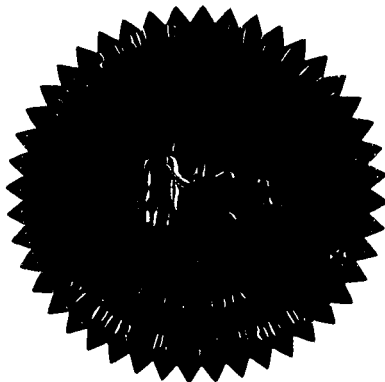


BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

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In the Matter of :
Fair and Reasonable :
Residential Basic Local :
Telecommunications Rates. :

SPECIAL PROJECT NO. 980000A-SP



PROCEEDINGS: PUBLIC HEARING
Pensacola, Florida

BEFORE: COMMISSIONER J. TERRY DEASON
COMMISSIONER SUSAN F. CLARK,

DATE: Wednesday, September 9, 1998

TIME: Commenced at 6:00 p.m. CST
Concluded at 7:00 p.m. CST

PLACE: Pensacola Grand Hotel
Ballroom B & C
200 East Gregory Street
Pensacola, Florida

REPORTED BY: JOY KELLY, CSR, RPR
Chief, Bureau of Reporting
Florida Public Service Commission

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OFFICE OF PUBLIC UTILITY

1 **APPEARANCES:**

2 **BETH KEATING**, Florida Public Service
3 Commission, Division of Legal Services, 2540 Shumard
4 Oak Boulevard, Tallahassee, Florida 32399-0870,
5 appearing on behalf of the **Commission Staff**.

6 **STEPHEN C. BURGESS**, Office of Public
7 Counsel, 111 West Madison Street, Room 812,
8 Tallahassee, Florida 32399-1400, appearing on behalf
9 of the **Citizens of the State of Florida**.

10

11 **ALSO PRESENT:**

12 **JONATHAN AUDU**, FPSC Division of Communications
13 **ROBBY CUNNINGHAM**, FPSC Division of Consumer Affairs

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I N D E X

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1 Commissioner Susan Clark.

2 Concurrent with this hearing this evening,
3 there's also a hearing being conducted by the three
4 other Commissioners in Fort Myers. We're holding a
5 total of 22 public hearings around the state,
6 primarily during the month of September. To get all
7 areas covered, we found it necessary to split the
8 Commission into panels so that we may hear from as
9 many people as possible.

10 We're here today in response to House Bill
11 4785 which was passed by the 1998 Florida Legislature.
12 It directs us, the Public Service Commission, to study
13 and report back to the legislature our conclusions
14 regarding the fair and reasonable rates for Florida
15 residential basic local telecommunications service.

16 In performing this study we were directed by
17 the legislature to specifically look at four different
18 things. We were to look at affordability, the value
19 of telephone service, comparable residential rates in
20 other states, and the cost of providing residential
21 telephone service.

22 We will be conducting this hearing for the
23 purpose of receiving comments and information from you
24 about your local telephone service and the
25 affordability of that service. The information that

1 you provide us will help us in preparing the report
2 that we give to the legislature. The report will be
3 presented to the legislature in February of 1999 and
4 will help the legislature to determine whether changes
5 are needed to advance competition in the local
6 telecommunications market.

7 There will also be a technical workshop
8 conducted by our Staff, and I believe the
9 Commissioners will be participating in those
10 workshops. Those workshops will be held on October 1,
11 2, 8th and 9th in Tallahassee. The purpose of these
12 workshops will be to gather more information for the
13 preparation of our report. You're also welcome to
14 come to Tallahassee and participate and witness those
15 workshops as well.

16 The primary purpose of our hearing this
17 evening is to hear from members of the public. When
18 you entered the rear of the auditorium you should have
19 been provided a report printed on blue paper that's
20 entitled "Fair and Reasonable Rate Study." This
21 report contains some of the basic information about
22 the purpose of this hearing and what we hope to
23 achieve by giving information, and the fact that we
24 have to provide a report to the legislature. Also
25 attached to this report at the end is a sheet which is

1 designed to be detached. This is for those members of
2 the public who do not wish to actually make a formal
3 statement here tonight but who do wish to make
4 statements to the Commission. You may write those
5 comments, fold this sheet and mail it to the Public
6 Service Commission. In addition, the Commission has a
7 1-800 number and has Internet access so you can
8 provide comments by those means as well.

9 This hearing this evening is being carried
10 live over the Internet. In addition, this proceeding
11 is being recorded by our court reporter. The
12 information we gather here this evening will become
13 part of the record in this proceeding, and will be
14 relied upon by the Commission in making its
15 recommendations to the legislature.

16 I'd like to review for just a moment the
17 procedure that we will follow this evening. In just a
18 moment I'm going to ask all of those members of the
19 public who wish to make a formal statement to stand
20 and raise your right hand so you may be sworn in.
21 This is necessary so that your comments can become
22 part of the official record.

23 Mr. Burgess, from the Public Counsel's
24 Office, will be calling members of the public who have
25 signed in. When your name is called, if will you

1 please come to the podium direct in front and start by
2 giving us your name and your address, and if you think
3 it would be helpful for the court report you may wish
4 to spell your name so that it is accurate in the
5 record. Please proceed then with your statement. At
6 the conclusion of your statement, please wait for a
7 moment. There may be some clarifying questions from
8 either Commissioners or our Staff or Mr. Burgess, from
9 the Public Counsel's Office.

10 Are there any other preliminary matters?

11 **MS. KEATING:** None that I'm aware of.

12 **COMMISSIONER DEASON:** Very well.

13 Mr. Burgess, you may call your first witness.

14 **MR. BURGESS:** Did you want to swear in the
15 witnesses?

16 **COMMISSIONER DEASON:** That's correct. Thank
17 you for that.

18 All members of the public who wish to
19 testify please stand and raise your right hand.

20 (Witnesses sworn collectively.)

21 **COMMISSIONER DEASON:** Thank you, please be
22 seated. Now Mr. Burgess.

23 **MR. BURGESS:** Thank you. Commissioner, the
24 first citizen that would like to address the
25 Commission is Thomas Carter.

1 **THOMAS CARTER**

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

5 **DIRECT STATEMENT**

6 **WITNESS CARTER:** Yes. My name is Thomas
7 Carter. My address is 2660 Cawdor, C-A-W-D-O-R,
8 Court, Pensacola, Florida 32503.

9 Commissioner Deason, Commissioner Clark, I'm
10 here this evening to represent a number of groups.
11 First is the Pensacola Area Chamber of Commerce, which
12 represents over 1800 small and medium sized businesses
13 here in our community. Also I'm chairman and
14 president of First American Bank, a community-based
15 bank here in Pensacola which primarily focuses on
16 medium and small business. And it's in the interest
17 of these customers and this constituency that I'm here
18 to speak this evening.

19 We feel at the Chamber of Commerce that it's
20 imperative that we have equitable rates of phones, not
21 just for residential but also for medium and small
22 business. We feel that the subsidized rates that are
23 given to the consumer is unfair to the business
24 customer, who, with all charges included, are almost
25 three times the cost of a residential phone line.

1 Small businesses in this environment as it
2 becomes deregulated will not be able to negotiate
3 contracts as some of the big companies will be, and
4 they will be the people who end up carrying the
5 excessive charges that are used to subsidize the
6 consumer rates.

7 So it's here this evening that I would like
8 to encourage the Commission to look for a way to, if
9 consumer rates are raised, that these funds would be
10 kept aside to help offset the higher rates that medium
11 and small businesses are paying. As you know this is
12 the engine that drives our economy here this Florida,
13 employs and creates more jobs than large businesses,
14 and, you know, reinvests all their money right here in
15 Florida. So we feel like this is a segment of the
16 business, of the business community, that really needs
17 attention, meaning the small business customer.

18 That concludes my comments. Thank you.

19 **COMMISSIONER DEASON:** Commissioner Clark.

20 **COMMISSIONER CLARK:** Mr. Carter, I have been
21 wanting to ask something since it was first mentioned,
22 and I guess it was first mentioned in West Palm Beach.
23 There were number of people representing the Chamber
24 and business people to felt it was inequitable to have
25 business rates higher than residential rates for

1 basically the same service. Then it was pointed out
2 later on by the customer the business gets to deduct
3 it on its income tax; a resident doesn't. Therefore,
4 there's some subsidization going on the other way.
5 Could you respond to that?

6 **WITNESS CARTER:** You have to be making money
7 to deduct the expense. Most small businesses are
8 Subchapter S companies so that money comes straight
9 over all the income; it would be a business expense so
10 it would be a deduction. But the cases as to what
11 they are paying in tax, it would come over to their
12 regular -- not corporate but personal income tax. So
13 say a man that owns, say, a muffler shop or something
14 like that, might be paying a 15%, 20% effective tax
15 rate.

16 **COMMISSIONER CLARK:** Let me make sure,
17 that's an effective tax rate to him personally?

18 **WITNESS CARTER:** Right. So what it is,
19 Subchapter S, which most small businesses are, which
20 means that any income or loss derived by that
21 corporation flows to their personal tax return. So he
22 would get to deduct that expense off. So that comes
23 over -- and if he didn't have that as a deductible
24 expense -- so he would be getting a 15% break on that
25 based on whatever his personal tax rate is. But

1 the -- so I guess that's it.

2 **COMMISSIONER CLARK:** I don't know enough
3 about taxes and taxation of small businesses to know
4 how -- what kind of benefit that is.

5 **WITNESS CARTER:** Right. But the other part
6 is when you are looking at taxes, when you're in the
7 municipality and you have all of the tax load that's
8 on it -- I think here in Pensacola it comes to about
9 21% tax rate on the phone bills by the time you have
10 the city franchise tax, the county, all of the state
11 to -- all of the federal -- I think it's up over 20%
12 now. So, you know, it's the -- small businesses are
13 paying more than their fair share on this already with
14 paying those taxes and paying on the income tax side
15 also.

16 **COMMISSIONER CLARK:** Okay.

17 **COMMISSIONER DEASON:** Let me ask a follow-up
18 question. As I'm sure you're well aware, the
19 Commission, over the years, has followed a policy of
20 trying to keep local rates for resident customers low
21 and business customers, too, even though business
22 rates are higher than residential. And that goal was
23 to achieve what we refer to as universal service; that
24 being that there would be a high percentage of people
25 being able to afford and would actually then choose to

1 take telephone service. And that this would be
2 beneficial for the network as a whole. That is,
3 telephone service would be more valuable for everyone
4 because there were more people connected to the
5 network.

6 Do you think businesses derive benefit from
7 having a large number of residential customers
8 connected to the network?

9 **WITNESS CARTER:** Yes, of course they do.
10 But I think a point that should be made is that if you
11 think about how businesses changed over the last 15 or
12 20 years -- I was looking at the phone lines the bank
13 has. It used to be we had two or three lines per
14 office. And now I went back and counted and we have
15 more lines than we have employees at the office with a
16 growth of lines between computers, fax lines,
17 whatever. So we've seen an explosive growth in the
18 number of lines that are out there now. And we have
19 not seen any economies of scale come back to us as a
20 business customer when you are basically using the
21 same infrastructure and volume going up dramatically
22 with the advent of more telecommunications out there,
23 we haven't seen our rates come back down with that.
24 And we feel that those monies have been used to
25 subsidize residential rates. And we employ 65 people

1 here in the county and we have more than 65 phone
2 lines. And we feel that with a average phone line
3 costing us \$30 a line, if we were paying the
4 residential rate, I could hire another person.

5 **COMMISSIONER DEASON:** Any other questions?

6 Thank you, sir.

7 **WITNESS CARTER:** Thank you so much.

8 **MR. BURGESS:** L. H. Haynes.

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10 **L. H. HAYNES, JR.**

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

14 **DIRECT STATEMENT**

15 **WITNESS HAYNES:** Good evening. My name is
16 Lamar Haynes, Jr. H-A-Y-N-E-S. My address is 4284
17 Brighton Drive, B-R-I-G-H-T-O-N, Pensacola, Florida
18 32504.

19 I'm here representing my company along with
20 any other business that is concerned. I own two
21 corporations in the state of Florida. Right now we
22 presently have eight telephone lines utilized at these
23 two companies. Some of them, the rotary type. My
24 total monthly telephone bill, excluding any frills,
25 long distance calls or anything of that nature, just

1 my basic telephone service charge, is approximately
2 \$275 to \$295 per month. I've got two residential
3 telephone lines at my house.

4 Recently I've learned that the cost of
5 business lines and other optional services are
6 inflated to subsidize residential telephone lines. If
7 I had these same eight telephone lines at my
8 residence, I would be paying approximately one-third,
9 or even less than that, of what I'm paying at my
10 businesses right now.

11 You compare a basic telephone line, which
12 is -- I think right now it's less than \$10 a month for
13 a residential telephone line -- if you compare that
14 to, say, the your garbage service, which is \$18 a
15 month, our cable service which ranges between \$30 and
16 \$60 a month, your newspaper is \$40 a month, the
17 residential telephone service is a very cheap
18 commodity at the present time. I can understand now
19 why residential phone service is so cheap. Businesses
20 are subsidizing the cost of the residential service.

21 I'm not -- certainly don't want any service
22 to increase, but I do believe that all customers
23 should pay for services based upon the value of
24 services, not based on a subsidy. I understand that
25 over a period of time, if residential service is

1 increased, that the cost of business service will
2 potentially and possibly decrease. If I basically use
3 some of these practices in my business, I wouldn't be
4 in business very long. I just hope you'll consider
5 allowing telephone companies to price their services
6 based upon their cost, not based on the system of
7 subsidy. Thank you.

8 **COMMISSIONER DEASON:** Questions?

9 Thank you, sir. Mr. Burgess.

10 **MR. BURGESS:** Shirley Furr.

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SHIRLEY FURR

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

16

DIRECT STATEMENT

17

WITNESS FURR: Good evening. My name is
18 Shirley Furr, F-U-R-R, 4805 North 9th Avenue,
19 Pensacola 32503.

20

I'm not representing anybody except myself
21 and a couple of friends who are having some problems
22 with their telephone bill.

23

It's not the bill per se, it's understanding
24 what it says and what it means. That's the first
25 part.

1 The second part is I have one friend who's
2 really tired of pushing buttons to try to get to an
3 operator who will answer a question for her. In this
4 case the phone company has really pushed her button,
5 knows her button to push, because she can't get a
6 answer. I tried it myself. It's quite true. I just
7 saw something in here in the few minutes I had.

8 Several of her questions said -- on this
9 sheet it says here the rates do not include any long
10 distance charges, subscriber line charges for long
11 distance access, charges for inside wire maintenance,
12 long distance equipment rental, zone mileage charges,
13 custom calling features, franchise fees or state or
14 federal tax.

15 Now, those you will agree are all on your
16 bill some way or another. But the average person --
17 if I were to say I'm going to represent anybody that's
18 who I'd have to say I am. When -- you generally don't
19 look at the bill, but when you do look at it you say
20 what is this?

21 Well, the first steps would be to call the
22 telephone company, right? Then when you answer the
23 phone it says, "Push 1 for this, push 2 for this, push
24 3 for this." There is no operator to speak with. The
25 only thing you get is going back to the first button

1 that you originally pushed, and the end one is how
2 much money you owe.

3 So the question is actually it's not the
4 amount of money you're paying, because I was talking
5 to my friends and telling them of all of the bills I
6 paid in the last four years, the telephone bill has
7 risen the least. It hasn't risen as much as any of
8 others, and I know because I have some of my check
9 stubs from years back. The telephone company, the
10 service is great to me -- no, the telephone is great.
11 The service needs some improvement. Because we need
12 to know what these things are you're paying for. And
13 when you first subscribe, they may say to you this is
14 this, this is that. But you really don't stop and
15 think exactly for each \$1.53 or \$2.19 what you're
16 really doing where they don't explain it. So that
17 seems to be the only thing I would like to hear: How
18 can we reach the telephone company? How can we find
19 out what these charges are for? Can they be spelled
20 out on a brochure? Thank you very much.

21 **COMMISSIONER DEASON:** Ma'am, before you
22 leave, you subscribe to service from BellSouth, is
23 that correct?

24 **WITNESS FURR:** BellSouth.

25 **COMMISSIONER DEASON:** I know there are some

1 representatives from BellSouth in the rear of the
2 auditorium.

3 **WITNESS FURR:** I didn't know that. That's
4 good.

5 **COMMISSIONER DEASON:** They are here. There
6 are also representatives of our staff seated here.
7 They'll be glad to answer any specific questions you
8 have about items that appear on your bill.

9 I'm surprised to hear that you cannot
10 actually -- when you go through the series of prompts,
11 that is pushing different numbers on our telephone,
12 that none of those options allow you to speak to a
13 live person; is that correct?

14 **WITNESS FURR:** Actually, I haven't tried it
15 myself. I'm representing a friend much younger than
16 myself who has to work tonight, who has been
17 frustrated over this terribly, and several other
18 friends. Now, I will state this: If I were to call
19 my long distance carrier, I get an immediate response.
20 Now, that -- on the discussion we had today, when my
21 friend found out I was coming to this meeting tonight
22 and asked me to represent her, an average person, we
23 did discuss the fact -- and it doesn't matter which
24 long distance carrier -- there was an instant
25 response. It wasn't the frustration of the

1 telephone -- sitting up there on the telephone and
2 pushing buttons.

3 **COMMISSIONER DEASON:** Maybe I need to change
4 long distance carriers because my carrier, the times
5 I've called them, it's not been a prompt response. I
6 did get a response, though.

7 Let me ask if -- you can either talk to
8 company representatives or our staff. They'll be glad
9 to review your telephone bill and explain that.

10 Let me ask you one further question before
11 you leave. Obviously, you do not find the present
12 billing format to be adequate in explaining the
13 various charges that appear on your bill; is that
14 correct?

15 **WITNESS FURR:** It's not only myself, it's
16 others. Yes. Correct.

17 It's not something everybody looks at often
18 until you find a new charge when you're used to paying
19 a certain bill or a different -- a little higher than
20 usual. And I'm sure that when we first signed up for
21 telephone service, I'm sure they explained a little
22 bit what this is about. But when I moved from a
23 different city I had my phone transferred and said I
24 wanted the same thing. So, of course, when someone
25 asked me, what, five years ago what were these charges

1 for, now I don't know because I have had the phone in
2 Atlanta for 25 years so I don't know what I ever
3 signed up for. I couldn't tell you what any of these
4 that I listed here -- any of these -- and I was glad
5 to see these listed out here because my friends didn't
6 give me a phone bill. But I was glad to see what some
7 of these charges were that are listed on your bill.
8 And I haven't really got a clue except to the taxes.
9 I can understand that. I think all of us can on that.

10 But the inside wiring and the outside
11 wiring, those are the discussions that my friends,
12 plural, and I had about it.

13 **COMMISSIONER DEASON:** Inside wire
14 maintenance is an optional service that many customers
15 do subscribe to. Is it shown as a separate item on
16 your bill?

17 **WITNESS FURR:** Yes. It's not a matter of
18 the charge wasn't even -- it's a matter of
19 understanding them. What are they for? When we
20 really got into kind of nit picking -- I said it was a
21 general discussion -- over the past month of just a
22 few things that were brought up. And then when we
23 found out there was a meeting -- even in today's paper
24 there's a discussion about the bill. As a matter of
25 fact, it's on the "Money Page," in the "Pensacola News

1 Journal," how difficult it is to read the bill. Have
2 any of you seen that?

3 **UNIDENTIFIED SPEAKER:** It was a Bell
4 Atlantic bill.

5 **WITNESS FURR:** But it was still a telephone
6 bill and it was on the "Money Page." And it said
7 something about the difficulty of reading the bill --
8 not reading it so much per se as understanding what
9 the charges were.

10 **COMMISSIONER DEASON:** It would be helpful to
11 have an understanding of what -- the different line
12 items, the description.

13 **WITNESS FURR:** Each and every one,
14 absolutely. Even if it were an insert once every six
15 months in a phone bill, even something like that.

16 **COMMISSIONER DEASON:** Have you gotten such
17 an insert at any time with your telephone bill that
18 you recall?

19 **WITNESS FURR:** I really couldn't tell you.
20 There are so many things in everything I get now that
21 it may be, and it may -- I may have disregarded it
22 because I get so many inserts in everything I get.

23 **COMMISSIONER DEASON:** I need to review this
24 matter myself. I think I recall there's a Commission
25 rule which requires a notice to customers at least

1 once a year advising customers that they can get a
2 detailed description of every item that appears on
3 their bill. They may not actually include that with
4 the bill, but I think the customers are advised they
5 can request that.

6 **WITNESS FURR:** By writing?

7 **COMMISSIONER DEASON:** I think you can call
8 and request that. But I'll have our staff look at
9 that and see what that requirement is. If you don't
10 mind staying for just a few moments after the hearing
11 we can check into our rule book and see if that's
12 required.

13 **WITNESS FURR:** I've taken too much of your
14 time already. But I would suggest something much
15 easier. When other utilities put things in and
16 through, they put a simple plain explanation. But
17 that's through the Public Service Commission. Thank
18 you. Any more questions?

19 **COMMISSIONER DEASON:** No, ma'am. Thank you
20 for your time too.

21 **MR. BURGESS:** Anne Bennett.

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ANNE BENNETT

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

DIRECT STATEMENT

WITNESS BENNETT: Anne Bennett, Post Office Box 3571, Pensacola 32516. Thank you for letting me speak.

As the lady was discussing, there is an announcement or a flier that comes in with our bill and what it tells you is you can go to the phone company and look at the records there. Okay.

What I have come to ask you about is not actually a question of rates. However, I'm sure that the phone companies will say, "Money. Bottom line." Therefore, it will affect rates.

As you know, our population is aging. As we are aging we are having difficulty with the minuscule print in the phone book. The phone book in Pensacola has become so large, so heavy, so floppy that it is difficult to work with, especially for people who have some form of disability or arthritis or any of the aging systems that we have that affect the hands and eyes. I would like to ask you to please bring to pressure -- bring pressure to bear on all phone

1 companies to make functional phone books.

2 **COMMISSIONER DEASON:** When you say
3 functional, how do you define that? Larger print and
4 do you have any other suggestions?

5 **WITNESS BENNETT:** Yes. Separate the Yellow
6 Pages from the White Pages, or I don't know, the
7 business section you could -- since the residential
8 part is, you know, comparatively smaller, if you
9 wanted to put the white business pages with the white
10 residential pages it would be all right with me. The
11 full page ads for attorneys, if you took those out of
12 the Yellow Pages, they would probably equate.

13 (Laughter)

14 But at this point, the book is so awkward
15 that if you could just separate it and put bigger
16 print in, there are a lot of people out here who would
17 appreciate it.

18 **COMMISSIONER DEASON:** When you say separate
19 you're talking about having Yellow Pages under one
20 cover, one separate book, and the White Pages a
21 different book?

22 **WITNESS BENNETT:** Yes. And they do that in
23 New York, New Orleans and a whole lot of other places.
24 And our phone book has gotten to the point where it's
25 rather awkward. So, maybe set a limit, like every 300

1 pages you go to a new book or something. I don't
2 know. Whatever would be appropriate. But something
3 that would make it easier. As I say, as our
4 population ages, we're either going to accommodate
5 people in their homes or keep them independent or
6 we're going to pay a lot bigger bucks than we do now.

7 I was looking at something today about the
8 cost of nursing home care. Medicaid picks up a little
9 less than 50% and the average homeowner picks up a
10 little less than 50%. And that little bit of
11 percentage left over is divided between insurance
12 companies and blah, blah, blah. We're either going to
13 pay for it with Medicaid in particular for people in
14 group living situations or we're going to do something
15 to allow people to remain independent in their homes.
16 And the phone is certainly a primary method. But if
17 the phone book isn't functional, you know, that really
18 cuts the function of the phone in half. I pulled that
19 figure out of my head. I don't know if that's an
20 exact figure. But you get the message.

21 **COMMISSIONER DEASON:** Yes, we do. I'm going
22 to ask our Staff once again to look in our rule book.
23 It seems that I recall that we may have a rule which
24 allows, I believe, up to hundred free directory
25 assistance calls for visually impaired persons. I

1 think you're going to more of the general population
2 that's aging and perhaps not visually impaired, it's
3 just difficult to read the phone book as it is
4 currently printed; is that correct?

5 **WITNESS BENNETT:** Well, let's see. I
6 believe it was in around 1965-67 that they went to the
7 finer print. My husband had to go out and buy a pair
8 of glasses. He never needed glasses for anything
9 else. That was the only thing he needed glasses for.
10 The phone print has probably stayed roughly the same.
11 But he didn't, you know. And that's the same thing
12 that's happening to everybody. And it isn't a
13 question -- to me, the print of the book, you can get
14 a magnifying glass. But it's the heft of the book,
15 floppiness of it. It's very awkward to handle.

16 **COMMISSIONER DEASON:** As I'm sure you can
17 appreciate, there's an attempt to try to reach a good
18 balance. Obviously, the larger the print, the larger
19 the book and the more bulky the book.

20 **WITNESS BENNETT:** I understand.

21 **COMMISSIONER DEASON:** Obviously, there are
22 attempts made to try to reach that compromise so the
23 book is not so large but the print is still readable.
24 But I certainly understand your concern.

25 **WITNESS FURR:** Like I say, our book is at a

1 point now where I personally feel it needs to be
2 divided, in which case you could maintain like
3 newspaper print-size lettering, or possibly a degree
4 smaller, for quite a while before you got back up to a
5 point where the book was too large again. So. Thank
6 you.

7 **COMMISSIONER DEASON:** Thank you, ma'am.

8 **MR. BURGESS:** I'm going to ask this next
9 speaker to bear with me on pronouncing his name. I
10 think I'm reading Terry Ausborn.

11 - - - - -

12 **TERRY AUSBORN**

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

16 **DIRECT STATEMENT**

17 **WITNESS AUSBORN:** Good evening. Terry
18 Ausborn, A-U-S-B-O-R-N, 3400 Wimbledon Drive,
19 Pensacola, Florida, Apartment 14.

20 I'm here representing myself, my checkbook,
21 I guess. It's kind of ironic that I am here because
22 yesterday I came home for lunch and my wife asked me a
23 question in reference to our phone bill. And I said I
24 don't know the answer but I'll find out.

25 So she asked me why are we being charged

1 \$1.50 for an interchange carrier on my daughter's
2 phone line? We have two lines coming into our house:
3 Ours and my daughter's. We didn't put a long distance
4 carrier on her telephone. So she asked me why are we
5 being charged \$1.50.

6 So I called BellSouth and asked them. And
7 that was an ordeal in itself; the button pushing.
8 Finally I got a human being on the telephone. And I
9 asked her and she said, "But it's mandated." And I
10 said, "Well, you're not going to get rid of me that
11 easy. I'd like to have an answer." So she put me on
12 hold for 20 minutes hoping I would hang up. She come
13 back. And she blamed it on the FCC. I said okay.

14 So I called the FCC and I didn't get to talk
15 to a human being; had to listen to a recording
16 explaining to me what this tax is. The FCC blamed it
17 back on the phone company, saying that they taxed the
18 phone company but they don't tax the consumer. The
19 phone company rolls it back to the consumer. So I
20 says okay, I'm paying \$1.50 for something I don't
21 have. I don't have a long distance carrier on my
22 daughter's line.

23 Also on the bill, once you start looking at
24 it, I'm paying another \$5 so my daughter can have that
25 line and I'm paying another \$3.50 a month for my own

1 long distance carrier.

2 So I called back the telephone company and I
3 said the FCC blames it on you all. And I talked to a
4 different lady this time. Nice lady. She says, "No,
5 it's the FCC's problem." I didn't get anywhere with
6 BellSouth so I called your office yesterday and
7 explained it to them. And she understood my problem.
8 And I kept asking the question, why am I getting taxed
9 for something that I don't have? I don't have a long
10 distance carrier. And she said my problem is with the
11 FCC. So it's the typical runaround.

12 So I called Congressman Scarborough's office
13 yesterday. I explained this to her, to the lady I was
14 talking to. She says, "Yeah, I understand." I said,
15 "Good. Can anybody answer my question? Why am I
16 getting taxed for something I don't have?" She said,
17 "It's Vice President Gore. He's the one." (Laughter)

18 My question is, basically, why am I paying
19 for something I don't have? And if the FCC is taxing
20 BellSouth, who can I send my taxes to if they are
21 going to roll them back on me?

22 **COMMISSIONER DEASON:** Well, I'm not
23 attempting to give you the runaround either. But I
24 can tell you my understanding of what that charge is.

25 It is a charge that was imposed by the FCC.

1 Normally if you presubscribe to a long distance
2 carrier, that charge is assessed against your long
3 distance carrier. And that carrier has the option of
4 passing that charge on to the customer or not.
5 Because that service is competitive and those
6 companies just do what they think the market is best
7 for them and their customers.

8 When you do not choose a long distance
9 carrier, there still is a charge, the FCC still has
10 mandated a charge, and they have required the local
11 company to collect that charge directly from the end
12 use customer even though that customer has chosen not
13 to presubscribe to a long distance carrier.

14 Now, it's my understanding the rationale --
15 I'm not saying I agree with it, but it's my
16 understanding that the rationale is that the FCC has
17 embarked upon a policy of recovering nontraffic
18 sensitive costs, that is costs of maintaining the
19 local network that does not vary with traffic, but
20 collect those costs from individual customers on a
21 flat basis as opposed to a per-minute basis. That's
22 one of the reasons you've seen per minute rates come
23 down on interstate calls is because there have been
24 fixed costs that are being collected from customers.
25 You mentioned \$3.50 subscriber line charge. This is

1 another charge imposed by the FCC to recover those
2 fixed costs of having the system, the infrastructure
3 in place to maintain the system so you can complete
4 calls. That's the rationale. I'm not trying to
5 justify it. I'm just trying to explain to you what my
6 understanding of the FCC's policy is and perhaps
7 Commissioner Clark wants to amplify on that.

8 **COMMISSIONER CLARK:** Mr. Ausborn, your
9 primary line, not your daughter's line, who do you
10 presubscribe to?

11 **WITNESS AUSBORN:** BellSouth. For our
12 carrier? AOL? AOL.

13 **COMMISSIONER CLARK:** Do they charge -- do
14 they have a separate rate that they -- separate line
15 somewhere around \$1.50 that they charge you? Have you
16 seen that on there? How much -- if you don't mind,
17 how much do you pay AOL a month for long distance? Do
18 you have like a flat charge you pay or do you just pay
19 per call?

20 **UNIDENTIFIED SPEAKER:** We just pay for AOL
21 as our Internet service and they offer it to you.

22 **COMMISSIONER CLARK:** Okay. We have to have
23 somebody at the microphone and somebody who is sworn
24 in.

25 **WITNESS AUSBORN:** We pay AOL, our Internet

1 service, and it's just tacked on the AOL bill.

2 **COMMISSIONER CLARK:** Let me just try to --
3 the \$5 you see on your daughter's line.

4 **WITNESS AUSBORN:** The second line is the
5 house.

6 **COMMISSIONER CLARK:** Is the equivalent to
7 the \$3.50 charge you see on your other line.

8 **WITNESS AUSBORN:** So basically I'm paying
9 \$10 a month taxes that the FCC has taxed --

10 **COMMISSIONER CLARK:** Not taxes. Those are
11 called -- the 3.50 line is called the subscriber line
12 charge and that's been on your bill for at least ten
13 years. And why that originally occurred was to move
14 some nontraffic sensitive costs relative to long
15 distance service to your local bill essentially. The
16 FCC did that. They set the charge at 3.50 and then
17 they recently set the charge for the second line at
18 \$5. The \$1.50 charge you see is called a PIC-C, I
19 believe. And that's a charge that is made against the
20 long distance carriers and they do have a choice as to
21 whether or not to charge you.

22 **WITNESS AUSBORN:** I know. They have the
23 choice to roll it back.

24 **COMMISSIONER CLARK:** They can eat it
25 themselves or put it in their rates for your

1 per-minute charge. So in that sense it is a choice
2 that they have. And that's why the FCC is telling you
3 it's the carriers who are making this choice.

4 What I would advise you to do is call up
5 long distance carriers -- it may be beneficial for you
6 to presubscribe to a carrier.

7 **WITNESS AUSBORN:** Well, we thought about
8 that option. But if we put her on a long distance
9 carrier then -- we don't want her to make long
10 distance calls, so it's going to charge us more money.
11 We're going to go to the 3.50 rate.

12 **COMMISSIONER CLARK:** Do you have a block on
13 her line so she can't make the long distance calls?

14 **WITNESS AUSBORN:** Yes. Basically my
15 question is, why do they charge us for something we
16 don't have, which you explained, which is neither here
17 nor there, and -- well, I guess that is my question.
18 That's my complaint to either the FCC or BellSouth.
19 The FCC blames it on the telephone company and the
20 carrier is saying they are taxing them not taxing us
21 and they refer to it as a tax.

22 **COMMISSIONER CLARK:** As far as -- I believe
23 BellSouth is supposed to charge if you are not
24 presubscribed to a long distance carrier. Now, the
25 long distance --

1 **COMMISSIONER DEASON:** BellSouth does not
2 have the option. They are required by the FCC --

3 **COMMISSIONER CLARK:** But the long distance
4 carriers do have the option.

5 What I would suggest is that, as you say, if
6 you don't want your daughter to make the call there
7 may be no way around that charge. But it is one that
8 the FCC has required and that we don't have any
9 authority over.

10 **WITNESS AUSBORN:** Okay. So, again, it's --
11 I can call up the FCC and ask them that question then.
12 Why do they charge me for something we don't have.

13 **COMMISSIONER CLARK:** What they are going to
14 say it's yes, it's a cost we assess against the
15 carriers, but they have the option of charging you
16 directly or not, and that's really what they are
17 telling you.

18 **WITNESS AUSBORN:** Okay. Did you understand
19 that? I didn't. (Laughter) Thank you.

20 **COMMISSIONER DEASON:** Thank you.
21 Mr. Burgess.

22 **MR. BURGESS:** Ralph Fenn.

23 **COMMISSIONER DEASON:** Mr. Fenn, were you
24 here earlier when we swore in witnesses?

25 **WITNESS FENN:** Yes.

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RALPH FENN

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

DIRECT STATEMENT

WITNESS FENN: My name is Ralph Fenn.

That's F-E-N-N, and I live at 7301 Schwab Drive in Pensacola, Florida 32504.

I am here today as the elected representative of the Communication Workers of America Local 3109. We are the local union that represents telephone workers.

CWA is in full support of fair and equitable telephone rates but we would ask the Public Service Commission to please ensure that universal service and customer service provisions are protected. Florida has an increasing number of low income and elderly residents. To these folks the phone service is not a luxury, it is a necessity. I know as a service technician. I am in their homes every day. So regardless of the outcome of this hearing, I would ask that at all costs you all protect universal service and ensure that customer service provisions are adequate for the consumers.

I almost hate to tell you I'm a service

1 technician for BellSouth but I am. I am proud of the
2 service that we provide because we provide the best
3 service in the world. But I'm here today in my
4 capacity as the president the Communication Workers of
5 America Local 3109. And we ask that you protect
6 universal service. Thank you.

7 **COMMISSIONER DEASON:** Let me ask you a
8 question. Are operators and customer service
9 representatives, are they part of the CWA?

10 **WITNESS FENN:** Yes, sir, they are. We have
11 service technicians, we have consumer service
12 representatives, we have operators, we have the frame
13 technicians and the electronic technicians and the
14 network technicians, the cable repairman, anyone that
15 works on your telephone service is eligible to be a
16 member of the Communication Workers of America.

17 **COMMISSIONER DEASON:** We have had a couple
18 of complaints here tonight about customers trying to
19 actually speak to a customer service representative
20 and having to go through the prompts. Are you
21 familiar with that system yourself?

22 **WITNESS FENN:** Yes, I am, but I would prefer
23 that if you're going to field questions of that nature
24 that you -- go back to the actual phone company
25 representatives that are here today.

1 It is frustrating, I agree with you, but I
2 assure you that the customer service representatives
3 that are on the other end of that telephone are there
4 and they are willing to help, and they do the utmost
5 that they can to answer and field these questions.
6 And as you, yourself, know it is complicated. And a
7 lot of the reason of the delay -- you had a gentlemen
8 speak earlier that he waited 20 minutes for an answer.
9 Part of that reason is these people want to give the
10 correct answer because they are held accountable for
11 it. So there are delays in getting questions answered
12 but sometimes that is necessary. There are tariffs
13 and regulations -- as you all well know, there's a
14 multitude of things to check. That \$1.50 charge, it's
15 as confusing to some of us as it is to him. But when
16 we answer a question, there's a greater liability for
17 us than just the normal consumer. If someone asks us
18 about a phone bill and we answer it incorrectly, that
19 can cause more problems than we can get out of.

20 **COMMISSIONER DEASON:** If you know, do you
21 believe that the company has adequately trained the
22 customer service representatives about any new charges
23 that are appearing on bills?

24 **WITNESS FENN:** The phone company goes to
25 amazing pains and lengths to ensure that not only the

1 service representatives, but the service technicians
2 are knowledgeable in their jobs. They have told us
3 time and time again if you don't know the answer to a
4 question, refer them to a supervisor. They call us in
5 periodically and update us with the new provisions in
6 the law and what we can do and what we cannot do.
7 We're faced daily with ensuring that we treat all
8 customers, regardless of whether they are service
9 providers or actual consumers with a residence line,
10 that we treat those people fairly and equitably, and
11 that everyone gets the same service.

12 As far as the business office, they go
13 beyond the normal means of informing those people of
14 what -- they are very conscious of what the laws are
15 and what our liability is. So yes, sir, I'll tell you
16 they do an excellent job of trying to keep everyone
17 updated with not only the PSC rules but the FCC rules.

18 **COMMISSIONER DEASON:** If you know, is there
19 any competition in the Pensacola area for local
20 service?

21 **WITNESS FENN:** Yes, sir, we do have
22 competition for local service. Someone mentioned the
23 article in the paper today that showed the bills in
24 the money section. On the same page they featured a
25 company in town that provides paging service, local

1 phone service and Internet service. There are four or
2 five companies in town right now that are providing
3 local service. But once again I would defer those
4 questions to the actual telephone -- the actual phone
5 company representatives that are here today. I'm just
6 a service technician. I'm the guy that comes out and
7 fixes your phone.

8 **COMMISSIONER DEASON:** You're certainly very
9 knowledgeable and appreciate your coming. One further
10 question. You mentioned a necessity of preserving
11 universal service.

12 **WITNESS FENN:** Yes, sir.

13 **COMMISSIONER DEASON:** Are you familiar with
14 the Lifeline Assistance Program?

15 **WITNESS FENN:** Yes, I am.

16 **COMMISSIONER DEASON:** And there is a yellow
17 brochure, I think we have some in the back, which
18 describes this program. Do you think this is adequate
19 or do you think there needs to be something in
20 addition to this?

21 **WITNESS FENN:** I think it is adequate but I
22 don't think you can ever do enough in that situation.

23 The Lifeline -- as I said earlier, we have
24 an ever increasing number of elderly and low income
25 residents. And a lot of our elderly residents are low

1 income residents. And for them a telephone is not a
2 luxury. For a lot of us it's a luxury. We use it to
3 call our friends, our families. We use it for
4 Internet service. But for these people it is a -- it
5 is a true lifeline. It is the only link that some of
6 them have to anywhere, to the United Way, to the
7 Council on Aging, to their health care providers, to
8 access for a emergency. So that is why we at CWA --
9 we fully support fair and equitable telephone rates.

10 Phone service has not risen in price in
11 relationship to everything else. As someone said
12 earlier, power rates is this much, your newspaper is
13 this much, phone rates have always traditionally been
14 low. But we ask that you protect the universal
15 service provisions for those folks that do need it.
16 And it is not a necessity for them. It is a need.
17 And I'm in their houses daily.

18 **COMMISSIONER DEASON:** So you think that
19 there are people that perhaps would not qualify for
20 Lifeline who still need --

21 **WITNESS FENN:** There are folks that --

22 **COMMISSIONER DEASON:** -- a reduced or
23 subsidized or a reasonable rate for basic service.

24 **WITNESS FENN:** Yes, sir. There are folks
25 that do not meet the Lifeline provisions, but still

1 need help in maintaining phone service. And we just
2 ask that you be cognizant of those whatever your
3 decision is.

4 **COMMISSIONER DEASON:** Any further questions?
5 Thank you, sir.

6 **WITNESS FENN:** Thank you all very much.

7 **MR. BURGESS:** Jim Johnson. And
8 Commissioner, I think Mr. Johnson came subsequent to
9 your swearing in the witnesses.

10 **WITNESS JOHNSON:** I was in the back of the
11 room when you sworn us in.

12 **COMMISSIONER DEASON:** Oh, you were there.
13 Okay, that's fine.

14 - - - - -

15 **JIM JOHNSON**

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

19 **DIRECT STATEMENT**

20 **WITNESS JOHNSON:** Thank you for the
21 opportunity to speak with you. My name is Jim
22 Johnson. I live at 3900 Collingswood Road, Pensacola,
23 32514.

24 I've got a couple of hats on tonight. I've
25 got my residential hat on and I've got my business hat

1 on. As a resident I appreciate the rates that we have
2 been able to enjoy for a great number of years. As a
3 business owner I'm a little concerned that the rates
4 that we pay are so extreme versus the rates that we
5 pay as residents.

6 I was keyed in on what the gentlemen was
7 just saying and as a business owner I can tell you
8 that business owners, our lifeline is our telephone
9 lines, and without our telephone lines we are out of
10 business. Unfortunately, in today's marketplace, it
11 is mandated that we have more and more and more lines
12 just to be able to keep up the with the electronic
13 age. We have to have modem lines on all of the
14 computers. Of course, we have to have a great number
15 of lines coming into the building. The more lines we
16 have the more expense we have associated with that.
17 So I really do not envy you, position that you have
18 and the questions that you're being asked and the task
19 that you have posed here in front of you tonight. But
20 if there's any way that the Public Service Commission
21 can figure out to bring these rates closer together --
22 the sheer volume of numbers of residents far, far
23 outweighs the number of businesses that we have. And
24 while I'm compassionate with my residential hat on,
25 and I don't want to see residential rates go out of

1 sight, I'm not naive enough to believe as a
2 businessman we're going to be able to get rates down
3 to where residential rates are, I would certainly hope
4 that we can have some mechanism put in place to where
5 we can bring those rates closer together. And I
6 appreciate it.

7 **COMMISSIONER DEASON:** Mr. Johnson, have you
8 had anyone approach you as a business owner offering
9 you an alternative for local service to your current
10 BellSouth service?

11 **WITNESS JOHNSON:** Not me personally. It
12 could have been some call that may have come into the
13 office that may not have gotten to me. But no, I have
14 no personal --

15 **COMMISSIONER DEASON:** You're not personally
16 aware of any alternative --

17 **WITNESS JOHNSON:** No.

18 **COMMISSIONER DEASON:** Thank you, sir.
19 Mr. Burgess.

20 **MR. BURGESS:** Donna Peoples.

21 **COMMISSIONER DEASON:** Ms. Peoples, were you
22 sworn earlier?

23 **WITNESS PEOPLES:** No.

24 **COMMISSIONER DEASON:** If you'll please raise
25 your right hand, and let me ask if there are any other

1 members of the public who wish to testify who were not
2 sworn earlier to also stand and raise your right hand.

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DONNA PEOPLES

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

8

DIRECT STATEMENT

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WITNESS PEOPLES: I'm Donna Peoples, 400
10 South Jefferson Street, Pensacola, Florida 32501.

11 I'm the executive director of the Pensacola
12 Cultural Center which is a 501 C-3 nonprofit
13 corporation. We're aware that businesses subsidize
14 residential phone rates. However, as a nonprofit
15 charitable organization we fall in the business
16 category resulting in the higher business rate
17 charged. We continue to try to keep our office
18 operating expenses down and this is extremely
19 difficult in the telephone use area. We pay over \$300
20 per month for basic services. We could really use
21 another line, but we do without. So I just put up
22 with a lot of complaints about busy signals.

23 Nonprofit corporations would benefit greatly
24 from a more equitable distribution of costs to provide
25 telephone services. We would like to at least be

1 charged at the residential rate or somewhere in
2 between business and residential rates. This would
3 allow funds to go toward the community services which
4 we provide.

5 **COMMISSIONER DEASON:** Any questions? Thank
6 you ma'am. Mr. Burgess.

7 **MR. BURGESS:** Commissioner, those are all of
8 the names that I have of people who have signed up to
9 speak.

10 **COMMISSIONER CLARK:** Mr. Chairman,
11 Mr. Ausborn, could you come back up and let me ask you
12 a question about calling our offices.

13 **WITNESS AUSBORN:** Yes, ma'am.

14 **COMMISSIONER CLARK:** Did you have any
15 difficulty getting through?

16 **WITNESS AUSBORN:** No.

17 **COMMISSIONER CLARK:** Describe to me, you
18 called up and you probably got a menu or prompts, did
19 you? Or did you get a person right away?

20 **WITNESS AUSBORN:** I spoke with a person.

21 **COMMISSIONER CLARK:** Right away. Do you
22 remember when you called? Was it yesterday?

23 **WITNESS AUSBORN:** Yesterday, it was
24 probably -- started this mission yesterday about 12,
25 probably around almost 1:00.

1 **COMMISSIONER CLARK:** How did we do?

2 **WITNESS AUSBORN:** Did great. Blamed it on
3 the FCC. (Laughter)

4 **COMMISSIONER CLARK:** Okay. But you felt
5 like the person was knowledgeable.

6 **WITNESS AUSBORN:** Yes. I explained to your
7 office, after I, you know, went through the telephone
8 company, Washington, back to BellSouth, PSC, back to
9 Washington. She explained it to me, you know, how it
10 came down as probably the FCC, and said basically you
11 all are a state organization. I was happy with your
12 office. I don't know who I'm upset with. But --
13 (Laughter)

14 **COMMISSIONER DEASON:** Let me ask, are there
15 any other members of the public who wish to testify
16 this evening? Let the record reflect there are not.

17 Before we adjourn, Ms. Keating, have you had
18 an opportunity to look at our rules?

19 **MS. KEATING:** Not yet, Commissioner. I'm
20 afraid I had a technical problem with my rule book.

21 **COMMISSIONER DEASON:** Well, if you could get
22 back to me later.

23 **MS. KEATING:** I certainly will. Actually,
24 if the customers who had questions will come up here
25 afterwards, I'll be able to take the rule book and

1 look it up.

2 **COMMISSIONER DEASON:** Okay. Let me take
3 this opportunity to thank everyone that came out to
4 the hearing this evening. We appreciate you taking
5 the time to come and provide your comments. The
6 Commission has a large task in front of it. There are
7 many different viewpoints that we're getting from
8 around the state and that's the very purpose of these
9 hearings is to hear those viewpoints and those
10 concerns. And let me assure you we will take all of
11 these viewpoints and concerns into consideration when
12 we provide our report to the legislature. And with
13 that, this hearing is adjourned. Thank you.

14 (Thereupon, the hearing concluded at
15 7:00 p.m. CST)

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1 STATE OF FLORIDA)
2 COUNTY OF LEON)

CERTIFICATE OF REPORTER

3 I, JOY KELLY, CSR, RPR, Chief, Bureau of
4 Reporting, Official Commission Reporter,

5 DO HEREBY CERTIFY that the Hearing in Docket
6 No. 980000A-SP was heard by the Florida Public Service
7 Commission at the time and place herein stated; it is
8 further

9 CERTIFIED that I stenographically reported
10 the said proceedings; that the same has been
11 transcribed by me; and that this transcript,
12 consisting of 48 pages, constitutes a true
13 transcription of my notes of said proceedings.

14 DATED this 18th day of September, 1998.

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JOY KELLY, CSR, RPR
Florida Public Service Commission
Chief, Bureau of Reporting

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