

SPECIAL REPORT



OCTOBER / NOVEMBER / DECEMBER 2003 NO. 14

Petitions by
Verizon Florida Inc., Sprint-Florida Inc., and BellSouth Telecommunications, Inc.
to reduce intrastate network access fees in a revenue-neutral manner

During the 2003 Regular Session, the Florida Legislature enacted the Tele-Competition Innovation and Infrastructure Enhancement Act (the Act). The Act, which became effective May 23, 2003, allows incumbent local exchange companies (ILECs) to petition the Florida Public Service Commission (PSC) to reduce the fees charged to long distance companies (intrastate access charges). If the PSC approves a petition, the ILEC can offset the lost access fee revenue with an increase in local monthly phone rates. The revenues associated with an increase in local service may not exceed the revenues lost through a decrease in intrastate switched access revenues.

On August 27, 2003, Verizon Florida, Inc. (Verizon), Sprint-Florida, Inc. (Sprint), and BellSouth Telecommunications, Inc. (BellSouth) filed separate petitions with the PSC to reduce intrastate access fees and increase basic local phone rates. Subsequently, each company filed an amended petition after the PSC decided that the earlier petitions did not comply with time lines laid out by the Legislature. Each of the amended petitions filed by the carriers includes a plan to decrease intrastate access rates and increase basic local rates for residential and single-line business customers, without impacting each company's total revenues.

Although the proposed rate changes outlined in each petition vary among carriers, each company plans to implement its total proposed increase in three increments. BellSouth, however, proposes to increase its business monthly rates in two increments.

Verizon proposes an increase in monthly basic residential local services rates of \$1.58 in the first year, \$1.58 the second year, and \$1.57 the third year to offset its proposed reduction in access fee revenue. Sprint proposes a \$2.95 monthly increase in basic residential local service rates the first year and increases of \$2.75 and \$1.16 the second and third years, respectively.

BellSouth proposes to offset its proposed reduction in access revenue by increasing its monthly basic residential local rates by \$1.39 the first year, \$1.38 the second year, and \$1.09 the third year. In addition, BellSouth alternatively proposes to increase its rates by \$1.25 the first and second year with a final incremental increase of \$1.00 in the third year.

The PSC is conducting a series of hearings throughout Florida to obtain public testimony on the proposals filed by the three telecommunications companies. One of the factors the law requires the Commission to consider is whether granting the petitions will help to create a more attractive competitive local telephone market for the benefit of residential consumers. As such, the PSC is particularly interested in consumer testimony on whether, and to what extent, there is competition in the area for basic local telephone service and what types of competition the consumer would like to see. In making remarks, it would be helpful if consumers would address the extent of competition already existing in his/her area; whether he/she believes that there are other options available for local telephone service; and whether he/she would like more options or services than are currently available to him/her and what those types of services might be.

The PSC will have 90 days to issue a final order on the petitions. During this 90-day period, an evidentiary hearing will be held, currently scheduled to begin December 10, 2003. If the petitions are approved, the companies will file tariffs to implement the first year's rate changes. The PSC will then have 45 days in which to approve the filed tariffs.

Residential and small business customers affected by the proposed changes are encouraged to attend the hearings.

PSC COMMISSIONERS



Chairman Jaber

Lila A. Jaber was appointed to the Florida Public Service Commission by Governor Jeb Bush in February 2000 to complete a term ending January 2001. She was reappointed by Governor Jeb Bush for a term ending in January 2005. Chairman Jaber serves as Co-Vice Chair of the National Association of Regulatory Utility Commissioners' (NARUC) Committee on Telecommunications. She is also a member of the Committee on Consumer Affairs. In July 2001, she was appointed to the Federal-State Joint Board on Universal Service created to promote the availability and access to quality telecommunications services as just, reasonable and affordable rates throughout the Nation. Chairman Jaber was appointed to the NARUC Triennial Review Implementation Process Task Force in March 2003, and the NARUC Telecommunications Committee Chair's Task Force on Major Federal Communications Commission (FCC) Proceedings. Chairman Jaber has served as chair of the Federal-State Joint Conference on Advanced Services created by the FCC to promote the rapid deployment of advanced services to all Americans. She has also served as co-chair of the e-Infrastructure Subcommittee for the Information Service Technology Development Task Force (ITFlorida.com). She is a current member of the Florida Research Consortium, the affiliate of ITFlorida.com created as a partnership between Florida's universities and technology sectors to focus on high-tech research and development and collaboration between researchers and Florida's high-tech entrepreneurs. Chairman Jaber is a court-certified mediator and a member of the Florida Bar. Chairman Jaber received a bachelor of arts degree in political science and business from Stetson University in DeLand, Florida, and received a juris doctorate from the Stetson University College of Law in St. Petersburg, Florida.



Commissioner Deason

J. Terry Deason was first appointed to the Commission by the Florida Public Service Commission Nominating Council in January 1991 for a term ending in January 1995. He was subsequently reappointed by the late Governor Lawton Chiles for a term ending in January 1999. Commissioner Deason was then reappointed by Governor Jeb Bush to a term ending in January 2003, and to his current term which ends in January 2007. Commissioner Deason has served as Chairman of the Commission on two occasions, from January 1993 to January 1995, and from July 2000 to January 2001. Commissioner Deason is an active member of the National Association of Regulatory Utility Commissioners (NARUC). He currently serves on NARUC's Board of Directors, its Finance and Technology Committee, and the Federal/State Joint Conference on Accounting. Commissioner Deason also serves on the executive committee for the Nuclear Waste Strategy Coalition. Prior to his appointment, he served as Chief Regulatory Analyst in the Office of Public Counsel. In that capacity, he was responsible for the coordination of accounting and financial analysis used by the Public Counsel in cases before the Public Service Commission, presented testimony as an expert witness, and consulted with the Public Counsel on technical issues and ratemaking policies concerning regulated utilities in the State of Florida. From 1981 to 1987, Commissioner Deason served as Executive Assistant to PSC Commissioner Gerald L. Gunter, during which time he reviewed and analyzed staff recommendations and advised the Commissioner on those recommendations and other pertinent policy determinations. From 1977 to 1981, he served as a Legislative Analyst with the Office of Public Counsel. He attended the U.S. Military Academy at West Point, and in 1975 received his bachelor of science degree in accounting, summa cum laude, from Florida State University. He also received his master of accounting degree from FSU in 1989.



Commissioner Baez

Braulio L. Baez was appointed to the Florida Public Service Commission by Governor Jeb Bush on August 23, 2000, to complete a term ending January 2002. He was then reappointed by the Governor to a four year term ending January 2006. Prior to his appointment, Commissioner Baez was an attorney in Miami, Florida, with a statewide practice representing municipal and county governments in telecommunications, cable franchising and other regulatory matters. He was Executive Assistant to Commissioner Joe Garcia from 1994 to 1998. A native of South Florida, Commissioner Baez received his undergraduate degree from Florida International University in 1988, and his Juris Doctorate degree from Nova University, Shepard Broad Law Center, in 1993. Commissioner Baez serves on the National Association of Regulatory Utility Commissioners' Committees on Electricity and International Relations and is Past-President of the Southeastern Association of Regulatory Utility Commissioners. He was appointed to the North American Electric Reliability Council, and is a member of the Florida Bar and American Bar Association. He is a past Director of the Hispanic Bar Association, 2nd Judicial District.



Commissioner Bradley

Rudolph (Rudy) Bradley was appointed to the Florida Public Service Commission by Governor Jeb Bush for a four year term beginning January 8, 2002. Commissioner Bradley serves on the National Association of Regulatory Utility Commissioner's Committees on Consumer Affairs, Water, and International Relations. He is also a member of the Energy Market Access Partnership Board which is a joint project between the Department of Energy and the National Association of Regulatory Utility Commissioners. Prior to his appointment to the Commission, Commissioner Bradley served as a member of the Florida Legislature for seven years representing District 55 which includes Pinellas, Manatee and Hillsborough Counties. As a member of the Legislature, he served as the Vice Chairman of the Utilities and Telecommunications Committee and as the Chairman of the Select Committee on Energy Restructuring. Commissioner Bradley also served as the Chairman of the Business Development and International Trade Committee and Chairman of the Economic Development Council. As a legislator, Commissioner Bradley maintained a special interest in improving Florida's educational system and expanding business opportunities for all citizens. Commissioner Bradley earned his Bachelor of Science Degree from the University of Tampa and his Masters Degree from the University of Michigan. He served as an educator in Pinellas County for several years and he developed several private enterprises involving real estate and livestock.



Commissioner Davidson

Following the unanimous recommendation of the PSC Nominating Council, Governor Bush appointed **Charles M. Davidson** to the Florida Public Service Commission for a four-year term ending January 2007. Commissioner Davidson relocated from New York to Florida in October 2000 to serve in the Office of Governor Jeb Bush, as the Executive Director of Florida's Information Technology Taskforce. In that role, he was responsible for developing public policies to help ensure that Florida maintains progressive economic development processes and rational regulatory regimes. In 2001, Commissioner Davidson was recruited by the Florida House of Representatives to launch the State's first-ever Committee on Information Technology. He serves ex officio as a member of the board of directors of ITFlorida, a statewide not-for-profit organization that is focused on developing sound technology-related public policy. From 1993 to 1999, Commissioner Davidson was an attorney resident in the New York Office of Baker & McKenzie. In 1999, he joined the New York Office of Duane Morris with other attorneys from Baker & McKenzie to form a new international dispute resolution practice group. In his practice, Davidson was responsible for an array of regulatory, commercial, international, and technology matters in the United States and abroad. His work included multi-jurisdiction antitrust disputes, compliance proceedings before the Department of Justice and the Securities & Exchange Commission, complex commercial dispute resolution, and international technology disputes. His work also included international commercial claims against the Government of Iran and the Government of Iraq. Commissioner Davidson has handled an array of domestic and international arbitrations and mediations. While in New York, Davidson served as Special Professor of Law at Hofstra University School of Law. A Phi Beta Kappa graduate, Commissioner Davidson holds a Masters of Law in Trade Regulation from New York University. He also holds a Masters in International Business from Columbia University. Davidson received his baccalaureate and juris doctorate degrees from the University of Florida.

Proposed increases to basic local residential rates and single-line business rates:

COMPANY NAME	TOTAL PROPOSED 3-YEAR RESIDENTIAL BASIC LOCAL SERVICE INCREASE	TOTAL PROPOSED 3-YEAR SINGLE-LINE BUSINESS INCREASE
VERIZON	\$4.73 per month	range from \$1.65 to \$7.53 per month
SPRINT	\$6.86 per month (est.)	range from \$4.04 to \$10.55 per month
BELLSOUTH	\$3.50 or \$3.86 per month, depending upon approval of calculation	range from \$.52 to \$4.45 per month*

* BellSouth business monthly rates will increase in two increments.

BellSouth proposes to protect Lifeline participants from increases for four years, Sprint for three years, and Verizon for two years.

PSC Staff and Reference Numbers

For technical questions, contact:
Beth Salak (850) 413-6408

For legal questions, contact:
Beth Keating (850) 413-6212

For general questions, contact:
Bridget Hoyle (850) 413-6111
Dick Durbin (850) 413-6121
Or call toll-free 1-800-342-3552
(1-800-511-0809 to fax)

E-mail: contact@psc.state.fl.us
Internet Home Page: www.floridapsc.com

Bureau of Consumer Outreach

2540 Shumard Oak Boulevard
Betty Easley Conference Center, Room 184
Tallahassee, Florida 32399-0850

The Public Service Commission's Bureau of Consumer Outreach provides a staff of information specialists who are available to answer questions from Florida consumers.

To reach a PSC consumer representative, please call the Bureau of Consumer Outreach during business hours at (850) 413-6100, or send a fax to 1-800-511-0809. See the PSC's Internet home page at www.floridapsc.com.

Consumer Testimony at PSC Hearings

The main purpose of these hearings is to receive testimony from the public. In making remarks, it would be helpful if consumers would address the extent of competition already existing in his/her area; whether he/she believes that there are other options available for local telephone service; and whether he/she would like more options or services than are currently available to him/her and what those types of services might be.

Anyone may make a statement, and speaking is an effective way to let the Commissioners know how you feel about the case under review. Those consumers who wish to speak should arrive early. The hearings will begin as scheduled and continue until all the consumers have been heard.

At the beginning of the hearings, procedures will be set up to establish an order for comments. PSC staff will have sign-up sheets, and consumers will be called in the order of those sheets. PSC staff will be available to coordinate consumer comments and assist members of the public.

Any person who wishes to comment or provide information to the PSC staff, orally or in writing, may do so at the hearing. Written comments also may be sent to: Florida Public Service Commission, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850. Letters will be placed in the correspondence file of these dockets (Docket Nos. 030867-TL, 030868-TL, and 030869-TL). Although a comment form is attached to this Special Report, consumers may also call the PSC's toll-free number, **1-800-342-3552**, or dial **1-800-511-0809** to fax.

Any person who is unable to attend and who wishes to obtain a copy of the recommendation or the order may do so by writing to: Director, Division of the Commission Clerk and Administrative Services, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850.

Customer Hearing Dates

Wednesday, October 1, 2003

6:30 p.m.
Duval County School Board
1st Floor Board Room
1701 Prudential Drive
Jacksonville, Florida

Thursday, October 2, 2003

6:30 p.m.
Orlando City Hall
City Council Chambers
400 South Orange Avenue
Orlando, Florida

Friday, October 3, 2003

1:00 p.m.
Robert J. Arenal Conference Center
26th Floor
Hillsborough County Center
601 East Kennedy Boulevard
Tampa, Florida

Wednesday, October 8, 2003

6:30 p.m.
Broward County Governmental Center
Commission Chambers, Room 422
115 South Andrews Avenue
Fort Lauderdale, Florida

Friday, October 10, 2003

1:00 p.m.
Marion County Commission Auditorium
County Governmental Complex
601 Southeast 25th Avenue
Ocala, Florida

Monday, October 13, 2003

6:00 p.m. (Central Time)
Pensacola Junior College
Hagler Auditorium, Room 252
1000 College Boulevard
Pensacola, Florida

Thursday, October 16, 2003

6:30 p.m.
School Board of Lee County
Dr. James A. Adams Public Education Center
2055 Central Avenue
Fort Myers, Florida

Friday, October 17, 2003

10:00 a.m.
Sarasota County Administration Center
Commission Chambers, 1st Floor
1660 Ringling Boulevard
Sarasota, Florida

Thursday, October 23, 2003

6:00 p.m.
City Council Chambers
City Hall, 2nd Floor
175 5th Street North
St. Petersburg, Florida

Monday, October 27, 2003

6:00 p.m.
Daytona Beach Commission Chambers
City Hall
301 South Ridgewood Avenue
Daytona Beach, Florida

Wednesday, October 29, 2003

1:30 p.m.
City Commission Chambers
City Hall
200 2nd Street
West Palm Beach, Florida

Thursday, October 30, 2003

6:30 p.m.
Crowne Plaza Hotel
Miami International Airport
950 Northwest LeJeune Road
Miami, Florida

Tuesday, November 4, 2003

6:00 p.m. (Central Time)
Okaloosa County Water and Sewer
Administration Building
3rd Floor Board Room
1804 Lewis Turner Blvd.
Fort Walton Beach, Florida

Wednesday, December 10, 2003

9:30 a.m.
Florida Public Service Commission
Betty Easley Conference Center,
Room 148
4075 Esplanade Way
Tallahassee, Florida

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Florida Public Service Commission
Division of the Commission Clerk and Administrative Services
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

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