a
20 surcharge where, for example, electric has the storm-recovery
21 charge which is separate and apart from the base rates.

22 COMMISSIONER TEW: Yes, I follow. This really isn't
23 a question, but I agree with you that trying to term a line
24 item charge as something other than a rate increase probably
25 wouldn't -- at least in layman's terms, no one would agree with

1 that. But I do think that there probably is some reasoning
2 behind describing it as a line item charge in one place and a
3 rate increase in the other. But, again, that is just for me to
4 share with the others.

5 CHAIRMAN EDGAR: Commissioners?

6 COMMISSIONER CARTER: Madam Chairman, if I'm in
7 order, I would move staff's primary recommendation.

8 COMMISSIONER DEASON: Ah --

9 COMMISSIONER CARTER: Or not.

10 CHAIRMAN EDGAR: Well, it --

11 COMMISSIONER CARTER: Maybe I could ask Mr. Teitzman
12 the basis --

13 CHAIRMAN EDGAR: I think what I would like to do,
14 Commissioner Carter, if this works for you, is ask Mr. Teitzman
15 to speak to it again, and then I would like to ask Mr. Wiggins
16 to also go into a little more detail on the technical aspects
17 that would be a part of the alternate recommendation, and let's
18 go from there.

19 COMMISSIONER CARTER: I withdraw my motion and ask
20 Mr. Teitzman if he could speak to the issues enunciated by you,
21 Madam Chair.

22 CHAIRMAN EDGAR: Thank you.

23 Mr. Teitzman.

24 MR. TEITZMAN: Are you asking -- specifically
25 referring to line item charge versus rate increases?

1 CHAIRMAN EDGAR: (Indicating yes.)

2 MR. TEITZMAN: Primary staff and, I believe,
3 alternative staff would agree that the line item charge is a
4 vehicle to increase the rates, i.e., you must have a separate
5 charge which is a rate increase as opposed to considering the
6 line item charge the equivalent of a surcharge, which could
7 then be considered not a rate increase.

8 CHAIRMAN EDGAR: Mr. Wiggins.

9 MR. WIGGINS: May I? Before turning it over to the
10 technical aspect, I had kept mine brief in anticipation of some
11 questions. I think it is important to pull back a minute and
12 not get hung up on a false sense of precision in the word rate
13 versus charge, versus line charge, versus whatever. You need
14 to look at what is going on and what is happening here.

15 The Telecom Act of 1996 changed our regulation of
16 incumbents from a vertical regulation to a horizontal
17 relationship of the -- regulation of the relationship of CLEC
18 to ILEC. Okay. Now, they were supposed to handle that
19 basically through interconnection agreements and negotiations.
20 We moved merrily forward toward a competitive market.

21 However, sometimes that didn't work out and prices
22 had to be set forward-looking for the rates that they had under
23 their interconnection agreement. The FCC devised a fictional
24 method of doing that, a hypothetical method. These are not
25 real. The TELRIC model assumes an optimal, if you will,

1 perfect system that is humming along with no problems, no
2 catastrophe on a forward-looking basis over a long enough time
3 frame so the various pluses and minuses and small storms, big
4 storms, whatever could be predictable within a time frame,
5 which they don't actually say what it is, could happen. And
6 these prices could be set to promote competition on that basis.

7 So if you take a 30-year time frame for that, lots of
8 stuff can happen, but you don't necessarily expect in 2004, the
9 second or third most active hurricane season recorded in
10 history, and then in 2005 the most active Atlantic hurricane
11 system ever recorded. You don't expect those back to back and
12 it creates widespread damage. It just didn't take that into
13 account.

14 So what do you do about it? Well, the Legislature
15 said, look, we consider this to be a necessity, a necessary
16 carrier of last resort public necessity. We think customers,
17 both wholesale and retail, residential and commercial benefit
18 from that. We are not going to throw money at the ILECs in
19 terms of taxes and other kinds of things to fund this, but we
20 think it is important that we get this system built back up.
21 It's important to the state. So here is what you do, you
22 repair it, you get it operating the way it is supposed to be.
23 You get it to that place where TELRIC will work and come to the
24 Commission and you will get a little bit back. How much?
25 Fifty cents a line.

1 That is about as arbitrary as you can get. But it is
2 not capricious, because it is short-lived, it is easily
3 administered, and any kind of real inequities that are created
4 by that small amount over that short time tend to be de minimis
5 in the scheme of things.

6 So why did they -- you know, the other thing to
7 consider is under TELRIC, under what circumstances would the
8 CLECs be responsible for contributing to rebuilding this
9 network that might have been subjected to catastrophe with some
10 sort of special ad hoc after-the-fact charge. The answer is
11 never, under no circumstances. And that is an absolutist view
12 that alternative staff reject that I reject.

13 So if you run into the logical conundrum you have
14 that TELRIC will not allow that, your system has been blown
15 down, you've got to re-establish it to move forward, but TELRIC
16 won't take that into account. What do you do? You are left
17 with something after-the-fact and a surcharge, and the people
18 who should be doing that are the legislatures of the respective
19 states, like our legislature.

20 So that is where Mr. Teitzman and I, I think,
21 disagree, because we see -- I see it as a rate increase, sure,
22 but it is a rate designed to reimburse the ILEC partially for
23 the costs it actually incurred in getting this vital system
24 back up to snuff so the TELRIC rates could go. That is why I
25 don't see them as antagonistic, and that's why I don't see it

1 as preempted.

2 CHAIRMAN EDGAR: Mr. Wiggins, or others, actually, if
3 the primary -- in each instance, if the primary recommendation
4 were to be adopted by this Commission, or in the alternative,
5 if the alternative recommendation were to be adopted, what
6 classes of customers would the 50 cents per line charge apply
7 to?

8 MR. WIGGINS: This is when I get to hand the
9 discussion over to Ms. Ollila, I believe.

10 MS. OLLILA: Commissioners, if the primary
11 recommendation is approved then, as Mr. Teitzman said, the rest
12 of the issue becomes moot. The UNE customers do not pay a
13 surcharge. If you approve the alternative recommendation,
14 there are different types of UNE loops, essentially. There are
15 some that are what we would call a single channel, much like a
16 single residential or small business line. They are high
17 capacity loops. For those loops we are recommending that a
18 utilization factor be applied as a surrogate for the number of
19 activated channels. Am I answering your question, ma'am?

20 CHAIRMAN EDGAR: Partially.

21 MS. OLLILA: Okay.

22 CHAIRMAN EDGAR: But can I ask you to put it in, and
23 if I'm not using the right term, help me out, but into what I
24 think of in probably a non-technical sense of classes of
25 customers. Are we talking about residential, small business,

1 large business, large commercial? I understand the term
2 wholesale, but if you could perhaps break that down for me a
3 little bit.

4 MS. OLLILA: Okay. The retail side would include the
5 residential, small business, and the large business customers
6 that purchase their telecommunications telephone service from
7 BellSouth. There are other types of customers, and I'm not
8 sure if this is what you want me to address, the customers who
9 purchase BellSouth lines and resell them. And those lines --

10 CHAIRMAN EDGAR: Keep going.

11 MS. OLLILA: Okay. There are also wholesale
12 customers of BellSouth who purchase something known as the --
13 what was known as the UNE platform, and that is no longer
14 available under TELRIC, and the CLECs are the wholesale
15 customers we're talking about in Issue 3B. And the way
16 BellSouth read the statute, the statute did not apply to resold
17 customers or to CLECs purchasing platform or loops under a
18 commercial agreement. CompSouth agreed with BellSouth on that,
19 so staff is not recommending that resold customers or
20 commercial agreement CLEC customers, their loops, be included
21 as part of the assessment based on the evidence in the record.

22 CHAIRMAN EDGAR: Mr. Wiggins.

23 MR. WIGGINS: From an equity point of view, a class
24 equity, you have got these dividing lines. One is, I believe,
25 as Commissioner Carter pointed out during the hearing. You

1 have a dividing line between the retail customer, which
2 includes the residential, and it makes sure that also the
3 commercial retail customers are also bearing the charge. Then
4 you have a bright dividing line between them and the UNE loop
5 customers, the CLECs who are taking the services under TELRIC
6 pricing pursuant to interconnection agreements. And then you
7 have other CLECs who have moved into commercial agreements,
8 which were negotiated and have prices that we don't know a lot
9 about. In fact, some CLEC customers taking services under
10 interconnection agreements, I understand is in the record, they
11 also take commercial agreements as well. So there is some
12 blended.

13 So in theory, by applying this capped charge on
14 retail and wholesale customers who take -- CLECs who take the
15 service pursuant to interconnection agreements, you're reducing
16 the potential inequity among the CLECs and those wholesale
17 commercials as compared to the retail customers. It leaves --

18 CHAIRMAN EDGAR: Which would be the alternate
19 recommendation?

20 MR. WIGGINS: Yes, ma'am. Otherwise, you are just
21 putting it solely on retail and not putting it on anybody else.
22 On the record, as it now stands, the question is raised is
23 putting it on the wholesale customer who takes it pursuant to
24 an interconnection agreement fair when you don't address the
25 commercial agreements, as well? But the parties were given an

1 opportunity to say no, that is not fair, and they did not.

2 CHAIRMAN EDGAR: Commissioner Carter.

3 MR. WIGGINS: I hope that was helpful.

4 COMMISSIONER CARTER: I think I'm back at the
5 beginning.

6 CHAIRMAN EDGAR: That's okay.

7 COMMISSIONER CARTER: Are you saying that in the
8 primary recommendation only the consumers, individuals will be
9 paying the rate, and in the alternate recommendation --

10 MR. WIGGINS: Wal-Mart, Barnett -- there isn't a
11 Barnett Bank anymore -- Bank of America, attorneys, they'll be
12 paying if they are retail customers.

13 COMMISSIONER CARTER: So everybody will be paying in
14 the alternate.

15 MR. WIGGINS: On the commercial retail side; that is,
16 buying it straight out of a tariff or a commercial agreement
17 between a business and BellSouth. Where the dividing line
18 occurs, and let me make sure I get the language right on this,
19 is when a competitor of BellSouth wishes to purchase elements
20 or arrangements from BellSouth to use in the provision of their
21 own service in competition with BellSouth, that's where the
22 question becomes do you also put the 50 cents per access line
23 on them as well, and do you do that for those competitive local
24 exchange companies that take service pursuant to an
25 interconnection agreement where the rates have been set

1 pursuant to TELRIC. I say that you can do that. You are not
2 preempted from doing that under the statute or under TELRIC.

3 Mr. Teitzman says, no, you are preempted because that
4 is a functional equivalent of an unlawful rate increase which
5 is not allowed by TELRIC because TELRIC focuses only on
6 forward-looking and this is embedded. The equitable issue that
7 is raised is, is it equitable to the -- which is a should
8 question, not a can question. Let me be clear about that,
9 right. So, in other words, even if you said, yeah, we are not
10 preempted -- excuse me, yes, we are not preempted, you could
11 say, well, we don't want to put the charge on the wholesale
12 CLEC customers.

13 You could say we are just comfortable putting it only
14 on the retail customers, because that is Ma and Pa, that is
15 small business, big business, and that's clear in the statute.
16 The other one we are not as sold on that we need to do that.
17 But that would be a policy decision you would need to make.

18 And alternative staff's view is, I believe, that if
19 you cross through the threshold that you may, they think you
20 should because it reduces -- it spreads the -- am I wrong so
21 far?

22 MS. OLLILA: No.

23 MR. WIGGINS: -- that they think you should.

24 CHAIRMAN EDGAR: Commissioner Carter.

25 COMMISSIONER CARTER: Can you guys be succinct?

1 MR. WIGGINS: I tried. Sorry.

2 COMMISSIONER CARTER: I'm trying to find out who pays
3 under the primary recommendation versus the alternate, I mean,
4 because we've got two choices here.

5 CHAIRMAN EDGAR: If I may, I'm going to look to Ms.
6 Salak to help us succinctly answer the question.

7 COMMISSIONER CARTER: Please help me.

8 MS. SALAK: The customers of BellSouth, retail and
9 business customers who will be charged under alternate or
10 primary -- the whole issue is whether or not wholesale is going
11 to pay, any of the wholesale customers, the CLECs. And those
12 are only the UNE customers in this case. Don't even call them
13 customers, UNE CLEC competitors, the competitors of Bell.

14 The good news is that the situation Bell is in, there
15 is no harm to any of the BellSouth customers, retail or
16 business, per se, because of the dollar amounts involved. So I
17 know at the hearing there was a concern that depending on what
18 happened in 3B, we would be putting more money on the old lady
19 in tennis shoes or somebody like that. That will not happen
20 under the primary or the alternate in this case. So we are
21 safe in that instance.

22 But it will be your single line customer that pays
23 50 cents. It will be your business customers, depending on
24 their number of lines, that will be paying 50 cents per line.
25 But, again, Issue 3B is strictly talking about UNE CLEC

1 wholesale customers. It's an additional amount above and
2 beyond what the BellSouth customers would pay. Is that
3 helpful?

4 CHAIRMAN EDGAR: If we can, Commissioner Tew has been
5 waiting, so I'm going to start to my left, and then we are
6 going to work down the line. Commissioner Tew.

7 COMMISSIONER TEW: Thank you. First, I want to
8 follow up on something Ms. Salak just said about the no harm
9 because of the dollar amounts involved here. I do want to
10 clarify, and I think we went through this at the hearing, that
11 if we were in a different posture, and I just want to think
12 about this because of the possible precedent setting. If we
13 were in a different posture and there hadn't been such a large
14 amount of dollars, it may impact the amount that your basic
15 residential customer would pay if the CLECs were not also
16 charged the 50-cent charge. Am I correct?

17 MS. SALAK: That would be correct if you did not
18 figure out a way to allocate the part that should have gone to
19 the wholesale side. I think -- it is my personal belief, and
20 we would have to develop it through a different record, that
21 you can actually -- say it is a \$100 total cost. I believe
22 that we can allocate or say 20 percent of that was to help the
23 CLEC customer -- CLEC companies. Let me stop calling it
24 customer, because I think that's confusing. That we would say,
25 well, 80 percent needs to be taken up on the retail side, and

1 then the allocations could be done to the costs. We would have
2 to do that and develop it, though, through a future proceeding
3 through that possibility.

4 COMMISSIONER TEW: Thank you. That helped.

5 And I will just go ahead and share with the other
6 Commissioners where I am at. I believe that by applying this
7 50-cent surcharge also to the CLEC customers, which would be
8 consistent with the alternative rec, I think in doing that I
9 don't believe that we are changing the TELRIC rate.

10 And I know that reasonable people can differ. I
11 think that both recs have done a good job in pointing out some
12 things that we need to consider, and I appreciated that
13 analysis. But, in my opinion, we are not preempted by federal
14 law, because I do not believe that we are changing a TELRIC
15 rate in this type of proceeding. I see it as more of a
16 surcharge that should be applied to CLEC customers, as well.

17 CHAIRMAN EDGAR: Thank you.

18 Commissioner Deason.

19 COMMISSIONER DEASON: Well, I was just going to say
20 what Commissioner Tew just said. I think it's a question of --
21 first of all, let me say I don't think that there is a clear
22 right or wrong answer to this question. I think both the
23 primary and the alternative certainly -- the recommendations
24 make good points. I think it boils down, in my mind, to a
25 question of what is most equitable, what achieves the best

1 parity between the customers.

2 And I think that if you choose the equitable, what is
3 most equitable and what achieves parity, then I think that's
4 also going to be what promotes competition, and that is all
5 what is behind the whole TELRIC concept. So I think it's going
6 to be kind of hard to say it violates TELRIC, when on principle
7 you think that it promotes what TELRIC is trying to achieve,
8 and that is competition. And to me it's clearly the most
9 equitable, and what achieves parity and promotes competition is
10 the alternative recommendation, and that's what I'm going to
11 support.

12 CHAIRMAN EDGAR: Thank you.

13 Commissioner Carter, did you have a question?

14 COMMISSIONER CARTER: I defer, Madam Chairman. I
15 just wanted a simple answer of which is which, but it seems
16 from what Commissioner Tew and Commissioner Deason said that
17 seems to make a lot more sense to me than the responses that I
18 got to what I thought was a fairly simple question.

19 CHAIRMAN EDGAR: It has been a long day, and it is
20 going to be a little longer, too.

21 COMMISSIONER CARTER: Oh, no.

22 CHAIRMAN EDGAR: Okay. Commissioners, are there
23 further questions? We are on Issue 3B. Or is there a motion?

24 COMMISSIONER TEW: I would move the alternative
25 recommendation.

1 COMMISSIONER DEASON: Second.

2 CHAIRMAN EDGAR: Okay. And my understanding is that
3 would include both pieces of the issue, the legal and the
4 technical pieces, is that the understanding? Okay.

5 COMMISSIONER DEASON: And so to be clear, then,
6 Commissioner Tew is moving the costs themselves, in the sense,
7 and how the number of lines are to be calculated? Is that part
8 of the motion as well?

9 COMMISSIONER TEW: I think so. I'm comfortable with
10 that. If we need to discuss it more, then that's fine, too.

11 COMMISSIONER DEASON: I'm comfortable with staff's
12 recommendation. I'm just making it clear that the motion
13 included that as well.

14 COMMISSIONER TEW: It does include it in its
15 entirety.

16 CHAIRMAN EDGAR: Okay. Thank you.

17 Then, Commissioners, we have a motion and a second
18 for the alternative recommendation on 3B in its entirety. All
19 in favor say aye.

20 (Unanimous affirmative vote.)

21 CHAIRMAN EDGAR: Opposed?

22 Show it adopted. Thank you.

23 And that brings us to Item 4, Issue 4. The next one
24 in this docket. I'm sorry.

25 MR. MADURO: Good afternoon, Commissioners, James

1 Maduro, Jr., on behalf of staff.

2 Issue 4 addresses the appropriate line item charge
3 per access line based on the Commission's decision in Issues 2,
4 3A, and 3B. Staff recommends that the appropriate line item
5 charge per access line is 50 cents per month for 12 months.
6 Staff is available for any questions you may have.

7 CHAIRMAN EDGAR: Thank you.

8 COMMISSIONER CARTER: Madam Chairman.

9 CHAIRMAN EDGAR: Commissioner Carter.

10 COMMISSIONER CARTER: I can understand that.

11 MR. MADURO: Thanks, Commissioner.

12 CHAIRMAN EDGAR: Any questions or discussion?

13 COMMISSIONER CARTER: I move staff.

14 COMMISSIONER DEASON: Second.

15 CHAIRMAN EDGAR: Okay. All in favor of the motion
16 say aye.

17 (Unanimous affirmative vote.)

18 CHAIRMAN EDGAR: Opposed? Show it adopted. I think
19 I said aye. I meant to say aye.

20 And that brings us to 5, which I believe we need to
21 take up.

22 MR. BROUSSARD: Issue 4?

23 CHAIRMAN EDGAR: No, 5. We are on 5. Aren't we on
24 5?

25 MR. BROUSSARD: I'm sorry.

1 CHAIRMAN EDGAR: That's okay.

2 MR. BROUSSARD: Good morning -- good afternoon.

3 CHAIRMAN EDGAR: Are you checking me? (Laughter.)

4 MR. BROUSSARD: I'm making sure you're with me. Just
5 a test.

6 Good afternoon, Commissioners, Butch Broussard on
7 behalf of staff. Issue 5 addresses the effective and ending
8 dates of the charge approved in Issue 4 for UNE wholesale
9 customers. Staff recommends that the charge is to be assessed
10 at BellSouth's earliest convenience, but no earlier than
11 30 days from the date of the Commission vote. Staff also
12 recommends that the charge be effective for 12 consecutive
13 months, and that BellSouth provide staff the wording to be used
14 on its bills regarding the storm charge prior to issuance.

15 Staff is prepared to answer any questions the
16 Commission may have.

17 COMMISSIONER CARTER: I've got it.

18 CHAIRMAN EDGAR: We are good? Okay. Is there a
19 motion?

20 COMMISSIONER CARTER: Move staff.

21 COMMISSIONER DEASON: Second.

22 CHAIRMAN EDGAR: All in favor say aye?

23 (Unanimous affirmative vote.)

24 CHAIRMAN EDGAR: Opposed?

25 Show it adopted.

All right. We are good on that one. Thank you all.

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1 STATE OF FLORIDA)

2 : CERTIFICATE OF REPORTER

3 COUNTY OF LEON)

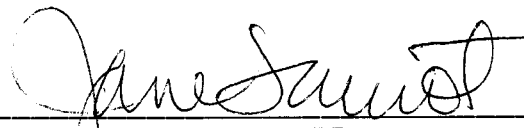
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5 I, JANE FAUROT, RPR, Chief, Office of Hearing
6 Reporter Services, FPSC Division of Commission Clerk and
7 Administrative Services, do hereby certify that the foregoing
8 proceeding was heard at the time and place herein stated.

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

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

19 DATED THIS 26TH DAY OF DECEMBER, 2006.

20 

21 _____
22 JANE FAUROT, RPR
23 Official FPSC Hearings Reporter
24 FPSC Division of Commission Clerk and
25 Administrative Services
(850) 413-6732