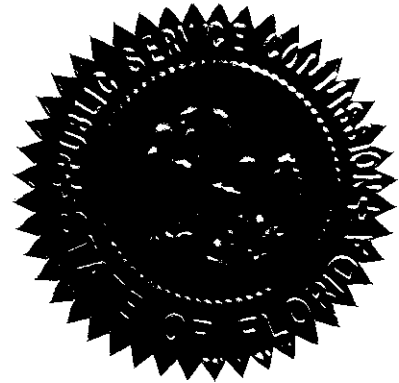


BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 080234-TP

In the Matter of:

IMPLEMENTATION OF FLORIDA LIFELINE
PROGRAM INVOLVING BUNDLED SERVICE
PACKAGES AND PLACEMENT OF ADDITIONAL
ENROLLMENT REQUIREMENTS ON CUSTOMERS.



PROCEEDINGS: AGENDA CONFERENCE
ITEM NO. 4

BEFORE: CHAIRMAN MATTHEW M. CARTER, II
COMMISSIONER LISA POLAK EDGAR
COMMISSIONER KATRINA J. McMURRIAN
COMMISSIONER NANCY ARGENZIANO
COMMISSIONER NATHAN A. SKOP

DATE: Tuesday, June 3, 2008

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

REPORTED BY: JANE FAUROT, RPR
Official Commission Reporter
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1 PARTICIPATING:

2 CHARLIE BECK, ESQUIRE, representing the Citizens of
3 the State of Florida.

4 MICHAEL TWOMEY, ESQUIRE, representing AARP.

5 TRACY HATCH, ESQUIRE, representing AT&T.

6 ADAM TEITZMAN, ESQUIRE, CURTIS WILLIAMS, and BOB
7 CASEY, representing the Florida Public Service Commission
8 Staff.

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P R O C E E D I N G S

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2 **CHAIRMAN CARTER:** Item 4. Give staff a moment to
3 adjust here.

4 **MR. WILLIAMS:** Mr. Chairman, Commissioners, Curtis
5 Williams on behalf of staff.

6 This item generally addresses implementation of the
7 automatic enrollment process and the pricing of bundled
8 packages.

9 As you are aware, in April of 2007, the Commission
10 and the Department of Children and Families implemented a joint
11 project to automatically enroll customers in the Lifeline
12 program. To date, over 188,000 Lifeline applications have been
13 received through the automatic enrollment process.

14 Specifically, the item addresses application of the Lifeline
15 credit to any bundled service package which includes local
16 voice service. Presently, eligible telecommunications carrier
17 policies within Florida differ regarding application of the
18 Lifeline credit to bundled packages. Some ETCs allow the
19 credit to be applied to bundled packages, while others do not.

20 Since August of 2007, 5,961 applications have been
21 rejected on the basis of Lifeline eligible customers' desire to
22 subscribe to a bundled service package. Staff is bringing this
23 issue before you because we believe not allowing the discount
24 on bundled packages creates a barrier to Lifeline enrollment
25 and hinders the automatic enrollment process.

1 Allowing the Lifeline credit on bundled offerings is
2 not inconsistent with federal law. Therefore, staff recommends
3 that the Lifeline credit be extended to any package of services
4 provided by an ETC that includes local voice service.

5 Staff is available for questions at this time.

6 **CHAIRMAN CARTER:** Commissioners, before we go into
7 questions, I see Mr. Beck here from the Office of Public
8 Counsel. And, Mr. Beck, you're recognized, sir.

9 **MR. BECK:** Thank you, Chairman Carter. Charlie Beck
10 of the Office of Public Counsel.

11 Commissioners, as you know, our office has a call
12 line dedicated to Lifeline, and we receive several thousand
13 calls every month concerning Lifeline. We have generally a
14 very good experience with AT&T Embarq who offer the Lifeline
15 service to whatever plan the Lifeline eligible customer wishes
16 to choose. So if the customer chooses a bare-bones package,
17 they offer that to them, and if they want a bundled package
18 because that best suits their needs, then they will apply the
19 Lifeline discount to that customer who is Lifeline eligible.

20 The same is not true for Verizon. That's the one
21 complaint that we repeatedly get, and it's the most frequent
22 one we get is that customers who are eligible for Lifeline and
23 have a bundled service with Verizon, when they apply to
24 Verizon, they will not give them Lifeline on their existing
25 package, and they will make them change to another package that

1 doesn't suit their needs in order to get Lifeline.

2 So our experience is very consistent with what staff
3 just told you, that the refusal to provide a bundled package to
4 customers is acting as a hindrance to more people taking
5 Lifeline. We very much support the staff's recommendation that
6 the Commission issue an order that lets Lifeline customers
7 choose the plan that best suits their needs and requires ETCs
8 to apply the Lifeline discount to that plan.

9 Thank you.

10 **CHAIRMAN CARTER:** Thank you, Mr. Beck.

11 Mr. Twomey.

12 **MR. TWOMEY:** Thank you, Mr. Chairman. Commissioners,
13 good morning. Mike Twomey on behalf of AARP, which now has
14 about 2.95 million members in Florida, many of which are
15 eligible for Lifeline discounts.

16 AARP fully supports your staff's recommendation and
17 commends them for it. AARP has been in favor of this outcome
18 for years. We believe that this recommendation, if you adopt
19 it, will necessarily result in more citizens in the state of
20 Florida receiving the Lifeline benefit and discount which, of
21 course, is a good thing. We say that in part because one of
22 the quotes your staff has at page -- I show it at 8 of 14 in
23 quoting the FCC says, "Like the Joint Board, we believe any
24 restriction on the purchase of vertical services may discourage
25 qualified consumers from enrolling and may serve as a barrier

1 to participation in the program."

2 The fact that such a barrier exists in Florida is
3 demonstrated by your staff's statement of the number of people
4 who have been turned away in this state seeking Lifeline
5 discounts because they were also seeking to have them in
6 connection with bundled services. Your adoption of this
7 recommendation will bring those rejections to an end and we
8 commend the staff again and urge your adoption of the
9 recommendation. Thank you.

10 **CHAIRMAN CARTER:** Thank you, Mr. Twomey.

11 Mr. Hatch.

12 **MR. HATCH:** Tracy Hatch on behalf of AT&T Florida.
13 We have no comments. We're just here to answer questions. As
14 you note, we already offer the discount on bundles.

15 **CHAIRMAN CARTER:** Commissioner Skop, you're
16 recognized.

17 **COMMISSIONER SKOP:** Thank you, Mr. Chairman.

18 Just a quick question of staff. On Page 11 of the
19 staff recommendation, it cites ETC petition for declaratory
20 ruling with the FCC. Is that still currently pending or has
21 there been any resolution of that?

22 **MR. WILLIAMS:** It's still pending. There hasn't been
23 final resolution at the FCC.

24 **COMMISSIONER SKOP:** Okay. And in staff's opinion,
25 given our concurrent jurisdiction there is no need to await

1 that, that we should just move forward?

2 **MR. TEITZMAN:** That is correct, Commissioner.

3 **COMMISSIONER SKOP:** Thank you.

4 And, Mr. Chair, again, I'm a big supporter of the
5 Lifeline program, and I think that applying this credit to the
6 bundled package will, as has been already stated, increase the
7 enrollment number significantly within the state of Florida,
8 and I think that's a common goal that all of us strive to
9 achieve, but also provide consumers with additional choices,
10 and that's a great thing in itself.

11 The only concern that I have in passing would be that
12 the bundled services might be aggressively upsold to the
13 customers which are least able to afford them. However, I
14 think that is properly mitigated by the fact that should there
15 be nonpayment that they still retain the basic service. I
16 think I'm in full support of this, and I think it's a great
17 thing for the Commission to adopt. Thank you.

18 **CHAIRMAN CARTER:** Thank you, Commissioner.

19 Commissioner McMurrin.

20 **COMMISSIONER McMURRIAN:** Thank you. I'm in support
21 of the rec, as well. I just have a clarification question.

22 On Page 8 of the rec, it's in the first -- well, the
23 second paragraph there that starts with, "Further, Florida
24 Statutes contemplate Lifeline discount of basic service bundled
25 with nonbasic," and I just wanted to get a clarification. We

1 have had some discussions on this in meetings yesterday and a
2 few days ago, but I just wanted to get clarification from our
3 legal staff and technical staff, too, as well. I guess I had
4 some concerns that that statement that preceded that statutory
5 quote there might not necessarily be in total harmony, so I
6 wanted to get your thoughts on that.

7 **MR. TEITZMAN:** Yes. Adam Teitzman on behalf of
8 Commission staff. Yes, Commissioner, in taking another look at
9 this, I think it is probably overstated slightly. The point we
10 were trying to get across there was that the statute
11 contemplates that Lifeline participants would have access to
12 nonbasic services which could include bundled packages, and we
13 could certainly clarify that in the order if you would like.

14 **COMMISSIONER McMURRIAN:** Chairman, if I may.

15 **CHAIRMAN CARTER:** You're recognized.

16 **COMMISSIONER McMURRIAN:** My point in bringing it up
17 is I don't think that it takes away from the overall purpose of
18 the recommendation at all. I think that it still helps make
19 the points that staff is trying to make that there are
20 statutory references and, of course, the most on point one is
21 the one that staff talks about up front in the 47 CFR. And I
22 think that's the main basis for their recommendation, and they
23 have gone through the statutory construction things as sort of
24 further clarification. But I was concerned because I think of
25 bundles as putting vertical services together with basic at a

1 discount.

2 I wasn't sure that that statutory reference there
3 goes that far, but I still think it supports what staff is
4 trying to say, that the statute did contemplate that a Lifeline
5 customer could get nonbasic services and vertical services, but
6 it didn't necessarily go as far as talking about bundles. So
7 if there could be clarification there that would make me more
8 comfortable with it, but I think that's something that staff
9 could probably hammer out with the order. But I wanted to
10 raise it for that reason. There are some other references that
11 are like those in a couple of other places, but I think it's
12 that same philosophy throughout.

13 **CHAIRMAN CARTER:** Thank you, Commissioner. I did not
14 mean to overlook you. Did you want to make a comment?

15 **MR. HATCH:** Mr. Tyler is with me. Actually he's here
16 for the next item, but --

17 **CHAIRMAN CARTER:** That's what I thought. Sometimes I
18 have my over-50 moments, and sometimes more frequently than
19 others now.

20 Commissioner Argenziano, you're recognized.

21 **COMMISSIONER ARGENZIANO:** There's nothing wrong with
22 having an over-50 moment. As a matter of fact, in the
23 legislative process I think at 50 they do consider us senior
24 citizens now. It's quite disturbing.

25 **CHAIRMAN CARTER:** My wife has an AARP membership, so

1 I just kind of, you know, ride on her coattails on that.

2 **COMMISSIONER ARGENZIANO:** I do, too. I mean, the day
3 it came in the mail, it kind of just fell on the floor and
4 wound up under my heel for some reason. Not speaking
5 derogatorily about AARP, I just didn't want to be at that age
6 that day.

7 **MR. TWOMEY:** I object.

8 **COMMISSIONER ARGENZIANO:** Too bad. Sorry.

9 No, my question is kind of like Commissioner
10 McMurrian's in a sense. And I think what I would like to know
11 is what services, what bundled services were being turned down
12 to Lifeline customers? Are there examples of which types?
13 Anybody?

14 **MR. WILLIAMS:** Well, if I understand your question
15 correctly, you're asking -- the bundled package combines
16 various vertical services.

17 **COMMISSIONER ARGENZIANO:** Right, I know that. What
18 I'm trying to figure out is, well, remember Lifeline is for
19 low-income people and it was to help them get the Lifeline that
20 they needed. And as I recall in the legislative process, it
21 really started out as having phone service, whether it was cell
22 or whatever it would be, and I think it's time that they do
23 have cell service. I think that's very important for
24 low-income people that they can move with the phone. All the
25 benefits of cell. But I wasn't sure that it included bundled

1 purchases like Internet and so on. And I start to wonder if we
2 are not out of the realm of Lifeline and what it really was
3 intended for.

4 Not to not provide services. I mean, if those
5 services are provided to everybody else and there is no cost
6 for those additional bundles, then why shouldn't they be given
7 to a Lifeline individual who's eligible. But I was trying to
8 figure out if -- I think I heard you say earlier that customers
9 on Lifeline were being denied certain bundled services, and I
10 was wondering is it high speed Internet, is it --

11 **MR. WILLIAMS:** I think I understand, yes. I mean,
12 from what -- we haven't done, you know, extensive surveying on
13 the issue, but based on customer feedback and the information
14 that we have seen, it's primarily -- the issue from the
15 beginning has primarily been related to the vertical services,
16 not necessarily the high end bundled packages which would
17 include Internet access and cable TV, but it's more the lower
18 end bundled packages which might combine various vertical
19 services like call waiting, call forwarding, and voicemail.
20 And those are the services that we see that are of most need to
21 low-income customers. Specifically voicemail service and
22 something like call waiting.

23 For example, if a customer, if a Lifeline customer is
24 unemployed and they are out looking for a job, they really
25 would want to subscribe to voicemail to be able to receive

1 messages. And the companies do offer those bundled packages on
2 that level, which creates value to those customers.

3 Mr. Chairman.

4 **CHAIRMAN CARTER:** Yes, ma'am.

5 **COMMISSIONER ARGENZIANO:** So that is what we -- and I
6 think that's where Commissioner McMurrian was going. I don't
7 want to put words in her mouth, but making sure, I guess -- not
8 making sure, but trying to differentiate between the bundles
9 and are we now -- is that what we are doing in the
10 recommendation, allowing those services, those vertical
11 services rather than the high-end services.

12 **MR. WILLIAMS:** Well, in terms of the Lifeline
13 customers, as the general body of customers, would have access
14 to all bundled services. You know, our point is that we are
15 not -- we don't think that we should limit Lifeline customers
16 to any specific service offering. You know, they have a
17 discretion, but the recommendation is not to limit those
18 Lifeline customers.

19 **COMMISSIONER ARGENZIANO:** If I may. Probably then
20 what I need is really the statutory -- what you believe is the
21 statutory definition of what those extended or other vertical
22 services would be. And I go back to the fact, and with all due
23 respect, to what Lifeline was originally created for. And I'm
24 not sure that high end services would then -- you know, if you
25 can pay for high end services, I'm not sure you really are

1 eligible for Lifeline just in my train of thought. And I was
2 trying to figure out, I guess what you just said to me is that
3 we're recommending any bundled service, whether it is high end
4 or not, and I'm just not sure that's the statutory definition
5 of it.

6 **CHAIRMAN CARTER:** Mr. Casey, I see you reaching for
7 the button.

8 **MR. CASEY:** What we are recommending is that if the
9 bundled package includes voice service, then the discounts
10 should be applied to that bundle. But the discount is only
11 applied to the voice service itself, not anything that would be
12 Internet or anything like that. And we get into a
13 discussion -- we had a discussion of discretionary spending on
14 the consumer and whether we should control that or not, and it
15 is our belief that we shouldn't get into the discretionary
16 spending of the consumer.

17 **MR. TEITZMAN:** If I may, just one other point. With
18 regard to if a situation arose where there was nonpayment, the
19 only service that would be required to be continued is the
20 voice service. Not, for example, the Internet service. We are
21 not mandating that they continue Internet service for Lifeline
22 customer if there is nonpayment.

23 **CHAIRMAN CARTER:** Thank you. Commissioners.
24 Commissioner Skop, you're recognized, sir.

25 **COMMISSIONER SKOP:** Thank you, Mr. Chairman.

1 I think that is a concern -- to Commissioner
2 Argenziano's point -- the concern I had. You know, I think
3 that people are free to use their disposable income any way
4 they want to, and I agree with staff. Again, my concern would
5 be, you know, the marketing of those services to people that
6 are least able to afford them. However, again, I think that
7 concern is as expressed by staff and in response to
8 Commissioner Argenziano was effectively mitigated by the fact
9 that irrespective, in the event of nonpayment, they still
10 maintain that basic vital phone service. So I think I'm okay
11 with that. Thank you.

12 **CHAIRMAN CARTER:** Thank you.

13 Commissioners, anything further?

14 Commissioner Skop, you're recognized.

15 **COMMISSIONER SKOP:** Thank you, Mr. Chairman.

16 At this time I would like to move staff
17 recommendation.

18 **CHAIRMAN CARTER:** We have a motion. Commissioners.

19 Commissioner Edgar.

20 **COMMISSIONER EDGAR:** Second.

21 **CHAIRMAN CARTER:** The motion is properly seconded.

22 Commissioners, we are into debate. Any debate on the
23 move staff?

24 Hearing none, all in favor let it be known by the
25 sign of aye.

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(Simultaneous aye.)

CHAIRMAN CARTER: All those opposed, like sign.

Thank you.

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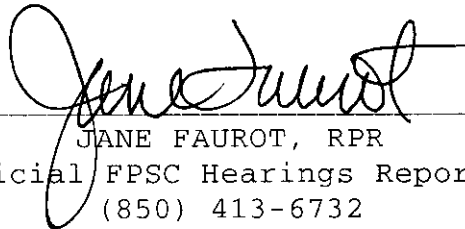
CERTIFICATE OF REPORTER

I, JANE FAUROT, RPR, Chief, Hearing Reporter Services Section, FPSC Division of Commission Clerk, 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 9th day June, 2008.



JANE FAUROT, RPR
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