

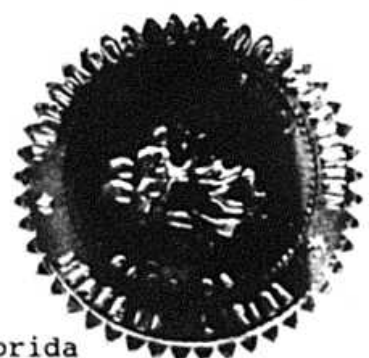
BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

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In the Matter of

**Fair and Reasonable
Residential Basic Local
Telecommunications Rates.**

:
: SPECIAL PROJECT NO. 980000A-SP
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PROCEEDINGS: PUBLIC HEARING
Altamonte Springs, Florida

BEFORE: CHAIRMAN JULIA L. JOHNSON
COMMISSIONER J. TERRY DEASON
COMMISSIONER JOE GARCIA
COMMISSIONER E. LEON JACOBS, JR.

DATE: Friday, September 25, 1998

TIME: Commenced at 10:00 a.m.
Concluded at 12:55 p.m.

PLACE: City Hall
City Council Chambers
225 Newburyport Avenue
Altamonte Springs, Florida

REPORTED BY: JOY KELLY, CSR, RPR
Chief, Bureau of Reporting

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1 **APPEARANCES:**

2 **JUNE MCKINNEY**, Florida Public Service
3 Commission, Division of Legal Services, 2840 Shumard
4 Oak Boulevard, Tallahassee, Florida 32399-0870,
5 appearing on behalf of the **Commission Staff**.

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

10

11 **ALSO PRESENT:**

12 **ANN SHELFER** and **LEVENT ILERI**, FPSC Division of
13 Communications

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P R O C E E D I N G S

(Hearing convened at 10:00 a.m.)

CHAIRMAN JOHNSON: Good morning, ladies and gentlemen. My name is Julia Johnson. I'm going to go ahead and call this customer hearing to order this morning.

Counsel, please read the notice.

MS. MCKINNEY: Notice issued August 27th, 1998, this time and place is set for public hearing in the Florida Public Service Commission's Undocketed Special Project 980000A. The purpose of this hearing is set forth in the notice.

CHAIRMAN JOHNSON: Thank you. Take appearances.

MR. BECK: My name is Charlie Beck. I'm with the Office of Public Counsel in Tallahassee appearing on behalf of the Florida citizens.

MS. MCKINNEY: June McKinney on behalf of Staff.

CHAIRMAN JOHNSON: Again, my name is Julia Johnson. I'm the Chairman of the Public Service Commission. Seated to my right is Commissioner Terry Deason, and to my far right is Commissioner Joe Garcia. Joining us soon will be Commissioner Leon Jacobs.

1 Let me give you a little background
2 information. I'm certain as you came into the room
3 you received several handouts, but one was the Fair
4 and Reasonable Rate handout. That was the blue form.
5 That goes into quite a bit of detail as to why we're
6 here today. But I'll just provide some summary
7 information.

8 Last legislative session the Florida
9 Legislature asked that the Commission study and report
10 back to the legislature the fairness and
11 reasonableness of the local residential rates. They
12 asked us to look at quite a few factors: The
13 affordability of the service, the cost of the service,
14 how customers value the service, and they also asked
15 us to compare and look at the rates for basic
16 residential local service in other surrounding
17 southeastern states. We are -- in several different
18 proceedings, we're going to have a cost proceeding to
19 get a better indication of cost. But we most
20 importantly scheduled 22 hearings across the state to
21 hear from the customers. To hear what you think about
22 telephone service, quality of service, the rates that
23 you pay, and anything else that you would like for us
24 to know about so that we can provide that information
25 to the legislature, as they decide next year what they

1 should do, what they can do to help promote in advance
2 competition and choice.

3 Last session -- I know I was talking to one
4 gentlemen a little earlier -- certainly there was a
5 bill on the House side that would have provided for
6 some incremental rate increases on the local rate with
7 concurrent access reductions on the long distance
8 side. That bill did not pass the legislature. The
9 gentlemen that I spoke thought that perhaps that
10 legislation had passed and that this was this
11 legislation. That legislation did not pass. In fact,
12 the committee withdrew that legislation and replaced
13 it with the legislation that has brought us here
14 today.

15 Someone else asked is this a rate increase
16 proceeding? No, this isn't a
17 rate-of-return-rate-increase kind of proceeding. The
18 Commission does not regulate companies' rate of return
19 anymore. In 1995 the legislature saw fit to take away
20 that particular regulatory authority, but in its place
21 they presented price caps so that companies could not
22 charge any higher than a rate certain for a certain
23 period of time. And after which they would have some
24 indices to which they could, over several years, begin
25 to, to an index, raise rates. But this is not a rate

1 case. This is not a rate proceeding. This is an
2 opportunity for us to hear from you; report to the
3 legislature so that they can make up their minds as to
4 what needs to be done.

5 Now, with respect to your comments today,
6 for those of you who would like to testify, at the
7 appropriate time I'll ask you to stand and we'll swear
8 you in. The reason we do that is so that your
9 testimony can be a part of the official record upon
10 which we can rely when we issue our final report and
11 recommendation to the legislature. If you don't want
12 to provide any oral comments today, the blue sheet
13 also -- on the last page there's a place for written
14 comments. So if you'd like to write in your comments,
15 fold those over and provide them to Ms. Crump that
16 would be fine. Or if you go home tonight and you
17 think about it over the next several days or several
18 weeks that there's something you want to tell us, you
19 can provide us with those written comments. We also
20 have a 1-800 number so that you can call the
21 Commission and provide us with your comments. And I
22 ask that you be patient with us in the 1-800 number.
23 We're in the process of trying to upgrade the system.
24 The legislature did give us additional funding to have
25 additional people to man those calls, but we still

1 find that there's so many calls coming in, oftentimes
2 customers calling in have quite a long wait.

3 If you have access to a computer, you can
4 file your complaints or your concerns via the
5 Internet. That process is up and running and it seems
6 to work very well.

7 Also with respect to the computer and
8 Internet access, if you want to hear what your
9 neighbors are saying across the state, there's a link
10 that if you have the appropriate audio speakers on
11 your computer, you can link in and hear the testimony
12 of those from weeks and the months past and even those
13 that will be testifying, we generally have them
14 transmitted live so that you can hear what your
15 neighbors across the state have to say about this
16 issue. In fact, this particular hearing is being
17 transmitted over the Internet live. So we did want to
18 make sure you were informed of that.

19 I think I've handled most of the preliminary
20 matters. Counsel, anything?

21 **MS. MCKINNEY:** No.

22 **CHAIRMAN JOHNSON:** Okay. And with that, if
23 those of you that would like to testify, if you could
24 stand, I'll swear you in at this time.

25 (Witnesses collectively sworn.)

1 Thank you. You may all be seated. And as
 2 you come forward Mr. Beck, of the Public Counsel's
 3 Office, will call your name. As you come forward, if
 4 you could come to the podium, state again your name,
 5 and where you're from for purposes of the record, and
 6 begin your statements. After which, if you could
 7 pause for a second, there may be questions from the
 8 Commissioners. If you'd like to answer questions,
 9 that's fine. If you don't want to answer any
 10 questions, that's fine too. Just let us know whatever
 11 you feel most comfortable with. With that I think
 12 we're ready for the first customer.

13 **MR. BECK:** Thank you, Chairman Johnson. The
 14 first witness is Loren Elsey.

15 - - - - -

16 **LOREN ELSEY**

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

20 **DIRECT STATEMENT**

21 **WITNESS ELSEY:** My name is Loren Elsey. I'm
 22 from Geneva, Florida. And I'm very grateful for this
 23 opportunity to speak my peace. And if you have any
 24 questions, I'd be happy to answer them. And instead
 25 of relying on my old memory, I recorded everything for

1 posterity in the form of a statement, so if you will
2 just bear with me, and I'll read this.

3 Since the breakup of the Bell System I have
4 been concerned about the way revenue has been managed
5 for long distance service. In my opinion, this is
6 corporate welfare and the gross fleecing of America.
7 I have written a lot of letters and talked to a lot of
8 people, the FCC, PSC, various representatives of
9 BellSouth. No one disagrees with me but no one seems
10 to be willing to take the initiative to do something
11 about it.

12 Before the breakup in 1984 we had free
13 telephones, free service calls, free repairs. We had
14 friendly operators without voice mail. Long distance
15 rates were progressively going down; they were not
16 going up. We had no long distance fees or carrier
17 line charges.

18 After the breakup, all of the free stuff was
19 discontinued. Because of MCI, the long distance
20 business was given to a few carriers. MCI did not
21 want to provide local services too costly. Local
22 carriers could not survive without long distance
23 revenue, which was recognized by the FCC. But as I
24 recall, state PSC's would not authorize a substantial
25 rate increase. Congress and the state PSC's and the

1 FCC then authorized the local carriers to replace this
2 lost revenue with the long distance access fee to
3 compensate for the use of local networks, which was
4 previously paid out of long distance revenue.

5 Access fees, plus carrier line charges now
6 represent 55% of the basic rate for a single line
7 consumer. For two lines it's 63%. Just for the
8 privilege of making a long distance call, I pay \$150 a
9 year, plus the appropriate state and federal taxes.
10 My average long distance calls are less than \$5 a
11 month.

12 On Tuesday I spoke to an AT&T operator
13 regarding the new \$3 minimum that will be charged to
14 14 million AT&T customers who do not make many or any
15 long distance calls. That equates to an additional
16 \$42 million per month, or \$504 million per year in
17 additional revenue from those who can least afford it.

18 My access fees will now with \$220 per year
19 instead of \$150. The operator explained that the \$3
20 minimum was to maintain the network to complete the
21 call. Can you believe that? That's what we pay the
22 access fee. And I explained to her I already pay an
23 access fee to BellSouth for that purpose. She could
24 not explain that. But she did confirm -- and this is
25 very important -- that commercial revenue exceeds

1 residential revenue.

2 So after I spoke to her I spoke to an AT&T
3 Staff member in Columbus, Ohio, to determine what AT&T
4 paid to BellSouth and other carriers for an access
5 fee. He said it was seven cents a minute. I didn't
6 believe him. So I called Southern Bell and spoke to a
7 staff member, and she then could not answer my
8 question but she had another senior staff member call
9 me late yesterday afternoon and confirm that they
10 collect from AT&T a total of 4.9 cents per minute. So
11 in addition to that 4.9 cents per minute, and the
12 \$3.50 we pay on your monthly statement, this is
13 double-dipping, right?

14 Now, what is even worse, there are
15 approximately 2700 listings in the local directly --
16 I'm talking about Orange County, et cetera -- for
17 city, county, state and federal government telephone
18 listings. I suspect that no more than 10% of those
19 listed are authorized to make long distance calls.
20 Probably less than 10% receive long distance calls.
21 Even though a large percentage of the telephones are
22 restricted from making long distance calls, they can
23 still receive long distance calls, and, therefore, are
24 subject to the access fee. An access fee is paid for
25 each of those telephones. The total for Metropolitan

1 Orlando is approximately \$300,000 annually, including
2 state and federal taxes. For the entire state, I
3 suspect, that this would be 10 times that amount, or
4 \$3 million annually. That is money that's paid from
5 tax revenue that could be spent for educating our
6 children; our grandchildren in my case.

7 Rather than subsidizing other long distance
8 users -- or rather than subsidizing long distance
9 users, hundreds of thousands of our tax dollars are
10 being spent on access fees for telephones that never
11 initiate or receive a long distance call. Access fees
12 should be reevaluated to arrive at a more fair way to
13 charge the consumer for long distance usage. Long
14 distance revenue for the industry -- I'm talking about
15 nationally -- is approximately \$90 billion. Access
16 fee revenue is approximately \$8.5 billion or 10% of
17 long distance revenue.

18 Many years ago I was told not to complain
19 unless I had a solution to the problem. In my opinion
20 there are two options. Clearly a 10% adjustment in
21 basic long distance rates will pay for the use of
22 local networks to process the long distance calls.
23 This would amount to only a penny or two per minute.

24 Long distance providers should pay the
25 access fee directly to the local carrier for the use

1 of their network to complete the call. This is the
2 way that it was -- and this is important to
3 remember -- we didn't have all of this stuff before
4 the breakup. This is the way that it was done in 1984
5 before the breakup. Or the local carrier could bill
6 the consumer, you and I, 10% of the value of the long
7 distance calls for your current billing period. If
8 you made \$3 in long distance calls, then your charge
9 would become \$3.30 for the month, instead of \$6.50
10 which you would pay now, plus carrier line charge,
11 plus universal connectivity charge, the Gore tax.

12 I'm a strong advocate of user fees. If you
13 use the service, pay for it. It is not reasonable,
14 and I believe it's criminal, to expect a consumer to
15 subsidize their neighbor and Corporate America long
16 distance phone calls. Consider this in comparison --
17 and I hope you listen very carefully on this -- an
18 access fee on your utility bill to pay, or to reduce,
19 the toll fees on our local toll roads. Is there any
20 difference between that and an access fee for long
21 distance tolls? No. The public would be outraged if
22 we had to do that.

23 And then, also, there are discussions
24 underway to deregulate the electrical power companies.
25 It's my understanding that another access fee is

1 already being discussed for the consumer to pay, you
2 and I, if you switch to another provider.

3 Finally, I would like to offer this
4 observation regarding the rate proposals that you
5 talked about and were discussed during the last
6 legislative session.

7 The proposed rate of \$20 over the next
8 several years for the purpose of reducing commercial
9 rates? No. Reducing long distance rates? That is
10 obscene. To increase the basic rate to reduce long
11 distance rates? Whenever already 40 million people
12 are subsidizing long distance rates. Forget it.
13 Reduce call waiting? Forget that. Those that can
14 afford call waiting and MemoryCall, pay for it. Most
15 folks cannot afford it. To allow more competition?
16 Since when does calling to increase your rates
17 increase competition? You know, you want competition
18 to reduce rates, not to increase it.

19 Once again, Middle America and those who can
20 least afford it are being called on to finance those
21 who can afford it. I have no sympathy for the long
22 distance carriers. The profit they make is reflected
23 by the number of television ads that we see daily,
24 "10-10-321." It is outrageous to expect the consumer
25 to subsidize these carries to further reduce their

1 rates to pay for these television ads. And I thank
2 you for your time. Any questions?

3 **CHAIRMAN JOHNSON:** Thank you. Questions,
4 Commissioners?

5 **COMMISSIONER GARCIA:** I do, but the Chairman
6 is probably going to get bothered, but I'm going to go
7 ahead and do it anyway.

8 Obviously, your statement speaks for itself,
9 so it's not about this, but it's just a general
10 question. And then I want to see if you have an
11 opinion, and I'm sort of mixing dockets here. Because
12 you did such a thoughtful job about this, I wanted to
13 ask you what do you think about the area code split
14 issue? Have you thought about that at all? Do you
15 have an opinion?

16 **WITNESS ELSEY:** Yes.

17 **COMMISSIONER GARCIA:** Could you give it to
18 us, if you don't mind?

19 **WITNESS ELSEY:** I would prefer that instead
20 of having -- I think the discussion has been that
21 there may be an area code, let's say, in Central
22 Orange County.

23 **COMMISSIONER GARCIA:** Right. That's one of
24 the proposals.

25 **WITNESS ELSEY:** And then in the outside

1 perimeter, then we would still retain what we have
2 got, or it would be something different or whatever.

3 My suggestion is just to go to a 10-digit
4 number because you're going to have to do it
5 eventually anyway. Get it over with.

6 **COMMISSIONER GARCIA:** Thank you, sir. You
7 are one of the few who suggested that. But in the
8 confusing nature of this area in particular, the phone
9 service here is confusing because you have so many
10 companies that have a little chunk of this area, and
11 the rates and how it works.

12 But I've seen that perhaps that's one of the
13 better solutions, even though, as a general rule, we
14 don't like overlay. We've yet to make our decision
15 but I appreciate your comments.

16 **WITNESS ELSEY:** Well, you're going to have
17 to go 10 digits sooner or later.

18 **COMMISSIONER GARCIA:** Thank you.

19 **COMMISSIONER DEASON:** Sir, I have a
20 question.

21 **WITNESS ELSEY:** Excuse me.

22 **COMMISSIONER DEASON:** I appreciate your
23 statement. Obviously you put a lot of thought and
24 effort into it.

25 I have a question concerning the relative

1 level of long distance rates interstate versus
2 intrastate.

3 When we go to these hearings, often
4 customers are confused and want explanations as to why
5 interstate rates are lower. They give examples. They
6 can call New York or San Francisco cheaper than they
7 can call Orlando -- not Orlando but in this case Miami
8 or Jacksonville. And you've hit upon the subscriber
9 line charge, which is \$3.50 fee which is imposed by
10 the FCC. That covers costs which were previously part
11 of long distance rates, which you've observed that as
12 well.

13 Here in Florida we've not imposed such a fee
14 on the intrastate -- see, we only have jurisdiction
15 over intrastate.

16 **WITNESS ELSEY:** You shouldn't.

17 **COMMISSIONER DEASON:** My question is, do you
18 think it's more fair to have higher long distance
19 rates with no fee even though those rates may be
20 higher -- intrastate rates may be higher than
21 interstate long distance rates?

22 **WITNESS ELSEY:** I think it's fair if you
23 want to use the service you pay for it. You don't
24 subsidize your neighbor for your luxuries.

25 Getting back to that question about the

1 difference in those rates, I spoke to -- well, I guess
2 it was in one of these conversations I had with a
3 Southern Bell operator whenever it came up to access
4 fees -- and I said that you have an access fee that is
5 included in that rate, do you not? And that's the
6 reason --

7 **COMMISSIONER DEASON:** There are access
8 charges that are collected in state, the 4.9 cents
9 which you mentioned, and it's even higher for Sprint
10 and for GTE.

11 **WITNESS ELSEY:** Could be.

12 **COMMISSIONER DEASON:** Those rates -- they
13 are collected on a per minute of usage basis --

14 **WITNESS ELSEY:** Right.

15 **COMMISSIONER DEASON:** -- which causes rates
16 to be higher.

17 **WITNESS ELSEY:** Now you're talking about
18 interstate?

19 **COMMISSIONER DEASON:** No. Intrastate we
20 collect on our per minute basis.

21 **WITNESS ELSEY:** Those rates are higher?

22 **COMMISSIONER GARCIA:** Yeah.

23 **COMMISSIONER DEASON:** The access rates, the
24 4.9 cents that's collected --

25 **WITNESS ELSEY:** You see, this is the thing

1 that's wrong about this whole system. Prior to 1985
2 no one ever heard of access fees. It was paid by --
3 out of the long distance call that you made. That's
4 where the profit is in the telephone industry. That's
5 the reason why AT&T and Sprint and MCI -- that's the
6 reason why MCI wanted in it in the first place,
7 because of the profits. Then it takes it away from
8 the local carriers. Local carriers can't survive
9 without long distance revenue because that's where the
10 profit was before. And all of this, see, was paid out
11 of long distance revenue.

12 Well, today, you know, in sympathy for, you
13 know, the local carriers, they said "We'll just --"
14 and I know that this is promoted by the Fortune 500.
15 They want the public to pay for their long distance
16 calls and that's wrong. Do you agree with that?

17 **COMMISSIONER DEASON:** Well --

18 **WITNESS ELSEY:** Come on, speak up.

19 **COMMISSIONER DEASON:** I can tell you that in
20 Florida we have historically relied upon charges
21 directly to customers for their usage, and we've
22 veered away from the FCC-type flat charge on a
23 per-customer basis. And you can call it -- it's a
24 per-minute charge. What it is, is the local companies
25 charge the long distance companies for accessing their

1 network. It's not a customer-specific charge. It's
2 collected from the long distance companies. And then
3 the companies have to structure their rates, whatever
4 they think is appropriate, to recover costs of
5 completing calls onto the local network, and it's a
6 per-minute basis.

7 **WITNESS ELSEY:** But what is wrong with
8 adjusting the long distance rate to accommodate the
9 access fee? Or what would be wrong --

10 **COMMISSIONER GARCIA:** It is. The
11 intrastate.

12 **WITNESS ELSEY:** What's the 3.50 for?

13 **COMMISSIONER GARCIA:** That's federal.

14 **COMMISSIONER DEASON:** Interstate.

15 **COMMISSIONER GARCIA:** Which is between
16 states. And we have no jurisdiction.

17 **WITNESS ELSEY:** But AT&T and Sprint and all
18 the others still pay almost five cents a minute to the
19 local carriers for the same thing. It's still an
20 access fee. It's a double dip. Why can't that fee be
21 prorated to be included either in the long distance
22 call rate or be identified on your statement that you
23 pay 10% as an access fee for the calls that you make?
24 And guys like myself, who make less than \$5 worth of
25 long distance calls a month, we'd only pay 50 cents

1 access fee. But the guy that pays \$1,000 a month in
2 long distance calls, he'd pay \$100. And that's where
3 you're going to get your complaint.

4 COMMISSIONER JACOBS: I'm interested,
5 Mr. Elsey, how did you arrive at the 10% figure?

6 WITNESS ELSEY: The total revenue nationally
7 for long distance calls is \$90 billion. Access fees
8 total revenue is \$8.5 billion. So it's 10%.

9 COMMISSIONER JACOBS: Interesting. Thank
10 you.

11 CHAIRMAN JOHNSON: I was trying to
12 understand the double-dipping argument --

13 WITNESS ELSEY: Okay.

14 CHAIRMAN JOHNSON: -- that you make.

15 WITNESS ELSEY: I'll clear it up.

16 CHAIRMAN JOHNSON: I know that the local
17 exchange companies, they get the 3.50 through the
18 subscriber line charge.

19 WITNESS ELSEY: Right.

20 CHAIRMAN JOHNSON: And they also get
21 revenues from the long distance companies by charging
22 them access. But the FCC, they have a formula based
23 upon each local exchange company. The local companies
24 say how much does it really cost you to maintain your
25 network? And what the FCC has done is they've given

1 the local exchange companies two sources of revenue:
2 The 3.50, which is that fixed charge, and access
3 revenues. And the numbers together should add up --
4 maybe not, maybe that's your argument -- should add up
5 to the cost of maintaining the network. They should
6 add up. The FCC just had two different avenues for
7 generating revenues; one was the 3.50 that was a fixed
8 charge that as Commissioner Deason said, when they
9 first came up with that, the Florida Commission was
10 opposed to that; putting it right on local rates that
11 way. And then the other mechanism that they used was
12 the access revenues.

13 **WITNESS ELSEY:** But that 3.50 is still an
14 access fee.

15 **CHAIRMAN JOHNSON:** Basically you're right,
16 it is. It's just by another name.

17 **WITNESS ELSEY:** It says so on your
18 statement.

19 **CHAIRMAN JOHNSON:** And your point is
20 well-taken because as it relates to your argument --
21 you'll probably end up being more upset -- because the
22 FCC, they determined generally and directionally that
23 it is better to have a fixed charge on the bill as a
24 method of recovering access than the minute-of-use
25 charge. Because no one disputes that what we're --

1 what regulators -- what the FCC and state regulators
2 in the instance of intrastate revenues, that we are
3 charging the long distance companies far above the
4 cost of service in order to generate those subsidy
5 flows.

6 **WITNESS ELSEY:** The argument that I have,
7 Ms. Johnson, is that the FCC cannot do anything
8 without the approval of Congress.

9 **CHAIRMAN JOHNSON:** True.

10 **WITNESS ELSEY:** Right?

11 **CHAIRMAN JOHNSON:** Yes. They may have
12 some -- yes, they have to follow the federal laws.
13 And I know right now there's some debate as to whether
14 the rules that they are implementing now are
15 consistent with the laws. But there's some debate.
16 But you're right.

17 **WITNESS ELSEY:** Now, in this state you can't
18 do anything without the approval of the legislature.

19 **CHAIRMAN JOHNSON:** That's right. Yes, sir.

20 **WITNESS ELSEY:** Behind that scene is
21 corporate America that is influencing the decision of
22 the people in our legislature and also in Congress.
23 And it's through their contributions to their
24 political parties and their campaigns that influence
25 those decisions in their favor. And that's what's

1 wrong.

2 You see, in my opinion, a political
3 candidate, or a member of Congress or whatever it may
4 be, should never be authorized or allowed to accept a
5 contribution from any commercial organization. Only
6 individuals vote. Corporations don't. It's you and I
7 that should be able to determine whether a political
8 candidate gets in Congress or our state legislature to
9 make those decisions that affect us. But they make
10 decisions that are in favor of Corporate America.

11 **COMMISSIONER GARCIA:** You and I can have a
12 long debate about that and probably enjoy it, but
13 maybe we shouldn't expose the audience to our arcane
14 beliefs -- or my arcane beliefs about how it should
15 work. But I agree with you, the corporations do have
16 a lot to say in what happens.

17 But I do contend to you the fact that you're
18 here speaking to us also has a lot to say for it. And
19 the fact we've had people speak to us in every stop.
20 We've have -- I think there are going to be 24 or 25
21 of these hearings across the state.

22 The legislature, when they tried to do a
23 rebalancing bill and realized it was not popular,
24 moved away from that position because they felt that
25 perhaps there was a backlash and they need to have

1 more facts. Believe it or not, you do vote and that
2 makes a much bigger difference sometimes than
3 contributions.

4 **WITNESS ELSEY:** The reason why I made that
5 negative statement about politicians in Corporate
6 America is that I've got a folder down here full of
7 letters that I have written to our representatives
8 both in our legislature and in Congress -- I get real
9 nice letters back from them. And they all agree, but
10 nobody does anything. There is no action taken.
11 Every single one of them agree but no action.

12 **COMMISSIONER DEASON:** Do they agree on
13 campaign contributions or agree on access charges?
14 (Laughter)

15 **WITNESS ELSEY:** They say that they are in
16 favor of campaign finance reform.

17 **CHAIRMAN JOHNSON:** On this issue, your
18 timing is impeccable, because the FCC, they are in the
19 process of even reconsidering their own order on
20 access.

21 **WITNESS ELSEY:** I picked up one paragraph
22 this those documents that you and the other lady
23 showed me, and it sounds encouraging. But even in
24 that one paragraph on Page 2, and I didn't get to
25 finish it -- it was in favor of long distance revenue,

1 not the local rate.

2 See, the primary objective of all of this
3 stuff is to reduce long distance rates.

4 **CHAIRMAN JOHNSON:** Right.

5 **WITNESS ELSEY:** And 40 million people don't
6 make long distance calls.

7 **COMMISSIONER GARCIA:** So reduce long
8 distance rates, in particular intrastate, which is
9 long distance within the states.

10 **CHAIRMAN JOHNSON:** The point that I think it
11 was -- a good point in that it seems as if like you're
12 stating we started off, when we deregulated, you know,
13 the long distance business, we set up this subsidy
14 scheme that was designed to subsidize local rates.
15 But what's happening is the local people are ending up
16 subsidizing long distance. The point is well-taken.

17 **WITNESS ELSEY:** And you even included that
18 in the proposals that were made in the spring to
19 reduce long distance rates, and it just made me
20 furious.

21 **COMMISSIONER GARCIA:** Mr. Elsey.

22 **WITNESS ELSEY:** Yes.

23 **COMMISSIONER GARCIA:** I would tell you that
24 there are some advantages even if you're not a long
25 distance user.

1 **WITNESS ELSEY:** Name one.

2 **COMMISSIONER GARCIA:** To competition.

3 **WITNESS ELSEY:** Sir?

4 **COMMISSIONER GARCIA:** If you'd let me
5 finish -- to the concept of competition. And that is,
6 there's a series of innovations that I think have been
7 driven by the fact that we do have competition.

8 **WITNESS ELSEY:** Name one.

9 **COMMISSIONER GARCIA:** I think the whole
10 series of services and advantages that you have from
11 your phone system today, which probably would have
12 never been offered by a stranded phone system which
13 had to compete with no one.

14 **WITNESS ELSEY:** I don't get better service
15 today than I did 15 years ago.

16 **COMMISSIONER GARCIA:** I would contend to you
17 that you have more choices today of different type
18 services. If you just want basic service, you're
19 absolutely right. There's --

20 **WITNESS ELSEY:** Name one. Give me some
21 examples. I can't agree with you.

22 **COMMISSIONER GARCIA:** I think as a
23 society -- maybe you and I should take up our debate
24 after because I know a lot of people are waiting to
25 speak, and I don't mind.

1 **WITNESS ELSEY:** Yeah, okay.

2 **COMMISSIONER GARCIA:** I've got a few hours
3 to kill.

4 **CHAIRMAN JOHNSON:** He can ride with us,
5 Mr. Elsey. We're riding down together to Brevard, he
6 can catch a ride.

7 **COMMISSIONER GARCIA:** So maybe we can talk
8 then. But I think there are advantages as a society
9 we gain from competition. You're right, that there
10 has been a price fluctuation. But today, for example,
11 in long distance, as an example, long distance is
12 much, much cheaper today than it was back then and
13 there's much, much more long distance.

14 **WITNESS ELSEY:** Only because of access fees.

15 **COMMISSIONER GARCIA:** Only because there's
16 been a shift in the burden, you're right, to some
17 degree.

18 **WITNESS ELSEY:** You're right. That's the
19 only justification for lowering long distance rates is
20 access fees.

21 It started out at \$1 a month in 1985. And
22 then it's increased incrementally ever since then and
23 now it's \$5 if you have two lines. And then it's
24 going to increase some more. Right?

25 **CHAIRMAN JOHNSON:** Yes.

1 **COMMISSIONER GARCIA:** Well, we don't know
2 that part in terms of the state yet.

3 **WITNESS ELSEY:** But it's proposed that it be
4 increased. So everytime there's an increase in access
5 fees the long distance rates go down. Are you all
6 aware of that?

7 **COMMISSIONER DEASON:** They should go down.

8 **WITNESS ELSEY:** Well, they did. And we're
9 subsidizing.

10 **COMMISSIONER GARCIA:** Sometimes they don't.
11 Believe it or not, they don't go down for you. They
12 go down for others. But they don't go down -- access
13 reductions don't always go to you. In other words,
14 when they reduce that access charge, sometimes that
15 access charge is directed at, for example, business
16 customers as opposed to you.

17 **WITNESS ELSEY:** When was the access charge
18 reduced?

19 **COMMISSIONER GARCIA:** Whenever -- well, it
20 has been several times.

21 **WITNESS ELSEY:** The access fee has been
22 reduced?

23 **CHAIRMAN JOHNSON:** Access rates that are
24 charged to the long distance companies.

25 **COMMISSIONER GARCIA:** Access rates that are

1 charged to the companies.

2 **WITNESS ELSEY:** Well, but that's whenever
3 the access rate is increased for us. See?

4 **COMMISSIONER GARCIA:** Right. Right.

5 **COMMISSIONER DEASON:** You make an excellent
6 point. Excellent point.

7 **COMMISSIONER JACOBS:** Mr. Elsey, I'd like to
8 ask you one more point. Kind of taking your
9 argument -- extending it a little bit, I think you
10 said there are approximately 40 million people out
11 there who participate in the network make very few
12 long distance calls.

13 **WITNESS ELSEY:** That's correct.

14 **COMMISSIONER JACOBS:** And I take your
15 argument to be that they then shouldn't contribute at
16 the same level to the ideas -- to the support of that
17 long distance network.

18 If you buy off on that argument, and then go
19 ahead and reduce their access-related charges, what
20 would be your vision of how that would impact
21 competition?

22 **WITNESS ELSEY:** I'm not suggesting that the
23 total revenue be diminished. I'm suggesting that the
24 ones who use it, pay for it.

25 **COMMISSIONER JACOBS:** You would make it back

1 to the usage sensitive, and the revenue would come
2 from as the heavy users would pay more and the lower
3 users would pay less.

4 **WITNESS ELSEY:** No, they won't be paying any
5 more.

6 **COMMISSIONER GARCIA:** They will pay less.

7 **COMMISSIONER JACOBS:** The heavy users?

8 **WITNESS ELSEY:** Well --

9 **COMMISSIONER GARCIA:** Heavy users will pay
10 more for their use. But what he's saying is that it
11 should all be based within the rate -- you make an
12 argument that a lot of people have made to us. That
13 all of these fees should all be comprehensive and it
14 should be one package and it should be based on usage.

15 **WITNESS ELSEY:** That's right.

16 **COMMISSIONER GARCIA:** And --

17 **WITNESS ELSEY:** If you use it, you pay for
18 it. If you get to a toll road locally, you pay a toll
19 fee, right? There shouldn't be an access fee to your
20 statement to pay for that toll road. Do you agree?
21 Come on, speak up.

22 **COMMISSIONER JACOBS:** It's a very persuasive
23 argument.

24 **WITNESS ELSEY:** Huh?

25 **COMMISSIONER JACOBS:** It's a very persuasive

1 argument.

2 **WITNESS ELSEY:** Thank you very much.

3 **MR. BECK:** The next witness is Stan Culler.

4 **COMMISSIONER GARCIA:** Mr. Culler, we promise
5 not to ask you about access fees.

6 **CHAIRMAN JOHNSON:** Yes, sir. If you could
7 state your name and where you're from.

8 - - - - -

9 **STAN CULLER**

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

13 **DIRECT STATEMENT**

14 **WITNESS CULLER:** Stan Culler. I'm from
15 Tangerine, Florida.

16 My complaint -- I guess a complaint, right?
17 Why is Tangerine the only community in Orange County
18 that is required to pay a toll charge to call anywhere
19 in Orange County? There are certain counties,
20 certain -- there are certain communities in Lake
21 County that can call all of Orange County toll free.
22 We do not have that same privilege. We cannot call
23 anywhere, anywhere in Orange County, except Tangerine
24 without paying a toll. We are in the north -- the
25 northernmost part of Orange County, and yet Sprint

1 recognizes us as Lake County. As a matter of fact,
2 they even have us listed in the phone book as Mount
3 Dora, which everybody knows is Orange County or Lake
4 County. We cannot call any of our schools, any doctor
5 anywhere in Orange County without being a toll call.

6 That seems awful unfair. We can call
7 portions of Seminole County for a quarter but we
8 cannot call anywhere in Orange County without being a
9 toll. That just seems very unfair to the community of
10 Tangerine.

11 **COMMISSIONER GARCIA:** Just so I get a better
12 understanding of it, and you're one of many who have
13 spoken about these issues in this area and it was
14 something I alluded to -- you're in the northernmost
15 part, northwestmost part of Orange County.

16 **WITNESS CULLER:** Right.

17 **COMMISSIONER GARCIA:** I'm trying to think --

18 **WITNESS CULLER:** Just before Mount Dora,
19 too. A mile from the Lake County line, above Apopka,
20 Zellwood.

21 **COMMISSIONER GARCIA:** He wouldn't show up on
22 the maps we have.

23 **MR. BECK:** Do you have a 352 area code?

24 **WITNESS CULLER:** Right. 352. Like I say,
25 we're in Orange County.

1 **CHAIRMAN JOHNSON:** But he's in --

2 **WITNESS CULLER:** But Sprint recognizes us as
3 Lake County. We can't even get an Orange County phone
4 book.

5 **CHAIRMAN JOHNSON:** Did you say that the --
6 because you're in Orange County, your children all go
7 to Orange County schools.

8 **WITNESS CULLER:** Orange County schools,
9 correct. We cannot call one of those without it being
10 a toll call.

11 **CHAIRMAN JOHNSON:** But all can call --
12 what's your local call. It sounds like you can't call
13 anybody.

14 **WITNESS CULLER:** We can call Lake County.
15 All of Lake County. We have no business in Lake
16 County. All of our governmental offices are in Orange
17 County. Long distance. Hospitals, doctors -- the
18 schools are a big thing.

19 **CHAIRMAN JOHNSON:** Yeah, certainly.

20 Ms. Shelfer has been working on these cases.
21 She may be able to explain to us the circumstances
22 surrounding you all's limited calling scope.

23 **WITNESS CULLER:** I understand there has to
24 be boundaries. But they made the boundary a mile from
25 the county line. You know, we don't do business in

1 Lake County.

2 **COMMISSIONER DEASON:** Sir, one of the other
3 complications is there's a LATA boundary involved,
4 which is the boundaries that were set up, when the
5 gentlemen earlier testified, when the Bell System was
6 broken up. And that everything was divided up into
7 LATAs. And under current federal law, BellSouth
8 cannot carry calls across a LATA boundary. I know
9 you're in Sprint territory, but to have EAS, or
10 service between your exchange and Orlando, it involves
11 BellSouth also. And right now they're currently
12 prohibited from providing that service.

13 **WITNESS CULLER:** I understand all that. But
14 what I'm saying is the boundaries need changing.

15 **COMMISSIONER DEASON:** And that's what I just
16 asked Staff. Is there some way we can change the LATA
17 boundary? We can't do it, but we'd have to petition
18 the FCC and -- and Department of Justice.

19 **WITNESS CULLER:** But you do agree that's
20 kind of ridiculous, right?

21 **COMMISSIONER DEASON:** I agree that we need
22 to look to see what serves the people best. And if
23 there's some arbitrary boundary that could be changed
24 and not disturb other calling patterns, and it could
25 be done at a reasonable cost, it's something we have

1 an obligation on your behalf to look at.

2 **WITNESS CULLER:** Thank you. Appreciate it.

3 **MS. SHELFER:** I was just going to add that I
4 remember the case well. It also involved another area
5 of Apopka. And when the Commission made their
6 considerations, the calling volumes were sufficient to
7 warrant some form of toll relief. They did not meet
8 the requirements for toll free EAS. The problem has
9 been, as we stated, the LATA. It has been pending
10 since 1988.

11 **CHAIRMAN JOHNSON:** Pending where?

12 **MS. SHELFER:** Because BellSouth cannot
13 originate in the reverse direction, the Commission
14 ordered the 25-cent plan years ago. We are looking,
15 and you will be considering on the November 2nd
16 agenda, one-way ECS from Mount Dora into Orlando.

17 And I would like to make a comment on
18 Commissioner Deason's -- one of the things we can look
19 at is moving the LATA. It does involve usually number
20 changes, area code changes, you know, will the same
21 area be a conflict in the existing one similar to what
22 we went through.

23 **CHAIRMAN JOHNSON:** I was going to ask you
24 about the Groveland case. He noted Clermont here,
25 which is in Lake County, and you can call Orlando,

1 which is Orange County. And right past that is a
2 small town called Groveland, which was being served by
3 Sprint but they want it calling into Orlando. It
4 sounds very similar to this situation.

5 **MS. SHELFER:** The difference is that
6 Clermont qualified for EAS, they were balloted. They
7 voted in favor of it.

8 **CHAIRMAN JOHNSON:** Groveland?

9 **MS. SHELFER:** Groveland did. But Clermont
10 also did. Clermont played an additive. And Groveland
11 also went to hearing and they voted in favor of EAS.
12 And as the FCC has approved, if it is toll free flat
13 rate nonoptional they have granted the exception to
14 carry over of the intraLATA line they considered
15 intraLATA but only for nonoptional EAS.

16 **CHAIRMAN JOHNSON:** Oh, okay. Well, at least
17 there's some options for us to look into.

18 **MS. SHELFER:** I'll get with you and see what
19 we can do.

20 **WITNESS CULLER:** Okay. Thank you.

21 **CHAIRMAN JOHNSON:** Thank you, sir.

22 **MR. BECK:** The next witness is Dorothy
23 McCall.

24
25

1 **DOROTHY MCCALL**

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 MCCALL:** Good morning. My name is
7 Dorothy McCall. I live at 241 Marker Street here in
8 Altamonte Springs, Florida.

9 My concern this morning is telephone
10 slamming. Attached in a memo that I just handed out,
11 and I didn't make copies for all of you, I was not
12 aware you all would be here, but I'm glad that most of
13 you are here this morning. I did make copies of
14 information that was forwarded to me from the Florida
15 Public Service Commission from Sprint Long Distance
16 Services. And I also have included copies of my
17 bills.

18 My concern started out, and you can follow
19 along with me, with my local telephone service being
20 slammed -- I'm sorry, my long distance service being
21 slammed from AT&T to Sprint Long Distance.

22 My concern started out in May of 1998, this
23 year, where I attempted to make a telephone call to my
24 daughter. She was close to labor, and I must say that
25 now I do have a brand new grandson that's absolutely

1 adorable, but she was close to her due time and I was
2 making several long distance calls to Georgia. On one
3 long distance call, in my haste to make that call, I
4 called the incorrect number. Realizing I had called
5 the incorrect number I dialed "00" to contact my long
6 distance operator to advise them of reaching the wrong
7 number. I reached a Sprint long distance operator. I
8 inquired of her why was I reaching Sprint? And I was
9 told that "You have Sprint long distance." I advised
10 her that I should not have Sprint long distance. I
11 should be on AT&T. And I was told that I had Sprint
12 Long Distance. I was concerned because I had a
13 special calling plan with AT&T just for that purpose
14 of calling long distance.

15 I immediately asked her if there was someone
16 that I could speak with concerning this. And I was
17 told that the business offices, regular business
18 offices were closed. However, they would contact me
19 with an office in California. I was contacted by that
20 office in California. I advised the representative
21 there, a Jeannie Swafford, that I was not supposed to
22 have Sprint long distance. However, I should have
23 AT&T. She advise me that she would do something,
24 whatever she could do that night, to switch me back
25 over. But I needed to contact the business office

1 that following morning to be reconnected with AT&T.

2 I did do that. And I talked with the
3 supervisor with Sprint Long Distance. She did some
4 investigating. She contacted one of the
5 representatives that I had spoke with earlier,
6 requesting caller ID. She wanted to know whether or
7 not the representative had done something in error in
8 setting up caller ID from my phone. But with the call
9 back from that representative, I was told there was
10 nothing done in error; that they had contacted Sprint
11 Long Distance and Sprint Long Distance, in fact,
12 called into their office and requested it. I had not.

13 Immediately I called --

14 **COMMISSIONER GARCIA:** Interestingly -- I
15 mean your letter -- that's interesting. They want you
16 to correct, but they don't admit that they are wrong
17 and that they want -- they'll correct it, but that
18 they're not wrong, which is what their letter says,
19 right?

20 **WITNESS McCALL:** Basically the letter said
21 that we have proof to show that she did call our
22 office because she provided her Social Security
23 number. And then providing the Social Security
24 number, that is a standard operating procedure of the
25 company as verification when you call in to do any

1 type of service changes, even to have questions about
2 your bill.

3 **COMMISSIONER GARCIA:** It's fascinating,
4 though, the company's tone, and if you don't mind I'll
5 read from your letter.

6 **WITNESS McCALL:** I don't mind.

7 **COMMISSIONER GARCIA:** They go off into a
8 self-serving statement about how they have a zero
9 tolerance policy. As they finish that, they say, "As
10 a result of our diligence, we're able to provide you
11 with the above-mentioned verification of Ms. McCall's
12 order." And apparently that's not here, is it?

13 **WITNESS McCALL:** The only thing --

14 **COMMISSIONER GARCIA:** They gave that --

15 **WITNESS McCALL:** The only thing they said
16 was that letter.

17 **COMMISSIONER GARCIA:** -- to the PSC, I would
18 assume --

19 **WITNESS McCALL:** No --

20 **COMMISSIONER GARCIA:** -- because this a
21 letter to the PSC. And then they say "Based on the
22 above facts, the customer inquiry should not be
23 recorded as an unauthorized switch by Sprint, and we
24 trust you will update your records accordingly."

25 So it's not a slam, according to them, even

1 though they threatened you with a bad credit rating,
2 with a cancellation of your phone, and then they are
3 willing to switch you back. Did they finally charge
4 you this amount?

5 **WITNESS McCALL:** Oh, they charged me.

6 **COMMISSIONER GARCIA:** Did they rebate it?

7 **WITNESS McCALL:** They charged me -- no, they
8 did not. They charged me. They sent me a Service
9 Disconnect Notice. They have threatened to affect my
10 credit rating if I did not pay them.

11 **COMMISSIONER GARCIA:** Yeah. There's a
12 cancellation and --

13 **WITNESS McCALL:** I spoke with their offices
14 several times advising them that I had been in contact
15 with the Florida Public Service Commission, and there
16 was an investigation going on.

17 **COMMISSIONER GARCIA:** And when you told them
18 that they still continued to threaten you?

19 **WITNESS McCALL:** She showed it on their
20 files. They said, "We have nothing to do with that."

21 **COMMISSIONER GARCIA:** Right. But they
22 stopped threatening you?

23 **WITNESS McCALL:** No, they did not.

24 **COMMISSIONER GARCIA:** Have we closed out the
25 case?

1 **WITNESS McCALL:** I don't know the status. I
2 did speak with a Pam Johnson on the 23rd to advise
3 that I would be attending this meeting. And if there
4 was any correspondence she could give me to update my
5 records, and there was none at that time.

6 **COMMISSIONER GARCIA:** Have you paid that
7 amount yet?

8 **WITNESS McCALL:** That very first page that
9 you look at is my check. I had to pay.

10 **COMMISSIONER GARCIA:** You had to pay because
11 of the threat?

12 **WITNESS McCALL:** Because of affecting my
13 credit rating and I don't want them to send anything
14 to my --

15 **COMMISSIONER GARCIA:** Let me tell you
16 something, because that's not right. Once you tell
17 them that you have a dispute about your long distance
18 bill, they cannot cancel your service or affect your
19 credit rating until that dispute with the Commission
20 is solved.

21 **WITNESS McCALL:** Well, you see they did.

22 **COMMISSIONER GARCIA:** Obviously the Chairman
23 will also follow up on this. If you can give us a
24 copy of this, we're going to make sure -- first of
25 all, that --

1 **WITNESS McCALL:** You can have that.

2 **COMMISSIONER GARCIA:** Make sure we can solve
3 your complaint. But it is really irksome that you
4 went ahead and did it -- because I understand some
5 people don't call us. The company, I guess, takes
6 advantage of people's ignorance and they --

7 **WITNESS McCALL:** Absolutely.

8 **COMMISSIONER GARCIA:** -- just force you to
9 pay. In this case you took that step of speaking to
10 us, you tell them that you have a filed complaint --

11 **WITNESS McCALL:** Absolutely.

12 **COMMISSIONER GARCIA:** -- and nonetheless
13 they continue to bill you for this amount and threaten
14 your credit.

15 **WITNESS McCALL:** Absolutely. They even
16 showed on their records when I inquired about it, they
17 say we see that you have a complaint with the Public
18 Service Commission. I did not know that that would be
19 as part of my telephone records, but they were showing
20 it. However, they said, "We have nothing to do with
21 that. That's between you and the Public Service
22 Commission. Our concern is that you pay your
23 telephone bill."

24 So I didn't have a choice. I did not want
25 them to affect my credit rating. That is something I

1 take very seriously. And they were saying they were
2 going to send it to a credit reporting agency. And
3 they would not even consider readjusting the amount I
4 would have paid with my calling plan. So they were
5 unwilling to do anything other than --

6 **COMMISSIONER GARCIA:** You said you filed
7 this with the Commission. I know you have the letter
8 there, but you filed the complaint with the Commission
9 on June --

10 **WITNESS McCALL:** No, May the 29th. I made
11 my call on May the 27th. The file was made on May the
12 29th.

13 **COMMISSIONER GARCIA:** And you haven't
14 received a close-out letter on your case then?

15 **WITNESS McCALL:** No, I have not.

16 **COMMISSIONER GARCIA:** That really has taken
17 way too long. And since the company says their
18 records show it, they should have been able to provide
19 those records to the PSC. Part of the problem that it
20 takes us a while to close it out is getting the
21 information. That's not right.

22 **WITNESS McCALL:** I know.

23 **COMMISSIONER GARCIA:** It's not right from
24 our side, and certainly from the company's side. The
25 company will probably have to pay for that. But we

1 should have been able to close out this case a while
2 ago.

3 **WITNESS McCALL:** And I'm happy that that
4 went pretty good. I do have a couple of little side
5 comments to make.

6 Prior to attending this hearing I did call
7 several of my neighbors -- and, by the way, I am
8 represented by County Commission 4. And I am in
9 precinct No. 4. And in talking with some of them
10 about attending this meeting, many of them were unable
11 to because of the time frame. There are many workers
12 in my area that don't get off until 4 or 5 or 6
13 o'clock in the evening.

14 My question is why aren't there any meetings
15 of this type scheduled in the evening for the
16 constituents in this area?

17 **CHAIRMAN JOHNSON:** Were you aware of the
18 meeting that we held last night in Orlando?

19 **WITNESS McCALL:** No, I was not.

20 **CHAIRMAN JOHNSON:** Was that a part of your
21 notice?

22 **WITNESS McCALL:** I did look at the
23 notification that was sent within the telephone
24 bill -- and that's another thing. The type of
25 notification that's done is done with the telephone

1 bill. It is not done through any other advertisement,
2 such as any other print media. There is nothing done
3 as far as the local papers, churches, as far as
4 television advertisements.

5 **CHAIRMAN JOHNSON:** This, in fact, we did do
6 television commercials throughout the area for at
7 least a week prior to us getting here. In fact, I'm
8 from this area and I had someone call me yesterday,
9 said, "Oh, I saw your TV commercial." You know, so I
10 mean we have commercials. We also met with the print
11 media, Orlando Sentinel. There's an African America
12 newspaper, and they were all covering -- because we're
13 really sensitive to that issue and we have been trying
14 to make sure that people did know. We also did radio.
15 So we did the TV, the radio, the news ads there and
16 it's just very difficult to reach everyone because I
17 guess people are so busy.

18 **WITNESS McCALL:** Were the advertisements
19 done in a timely fashion, and was the meeting
20 scheduled in the evening or was it scheduled in the
21 morning?

22 **CHAIRMAN JOHNSON:** No. Yesterday's meeting
23 in Orlando we had a morning meeting at Vista United
24 and last night at 6 o'clock at the Orlando City
25 Chambers or County Chambers building from 6:00 to

1 8:30, and then we're here today. So we have been in
2 the Orlando area for the last two days, morning, night
3 and then this is our third morning meeting in the
4 area.

5 **WITNESS McCALL:** And the television
6 advertisement, was that on a public access channel or
7 was that a local channel?

8 **CHAIRMAN JOHNSON:** Local channels, because
9 we have been doing local channels in all of the areas
10 where we are going.

11 **WITNESS McCALL:** I apologize. I haven't
12 seen it. I haven't seen it. And I do live in the
13 area. Because I live in Altamonte Springs. I don't
14 say that I watch television 24 hours a day, but I
15 haven't seen any type of television advertisements,
16 and -- you know, which would be good to see.

17 **CHAIRMAN JOHNSON:** Sure. And that's what
18 we're trying to accomplish to cover all of the
19 different means of communication.

20 I think a very important one is the phone
21 bill, because at least that's at the basic level. But
22 we are trying to go the next step to cover the print
23 media. TV is very expensive, so we try to be a little
24 conservative with respect to doing the TV. But
25 because this was so important, we did go to the local

1 areas, and I'll confirm it's on the local channels as
2 opposed to the cable channels.

3 **WITNESS McCALL:** Public access channels.

4 **CHAIRMAN JOHNSON:** Yeah. I think it might
5 be, but that's a good follow-up for us to find out and
6 make sure that it is on the public access network.

7 **WITNESS McCALL:** Okay. This is just another
8 side bar. I did notice that a lot of acronyms were
9 used in speaking to people, such as LATA, and if
10 you're not in the telephone business you really don't
11 know what a LATA is. And if you're going to use
12 acronyms, explain to them what a LATA is or -- just
13 explain.

14 **CHAIRMAN JOHNSON:** I agree.

15 **WITNESS McCALL:** A lot of people don't know
16 how it impacts them, as far as being in a local area,
17 transport access. And because I did used to work with
18 the company, changing a LATA is relatively easy,
19 believe it or not. It's just a matter of programming.
20 So it is relatively easy to change a LATA the way that
21 the calls come in, because basically a LATA is your
22 first three digits of your telephone number, your
23 number planned area, your NPA. So it's pretty easy.
24 Just information.

25 **CHAIRMAN JOHNSON:** Thank you.

1 **COMMISSIONER GARCIA:** Before you leave, can
2 I ask you a quick question?

3 **WITNESS McCALL:** Sure, please.

4 **COMMISSIONER GARCIA:** Have you been
5 listening -- I'm sorry, there may be some questions on
6 the issue.

7 **CHAIRMAN JOHNSON:** Any more questions on the
8 slamming issue or other --

9 **COMMISSIONER GARCIA:** We're having someone
10 make copies and they are calling the office to find
11 out why your case isn't closed out because it
12 shouldn't still be open and nothing in the document
13 same it was closed, so --.

14 **COMMISSIONER JACOBS:** Are you back on AT&T?

15 **WITNESS McCALL:** Oh, yes. I was -- that
16 night I was switched back to AT&T --

17 **COMMISSIONER JACOBS:** How long --

18 **WITNESS McCALL:** -- long distance network.

19 **COMMISSIONER JACOBS:** How long of a time
20 were you on Sprint, do you know?

21 **WITNESS McCALL:** From May 23rd to May 29th.
22 And in that package you'll see the number of calls
23 that were made on Sprint's Long Distance network. And
24 the only reason that I found out, like I said, I made
25 a telephone call in error to my daughter. And then I

1 realized if I had not made that telephone call in
2 error, I never would have known. It probably would
3 have gone on longer than that.

4 **COMMISSIONER GARCIA:** Have you been aware of
5 the debate in terms of the area code shift, switch
6 here or the possible change of area codes? If you
7 don't, don't worry about it. A lot of people aren't.

8 **WITNESS McCALL:** I agree with the man
9 earlier as far as the area code. We're going to have
10 to go with 10 digits anyway. Most national cities,
11 such as Atlanta, is with 10 digits.

12 **COMMISSIONER GARCIA:** Miami. I always say
13 Miami is a national city.

14 **WITNESS McCALL:** Miami, you know, you're
15 going to have to do it. It's better now than later.
16 It's less hardship to the caller. It's less changes.
17 Do it now rather than wait until latter.

18 Any other questions?

19 **CHAIRMAN JOHNSON:** Any other questions,
20 Commissioners?

21 **WITNESS McCALL:** Thank you for your time.

22 **CHAIRMAN JOHNSON:** Ma'am, and I'm sure there
23 probably will be a Sprint representative that may want
24 to speak with you also, if you have a few moments, and
25 we'll try to do our follow up.

1 **WITNESS McCALL:** All right. Thank you.

2 **CHAIRMAN JOHNSON:** Thank you for your
3 testimony.

4 **MR. BECK:** Chip O'Neal.

5 - - - - -

6 **CHIP O'NEAL**

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

10 **DIRECT STATEMENT**

11 **WITNESS O'NEAL:** Good morning. I'm Chip
12 O'Neal and I live in Altamonte Springs. And I want
13 to, first of all, acknowledge being real happy with
14 the phone system. Overall my service has always been
15 great. I don't ever change long distance service.
16 Don't even take their telephone calls when they call.
17 Don't know that my phone's ever been out. Don't know
18 I've never been able to get through to somebody.
19 Don't necessarily like the automated answering
20 services today, but, unfortunately, that's just part
21 of the fact of the way we do business today. I'm
22 happy that we have ISDN ADSL coming, and whatever
23 else -- all of the different services that are coming.
24 Every time that I have had a question, call Sprint,
25 call my AT&T, I've always gotten an answer, albeit

1 sometimes I have had to go all the way to the basement
2 of the FCC in order to finally get that answer, I've
3 always been answered. In fact, I even talked to a guy
4 up there that encouraged a longer phone call because
5 he said, "I'm so deep in the ground I don't talk to
6 people very often." So that was really nice.

7 The telephone plays a very integral part in
8 our life today, both beeper-wise, mobile phone-wise,
9 everything -- and in all of my -- anything I've ever
10 done to have to do with the phone company, I've always
11 been happy all along. I've never had an unhappy thing
12 that was not resolved. If I had a 900 call that I
13 wasn't happy with the service I got on the other end,
14 reversed it out. It's always been done. It's always
15 been done on time. So I don't have any arguments
16 about that. None whatsoever.

17 Instead of using the gentlemen's report-type
18 style earlier, I'm going to use more of a narrative
19 style to go into what I wanted to make a point about.

20 I remember a woman from my childhood, her
21 name was Mary Baker. She was born in 1919 July and
22 she's 79 years old today. Mary raised three kids.
23 She did all of the requisite things that were
24 necessary for a mother raising three kids:
25 Cheerleading, games, band. She was the president of

1 the PTA at our school. Mary organized everything.
2 She organized bake sales. And, generally, she was one
3 of the most connected people in town. Not a word we
4 used back then, but definitely a word we understand
5 today. She was connected to her church and connected
6 to the community very, very tightly. In fact, at one
7 point, Mr. Deason, she may have even contacted your
8 mom in having made some arrangements that needed to be
9 necessary for the operation of all of the things she
10 did. Without her phone service, she would not have
11 been able to be as connected as she was. And as far
12 as I know in 79 years she's never had a complaint.
13 Not one.

14 Her husband was in sales and he had some
15 good times and he had some bad times. I don't know
16 which was most. They never talked much about that.
17 He was hurt in '75 and he died in '76. None of us in
18 town knew the specifics of what happened, but she
19 earned inured no benefits from his death. Maybe they
20 weren't married. I don't know. I don't know what the
21 specifics were.

22 Her three children are now grown up. They
23 are good folks, but none of them have become
24 particularly successful and they can't help her out
25 very much; a little here, little there, but not much.

1 Most of her life while her husband lived she worked
2 part time here and there. When he died she had to
3 start full time and most of the jobs that she worked
4 at were jobs such as K-Mart, Wal-Mart as a clerk.

5 She receives \$422 a month retirement from
6 Social Security. She has various medical conditions
7 today. None of them are terminal, but they do require
8 that she call doctors, require she call hospitals and
9 they require that she get around and get rides.

10 Phones are as necessary to her today as they
11 were back then when she was raising her kids. Mary
12 pays \$360 a year to have a telephone. She doesn't
13 dial out long distance. She receives a few calls.
14 But if you add up all of the charges we've talked
15 about today it comes top \$360. There's 11 cents for
16 this and there's \$.53 for that, 395 for this, a dollar
17 for that, 10 cents as minutes, 25 cents a minute, 85
18 cents, presubscribed line charge and all of these
19 things that she doesn't understand.

20 Once a week she has a sewing club over for
21 the day, and that's just about the extent of what she
22 does today, other than just keep living. When she
23 does, she turns on the air conditioner. She can't
24 keep it on most of the time because she doesn't have
25 enough income. That \$365 -- that \$360 a year is 85%

1 one month's income. There's not one of us here that
2 has -- not one of us in the room, probably, that has
3 that kind of a problem. But she does.

4 She turns on the AC on that day. Then she
5 turns it off when they all leave. She can control her
6 electric bill to a degree. It's on 24 hours a day, 7
7 days a week and I've never heard her complain about
8 losing power. But she's left out of today's loop.
9 She isn't stupid. She raised three kids. Anybody
10 that's ever raised three kids knows you can't be
11 stupid. She hasn't disconnected herself from society.
12 She is still very tight, just doesn't do as much. The
13 third wave, all of these things we've talked about,
14 all of these initials, all of these things that have
15 to do with whether or not we're going to support long
16 distance, local, how we're going -- whether we're
17 going to have access fees, whether we're going to let
18 the user pay for them -- this third wave talk has left
19 her in the dust.

20 Collectively, quite honestly, and I can't
21 include myself in this because I'm not part of it, but
22 collectively, in my opinion, every single one of you
23 should be embarrassed for Mary. We have left her out.
24 We have nothing whatsoever that I've heard go on today
25 that have anything to do with these millions of people

1 that raised families, that did all of these things to
2 build our society, to bring us to where we can have
3 these things today. Not stupid people, not unemployed
4 people. And yet, 85% of one month's income goes to
5 have a telephone there so she can receive one or two
6 calls, and I think she makes about one call a day.

7 Now, I don't have the solution like the man
8 earlier. I've tried and made some phone calls and
9 done stuff like that, but I can't spend that amount of
10 time. However you do. You have the resources. You
11 have all of the ideas for doing what the gentlemen
12 suggested earlier, and that is have people pay for
13 what they access. It's not a difficult problem. It
14 is difficult politically, I won't argue that. It's
15 difficult to draw the lines between the state and the
16 Fed. That is a difficult problem. But it's not
17 difficult to go to somewhere in Sprint and say "How
18 much does it cost for you guys to operate?" It costs
19 this amount. Fine. Take that, divide it out and
20 that's going to be the price.

21 Now, I realize that's a simplistic way to
22 look at it. But somebody's got to do something for
23 those people like Mary. There are going to be more of
24 them. My mom doesn't even know -- she keeps asking
25 me, "What's 10-10-321? Do I have to dial it to make a

1 long distance call?" "No, mom, just ignore it."
2 That's all you have to do." That's very difficult,
3 and Mary doesn't know how to do it either.

4 Now that's the end of my statement.

5 **COMMISSIONER GARCIA:** Let me ask you
6 something.

7 **WITNESS O'NEAL:** Mary is fictional.

8 **COMMISSIONER GARCIA:** Okay. I want to
9 understand, because you're averaging out \$30 a month
10 in the figure you made.

11 **WITNESS O'NEAL:** Basically \$30 a month.
12 It's \$10.23 to have a phone line. 7.12 if you want to
13 have SmallTalk, you can make 30 calls a month. After
14 that it's 10 cents a minute. So basically a few more
15 calls and you're going to be back up to the 10.23. I
16 didn't ask but I doubt seriously that they put a cap
17 on that. It caps at 10.23. I bet you dollar you take
18 the SmallTalk, and you make 90 calls, and you're going
19 to pay more than 1.23.

20 My feeling about the phone copy, as happy as
21 I am, is somebody's nuts. This is a phone company
22 that still charges a dollar a month for Touch-Tone.
23 Give me a break. That's obscene. That's stupid.
24 That's dumb.

25 Any company, any corporate structure today

1 that charges a dollar a month for something that came
2 out of the '50s or '60s -- you know, I know there's
3 still people out there that use rotary dial but there
4 are not many of them -- any phone company that does
5 that in my opinion, I'm not sure I can trust anything
6 they say or they do.

7 I'm still making money. I'm not unhappy
8 with my bill. Haven't been unhappy with it ever. You
9 know, as I said in the beginning, and it's a very true
10 statement, I'm extremely happy with my service. It's
11 not me I'm worried about. It's not any of you that
12 I'm worried about. I'm worried about Mary. I don't
13 think anybody cares about her. My worry really
14 started when I talked to that guy in the FCC. I was
15 trying to understand whatever that charge is that the
16 Congress authorized the FCC to charge, where there was
17 a big argument, UCC or something like that.

18 **CHAIRMAN JOHNSON:** Universal services.

19 **WITNESS O'NEAL:** Universal services. And
20 the fact that basically the FCC can make that anything
21 they want up to some kind of a cap.

22 When I started talking to this guy to try to
23 understand why I was being charged twice for long
24 distance access, once by my long distance carrier --
25 which the local phone company says is not their

1 charge, that's the long distance charge. "Well, where
2 does the charge originate? At the local phone company
3 level. We bill AT&T. AT&T can pass it on to you or
4 not." All of the mixing of the words and everything.
5 When I finally got through to this guy, and he started
6 explaining all of this to me, I said, you know, "All
7 of the things I've heard, all of these fabulous things
8 that we have coming down the pike that we're paying
9 for in the schools and everything for Internet access
10 that probably is almost all there now anyway, I asked
11 him, "Who is getting stuck here real, real bad?" And
12 basically it was my fictional Mary. She was flat left
13 out in the cold. She doesn't understand any of it.
14 She's not going to be here today because probably her
15 hip won't let her get here today. But she just
16 doesn't understand it. And she's not going to get
17 straight answers anywhere. And I'm only concerned
18 with the fact you guys collectively sit together and
19 say, "What can we do for these people?" Mary is not
20 alone. And she raised a family. She did all of those
21 things that we're doing today. And she's flat left
22 out of the loop today. And it's going to get worse
23 before it gets better.

24 So somebody's got to put the skids to it and
25 got to start saying, "Hey, we've got to simplify this.

1 We've got to come up with some kind of a way for these
2 people to understand and get back connected." She
3 understands her electric bill. She doesn't understand
4 her phone bill.

5 **COMMISSIONER GARCIA:** It's a problem that
6 everyone has talked about, the complexity of the bill,
7 how to simplify the bill, how to make sure that --
8 part of the reason we're here is because of the
9 broader context that no one, even the legislature
10 trying to act to straighten out that bill, realized
11 the problems that are involved.

12 **WITNESS O'NEAL:** But see, they don't have
13 any problem. I agree with the gentlemen earlier when
14 he said basically the corporations are back in there
15 doing a hell of a lot of real heavy lobbying. Nobody
16 has any problem giving an access fee back to the local
17 carrier for maintaining the subscriber loop, but they
18 can't understand why Mary is having troubles making
19 ends meet. These guys are having trouble making ends
20 meet and they understand that perfectly. Golly gee
21 whiz, we can't support the local subscriber loop.
22 Well, by golly, let's vote some money to you. Let's
23 get you back in line. We don't want the system to
24 come apart. Well, where is Mary in there? Mary
25 doesn't have had anybody standing up and saying, "My

1 golly, I've got to have a phone." A phone is as
2 important today as fire was hundred years ago, you
3 know. So the solution, "Mary, cut your phone service"
4 doesn't work. And maybe we ought to have something
5 that does work for her.

6 I've tried all of my ways to come up with
7 some kind of a simple way to make something cheap.
8 Don't think you can. I think it has to come from the
9 phone company.

10 **CHAIRMAN JOHNSON:** So I know you said you
11 didn't have necessarily the answer. You were just
12 wanting us to be aware of the problem, for us to try
13 and figure out some solutions.

14 **WITNESS O'NEAL:** Yeah. I don't think
15 anybody generally -- because like I said, I'm very
16 happy with the rates. I'm not unhappy. But I do know
17 that people in that condition have a problem. And I
18 don't think anybody is saying what can we do to put
19 phone access service, some kind of service with this
20 person, where they can -- if not make long distance,
21 at least receive long distance. Maybe they can make
22 long distance, you know, on prepaid toll cards or
23 something like that, where they don't get into all of
24 this "Golly gee whiz, we have got to charge you \$5 for
25 never making a phone call."

1 When I called Sprint and said if I never
2 make a phone call long distance, but I want the option
3 to do it, that's \$5.85 a month. That's over \$60 a
4 year and I never make a phone call. Not one.

5 **CHAIRMAN JOHNSON:** So let me back up a bit.

6 If we were to determine -- because we're
7 going to be doing some cost studies and some cost
8 analyses -- if we were to determine -- and I don't
9 know what we're going to determine, this is a
10 hypothetical -- if we were to determine that the cost
11 of local service is \$25, and we do know that the way
12 that the current scheme is configured, 75% of the cost
13 of the phone service, the local loop, is taken care of
14 in the state, and 25% is taken care of through a
15 federal mechanism, and they elected to use this
16 access, and the subscriber line charge and those kind
17 of things. But if we were to determine that cost is
18 about \$25, are you suggesting that we have some sort
19 of overlay program to subsidize down the rate that
20 Mary might pay as opposed to charging her that
21 complete cost? And after you answer that, I'll tell
22 you about some programs that are out there, but I
23 can't really tell if you support or would not like
24 those kind of, for lack of better word, subsidy
25 programs.

1 **WITNESS O'NEAL:** Yeah. It certainly doesn't
2 make a lot of sense, because once you get a subsidy
3 program, first of all you've got to maintain it,
4 you're going to irritate somebody.

5 As I said, it's a complicated problem. I
6 know it's a complicated problem for you also.
7 However, Walt Disney World is connected to the
8 electric grid and they use electricity. Mary is
9 connected to the electric grid and she uses
10 electricity. She doesn't subsidize them and they
11 don't average the two together if they were the only
12 people here in town and say, "Okay. Here's what the
13 collective cost is going to be for electricity."
14 They've come out with some kind of a magical system
15 where you pay for what you use and you don't
16 subsidize. And if you're phone bill is \$1,000 a month
17 or \$2,000 a month, that person pays exactly the same
18 as a company -- because we're getting into company and
19 residential -- but that person that pays \$1,000 phone
20 bill a month pays exactly the same connect fee locally
21 as the person that just is starting up his
22 entrepreneurial business and he hasn't made a phone
23 call yet.

24 So somewhere in there there's a way, without
25 making it as complicated -- making it more complicated

1 than it's been, to address that problem.

2 **CHAIRMAN JOHNSON:** I think we're going to,
3 both on the state and federal level, as we look at the
4 restructuring -- because one of the ways we got
5 ourselves into this dilemma is that the concept of
6 universal service, making sure that Mary was on,
7 connected, was very important to us. And as we
8 deregulated we wanted to make sure that local rates
9 remain low, so we put a lot of the burden on the long
10 distance companies.

11 Now that we're seeing more competition we're
12 saying we've got to reduce access because if we're
13 going to have a competitive market, things need to be
14 priced more to cost, and that competition is going to
15 drive it down anyway. And, you know, a part of that
16 argument assumes or presumes that local is priced
17 below cost. And if it's priced below cost then
18 there's -- economic principles will say you'll never
19 have competition there, so you have to bring that
20 price up. But you're right, that we've got to keep
21 stepping back and look at what are we really doing
22 here. How is it impacting the end users. And in the
23 instance of Mary, there are -- the reason I asked you
24 about the subsidy programs, and I'm not sure that Mary
25 would qualify, but we have -- under the whole program

1 of universal service, we have two programs that are
2 designed for those that are economically
3 disadvantaged.

4 The Lifeline program that provides \$10.50
5 credit off of the bill, and the Link Up Program, which
6 provides a \$30 initial connection fee reduction off of
7 the telephone bill. Those programs are limited to who
8 can participate. You have to be on food stamps,
9 supplemental Social Security, and it's delineated --
10 Mary may not even qualify. Oftentimes Mary does not,
11 so she's right above the level but she oftentimes
12 needs a lot of support. So we're evaluating whether
13 or not those kind of programs should first be
14 expanded. Should there be some kind of automatic
15 enrollment into those programs and that will
16 definitely have to be discussed and debated. How do
17 we better inform people that programs like that are
18 available. But those programs still cost. In fact,
19 the FCC, which implements the main part of the
20 program, although Florida has adopted the program,
21 that big universal service fund that they have that
22 provides funds to schools and libraries, 1.67 billion,
23 1.67 billion will go to schools and libraries.
24 500 million go to this program, Lifeline/Link Up
25 program. In addition, in state our Bell company and

1 Sprint and GTE, they contribute \$3.50. But that's
2 still a subsidy kind of a program where you have some
3 users subsidizing others. All of that is being
4 evaluated.

5 But I think, fundamentally, on the federal
6 level, Congress, the state legislature and this
7 Commission, we're all committed to universal service
8 and we want to see people like Mary staying on the
9 system. We've just got to figure out a better way of
10 doing that.

11 **WITNESS O'NEAL:** To be honest with you, you
12 understand the subsidy program better than I do. You
13 know whether it's working or not. I'm assuming. You
14 have the ability to, you know, make those
15 determinations far better than I do. All I know is it
16 has never made any sense to me that I pay \$1 a month
17 for Touch-Tone and that it's not wrapped up some place
18 else. If my bill was \$11.23 and I didn't pay a dollar
19 for Touch-Tone, that makes more sense to me. I pay
20 \$3.50 for access, I don't understand why I'm paying
21 that. I don't understand why we don't multiply the
22 number out and instead of 10 cents a minute, I pay 11
23 cents a minute if I want to make long distance calls
24 and all of the details are worked out between Sprint
25 or AT&T, or whoever the other long distance carrier

1 is. Then at least it comes down to something that I
2 can start to understand. But I can't sit here -- each
3 one of these things would have to be completely broken
4 apart independently and we're just not -- not capable
5 of doing that, and neither is Mary.

6 **CHAIRMAN JOHNSON:** Any other questions for
7 Mr. O'Neal?

8 **COMMISSIONER JACOBS:** I don't have a
9 question, I just have a brief comment.

10 As you were describing Mary, memory -- I
11 actually recalled someone very similar to her who
12 stays in Daytona, who happens to be my grandmother,
13 except for her it's not her hip, it was her knees.

14 **WITNESS O'NEAL:** Well, I was hoping that all
15 of us could recognize who Mary is. But the idea came
16 from the guy at the FCC. But he happened to use the
17 "Mary." He said, "There's a 'Mary' out there
18 somewhere that we have left out of the loop." And I
19 said, "Real bad." And he says, "Real bad." Thank you
20 very much.

21 **COMMISSIONER GARCIA:** Can I ask you real
22 quick, you said, Mr. O'Neal, that you lived in
23 Altamonte Springs.

24 **WITNESS O'NEAL:** Yes, sir.

25 **COMMISSIONER GARCIA:** Have you heard about

1 the 407 debate?

2 **WITNESS O'NEAL:** Yeah. I think I saw
3 something in the paper about it. The thing in the
4 paper that made sense to me, or what I read that made
5 sense to me was that beepers and mobile phones, if you
6 took all of those and put them in their separate deal,
7 that's the thing that made sense.

8 **COMMISSIONER GARCIA:** A great idea.

9 **WITNESS O'NEAL:** Whether it logically works,
10 I don't know.

11 **COMMISSIONER GARCIA:** We can't do it. So
12 let's take that one out. The law right now doesn't
13 allow us to do it. I think it's a great idea.

14 **WITNESS O'NEAL:** Does the 10-digital number
15 solve the problem? Everybody dials ten digits.

16 **COMMISSIONER GARCIA:** Those are the options
17 we're looking at. The companies have suggested, and
18 most of them -- the majority thought that 10-digit
19 dialing was the best way to go in the 407.

20 **WITNESS O'NEAL:** Than having a whole bunch
21 of area codes? Basically it's the same thing.

22 **COMMISSIONER GARCIA:** Right. You'd split --

23 **WITNESS O'NEAL:** 10 digits just gives
24 everybody an area code of their own, and you can add
25 anything there you want.

1 **COMMISSIONER GARCIA:** Right. We just add
2 another area code.

3 **WITNESS O'NEAL:** 10 digits makes it a little
4 easier than having to remember whether or not you have
5 to add the area code on there for that particular
6 person.

7 **COMMISSIONER DEASON:** With 10-digit dialing
8 you have to have the area code.

9 **WITNESS O'NEAL:** Oh, I understand. No, you
10 don't have an area code plus the 10 digit. You just
11 dial ten digits.

12 **COMMISSIONER GARCIA:** Right which?

13 **COMMISSIONER DEASON:** But to get the party
14 to which you were calling you have to know the area
15 code.

16 **WITNESS O'NEAL:** You call 10 digits, which
17 we're adding an area code automatically.

18 **COMMISSIONER GARCIA:** You're just dialing
19 the area code.

20 **WITNESS O'NEAL:** You're dialing the area
21 code automatically. That's the 10-digit number.

22 **COMMISSIONER GARCIA:** Companies should
23 schedule more hearings in Altamonte Springs because
24 there's a very informed customer base. And this is
25 the only place where we've gotten now three witnesses

1 that are comfortable with 10-digit dialing. Because
2 in our reviews everybody says split it. I don't care
3 how you do it. Give a new number.

4 **WITNESS O'NEAL:** You know, I mean my
5 personal feeling is that we ought to be able to buy a
6 telephone that maybe has four or five buttons on it
7 that can be programmed for the first digits. If you
8 want to dial 350, instead of hitting 350 I hit one
9 button that dials 350. I certainly don't want to ever
10 move to Tangerine. And I would insist that those guys
11 up there, why don't they just be annexed to Lake
12 County, become Lake County and take their tax base
13 elsewhere. That's a real silly problem. Should have
14 been taken care of years ago. Thank you.

15 **CHAIRMAN JOHNSON:** On the record, I wanted
16 to -- Staff did do a call, I think it's on
17 Ms. McCall -- with respect to your complaint. And I
18 know Commissioner Garcia had requested when we have
19 some close out. I understand that the response from
20 Sprint Long Distance is due this Friday. But it has
21 been an ongoing process and all of the records
22 indicate everything that Ms. McCall stated is correct
23 and that Staff has been trying to work through this
24 one.

25 Sprint local was involved and Sprint local

1 thought that Ms. McCall was an excellent customer.
2 They talked about her wonderful everything. So there
3 is a problem and it appears to be with Sprint Long
4 Distance and we should have some follow up by Friday.

5 **MR. BECK:** The next witness is Monte Belote.

6 - - - - -

7 **MONTE BELOTE**

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

11 **DIRECT STATEMENT**

12 **WITNESS BELOTE:** Good morning,
13 Commissioners. I know this has been a long and
14 arduous trip but you're down to only the last two or
15 three public testimony sessions across the state.

16 If folks in the audience don't know, the
17 Public Service Commission has been travelling across
18 of the state now, and I guess this is their 18th or
19 19th public hearing about what are supposed to be fair
20 and reasonable rates.

21 My name is Monte Belote. For the last 14
22 years I've served in various capacities with the
23 Florida Consumer Action Network, a statewide
24 grassroots consumer and environmental advocacy
25 organization based in Tampa. But over the years, and

1 specifically in the last eight, as executive director.

2 I have been a customer of Sprint, I have
3 been a customer of GTE, and a customer of BellSouth.
4 I retired a few months ago, but this issue is
5 something that is near and dear to my heart. And so I
6 wanted to spend a few minutes with the Commissioners
7 and some of the interested parties in the audience,
8 and say, number one, that overall, in my experience
9 talking to consumers across the state, door to door
10 about issues, most people believe that basic
11 residential phone service rates are fair and
12 reasonable today, with one glaring exception, which
13 I'll get to in just a moment.

14 So if it ain't broke, why is the PSC holding
15 hearings all across the state? That's because of the
16 Florida Legislature. Because leading legislators and
17 the monopoly local phone companies want to fix what
18 isn't broken.

19 It started back in 1995. You know, for
20 decades, as you've heard this morning, that people
21 were generally happy. The Public Service Commission
22 had rate case hearings where phone companies were
23 entitled to recover their reasonable costs and a fair
24 rate of return on their investment. But as
25 governments will often do, and not to mention some of

1 the best lawyers and lobbyists money can buy, they
2 wanted to fix things that, as I said, weren't broken.
3 Deregulation, they cried, would improve service,
4 expand choices and lower costs. Come January 1st,
5 1996, consumers would finally be able to choose their
6 basic local phone service, ending long-held phone
7 monopolies. There's only one small problem. It's
8 been more than three years later. Can anyone in the
9 room actually choose their basic local phone service
10 provider other than Sprint? Not that I can find. In
11 fact, the legislature gave Florida's consumers the
12 worst possible reality, an unregulated monopoly. They
13 threw out the rule book, threw out the regulation of
14 rates, and the only competition that I have been able
15 to find across the state is talking to myself on two
16 tin cans a string. (Witness demonstrates two tin cans
17 joined by string) Of course, I'm still waiting for
18 those residuals from Sprint --

19 **COMMISSIONER GARCIA:** Be careful. AT&T may
20 charge you access.

21 **WITNESS BELOTE:** They might. They might.

22 (Laughter)

23 And thanks to the legislature, the phone
24 monopolies are now enjoying unlimited profits. It's
25 kind of like the old Energizer Bunny, profits just

1 keep growing, and growing, and growing and still
2 growing. The basic flaw is that telephone service is
3 a declining cost industry, and just like computers
4 they keep getting cheaper, faster and, of course, less
5 expensive. Once the lines are in, there's virtually
6 no cost whatsoever in making a local phone call. The
7 only cost is maintenance and more profit.

8 While monopolies talk about their investment
9 in the network, who's actually paid for it? You have.
10 The consumers pay for it with our monthly phone bills.
11 And thanks to the legislature, they codified, back in
12 1995, the worst possible rip off of customers, a
13 service for which there is absolutely no cost,
14 Touch-Tone service.

15 Back decades ago there was a cost in
16 providing Touch-Tone service, but it's long since been
17 paid over for those switches, et cetera, and we've
18 paid time and time again. And if you're a Sprint
19 customer, in fact, today the only cost involved in
20 providing Touch-Tone service is the cost for blocking
21 the service for those few customers who still hang on
22 to using a rotary dial.

23 Well, I'm here today to ask you, Public
24 Service Commission, to put the cash cow of Touch-Tone
25 service out to pasture finally, and stop billing

1 customers in the Sprint markets a dollar per month per
2 line for a service for which there is no cost
3 whatsoever, just pure profit.

4 What will they think of next? Well, now
5 they want to have an universal service fund for
6 Florida. Now, the Public Service Commission rightly
7 suggested a couple of years ago that there was no need
8 to create a Florida-specific universal service fund.
9 We already pay customers a \$3.50 subsidy to line the
10 pockets of Sprint, but now they want to tax customers
11 to recover the high cost of rural customers. There's
12 only one small problem there: Is Altamonte Springs
13 rural? Is Fort Myers, Naples, Ocala, Tallahassee? In
14 fact, development in Florida is not in rural areas,
15 it's in the suburbs, in the manufactured home
16 communities across our state. And if there is any
17 real problem about rural customers, frankly, I'd
18 suggest that it's probably more cost-effective to give
19 those people a cell phone rather than to give Sprint
20 even more money through an universal service fund.
21 However, business customers are also right. Their
22 rates could, indeed, be lower today but that doesn't
23 mean that residential customers should be forced to
24 pay more. It's the business leaders simply have been
25 mislead. Business rates are too high, not the urban

1 myth of residential customers subsidizing business
2 rates. What small business man would think it's fair
3 and reasonable to pay for things such as image,
4 touting that Sprint is the telecommunications provider
5 for the Tampa Bay Buccaneers? Can you make a phone
6 call with it? Can you make a call? I can't.

7 Excessive executive compensation for the
8 very rich who, incidentally, don't physically
9 troubleshoot when your phone is out of service. And
10 what about the lawyers and lobbyist who draft
11 outrageous plans to double people's phone rates, which
12 ultimately the customers wind up paying for.

13 I, for one, would love to see competition
14 but it just isn't working. That's because the
15 legislature in 1995 put the cart before the horse.
16 You shouldn't be surprised, Public Service Commission,
17 that when after a hundred years of monopoly the
18 Florida Legislature can suddenly throw a switch and
19 say, "Wa-la. Competition." That's what the
20 legislature did. They deregulated everything.

21 Prices, in fact, haven't gone down.
22 Instead, for many, they've gone up. The cost of a
23 payphone call went up 40% virtually overnight. In all
24 markets in Florida. One company, four days, and
25 suddenly you have a 40% rate increase for a payphone

1 call. Call waiting. Well, over half of all customers
2 subscribe to wall waiting. And the charge for it has
3 been going up; the Star 69 and Star 67, and et cetera.
4 All of the additional 75-cent calls that you're now
5 touting on billboards across the state, those costs
6 have gone up. And the best marketing idea that the
7 phone companies have probably ever come up with,
8 marketing for second phone lines.

9 Now, as people decide they want to have
10 computer access, they want a second line. Did it
11 actually cost anything? No. You may not know it but
12 when your lines are installed originally when you
13 built your home they always come in pairs. The line
14 is already there. But you get to pay for it again.
15 Isn't that nice.

16 If it were up to me, I'd rather go back to
17 rate-of-return regulation. That way we'd know what
18 the costs were. The fair and reasonable costs, a fair
19 and reasonable profit, and no more. But the
20 legislature has said that profits can go as high as
21 they want. There is no longer any limit whatsoever on
22 the phone monopoly's profits.

23 If their solution to spurring competition is
24 for residential customers to pay double, well, I, for
25 one, can't afford it. And I doubt that many of you

1 can either.

2 To close then, I'd like to make some modest
3 proposals for recommendations as you craft your
4 proposal to the Florida Legislature next February.

5 Number one, realizing that you're not
6 allowed to look at rate-of-return regulation and not
7 allowed to look at the profits of the phone
8 monopolies, at a minimum you must keep the price caps
9 for residential services still there. The legislature
10 would let them lapse in a year or so. You need to
11 keep those price caps alive.

12 Secondly, you should cap the prices for
13 vertical services also which can only be provided by
14 the incumbent monopoly as well. Now, that doesn't
15 mean that the phone monopoly that might want to offer
16 you voice mail service, which is competitive, but
17 rather the ones that are not competitive at all. Call
18 waiting, for example.

19 Third, look at seriously the mandatory
20 enrollment for Lifeline and Link Up customers.
21 Legislators across the state need to do something to
22 help low income customers who wouldn't be able to have
23 a phone. Well, it's real easy. You just tell the
24 phone companies every month when you spit out your
25 bills you get a tape from the state for Medicaid, SSI,

1 et cetera, for all of those people that are entitled
2 to a low income subsidy. Just put it on the bill.
3 Take that \$10.50 credit on it and get everyone in. Of
4 course, that's not what the phone companies want to
5 do. They want to continue to have only 3% or 5% of
6 the total population of people who are entitled to
7 have Lifeline or Link Up service actually know about
8 it and subscribe.

9 Number four. Continue aggressive
10 enforcement of slamming and cramming. The Public
11 Service Commission has done a great service for
12 Florida's consumers and spent a significant amount of
13 time knowing they are deregulated from doing much
14 else, they've certainly focussed on the customer
15 service issues. And Florida's consumers would be
16 remiss if you were not allowed to continue to do that
17 work.

18 Number five. Please end the cash cows.
19 Please end Sprint's "Moo Cow", (Witness holds up
20 poster) ending the charge for Touch-Tone service. And
21 for that matter, the unenviable task of dealing with
22 access fees.

23 You know, if you are a Sprint customer today
24 and you're making a call from Altamonte Springs to
25 Ocala, that call is billed at 11 or 12 cents a minute

1 minimum. Yet if you were to pick up a phone and call
2 a friend in Los Angeles -- that bill would be 5 cents
3 or 10 cents less to call from Altamonte Springs to Los
4 Angeles than what you'd pay for a call from Altamonte
5 Springs to Ocala. Why is it? Long distance access
6 rates that the monopoly phone companies control is not
7 AT&T or MCI. That's Sprint.

8 Six. Provide an optional basic local
9 service program which has no long distance option, and
10 no additional services, just a basic phone line.
11 Heck, for that matter you could throw away the \$3.50
12 subscriber line charge, because you're not going to
13 get a long distance call. You can't. Why would you
14 want to do that? You're talking about working class
15 people who might otherwise not have a phone. This is
16 the way to do it instead of having working class
17 people who find that their phone is disconnected for
18 someone's mistake in the past.

19 And seven, developing clearer more
20 descriptive bills. And you've heard a little bit of
21 that this morning, to make sure that you also include
22 the calculations for each tax and fee that goes on
23 people's phone bills.

24 To close, the last thing in the world I
25 would suggest the Public Service Commission should do

1 is to give even more money to an unregulated monopoly
2 like Sprint. Thank you very much.

3 **CHAIRMAN JOHNSON:** Thank you. Any questions
4 for Mr. Belote?

5 **COMMISSIONER JACOBS:** Who do we call for
6 reprints on -- (Laughter)

7 **WITNESS BELOTE:** I'll be happy to do that,
8 Mr. Jacobs. Thank you, sir.

9 **CHAIRMAN JOHNSON:** Point five, get rid of
10 Touch-Tone to the extent that that is really revenues
11 that support the local service, that it should just be
12 a part of the cost of service, you're saying don't
13 call it Touch-Tone, bundle it back if it belongs
14 there?

15 **WITNESS BELOTE:** What probably should have
16 happened, and if you look at the history of the Public
17 Service Commission before the 1995 legislature, it
18 would have been about time for Sprint to come in for a
19 rate case anyway. GTE had had a major rate case and
20 actually the Public Service Commission not only
21 disallowed what the phone monopoly GTE wanted, they
22 actually lowered rates. BellSouth had on major rate
23 case that ultimately resulted in a billion dollars in
24 rate reduction over the last four years. Sprint,
25 however, their last rate case was in 1990, I believe,

1 and so they were still allowed to charge for
2 Touch-Tone even though there was no cost. It's an
3 anomaly. And I would suggest to you that Sprint
4 specifically needs to be looked at very carefully, at
5 what its profit levels are at. Most of that
6 Touch-Tone charge, whether it's called Touch-Tone a
7 dollar per month a line or their overall revenues,
8 much of that probably should go back to the pockets of
9 consumers.

10 **CHAIRMAN JOHNSON:** One other question. On
11 your proposition --

12 **COMMISSIONER GARCIA:** At worst -- I'm sorry,
13 Madam Chairman -- at worst you think we should just
14 follow it into their basic charge?

15 **WITNESS BELOTE:** And find what that real
16 charge is and roll it in together. Because as you
17 know, they ultimately had to give up that billing
18 luxury. So did BellSouth. It's logical to suggest
19 had the Public Service Commission continued to do its
20 job and the legislature hadn't intervened, the PSC
21 likely would have ended that cash cow as well.

22 **CHAIRMAN JOHNSON:** Okay. And in your point
23 number six, you are suggesting that we have a service
24 that is strictly basic so that if a customer said, "I
25 don't want long distance. I just want to have a basic

1 residential rate," that they should not have to pay
2 all of the federal access charges. So I guess --

3 **WITNESS BELOTE:** I don't know that you have
4 the ability to do that. It's just a suggestion. And
5 I'm not a world famous lawyer, although there's a few
6 of them in the room.

7 **CHAIRMAN JOHNSON:** What, you're not?
8 (Laughter)

9 **WITNESS BELOTE:** No. I don't even play one
10 on TV. But I would suggest that there's a significant
11 number of customers across the state who don't come to
12 these kinds of hearings and can't even get into the
13 door. But the cost of trying to start service is \$100
14 or \$150. Link Up helps a little bit. But if they
15 make a mistake, and they suddenly find out that
16 they've got \$300 of long distance charges on the phone
17 and then they were cut off again, well, that's, I
18 would suggest, 10 or 20% of mostly minority customers.
19 People like the farm workers in Apopka.

20 So if you give them an option that will say
21 you can't make that mistake, we're just going to give
22 you basic local service; you'll have 911, you can call
23 your friends, you can call your drugist, the hospital
24 or et cetera, but no frills; no frills whatsoever, I
25 would suggest that there's a market for that.

1 **CHAIRMAN JOHNSON:** I know you were saying we
2 may have some prohibitions at the federal level. The
3 Feds are looking at this also.

4 **WITNESS BELOTE:** That's good.

5 **CHAIRMAN JOHNSON:** As a part of Lifeline and
6 Link Up, I think right now Lifeline and Link Up, what
7 they are really doing is buying down that 3.50 they
8 would have paid and the broader policy to the FCC
9 would be look at any customer that decides they want
10 toll blocking, therefore, they aren't using that
11 service, they shouldn't have to pay for access to
12 something they aren't using but they have their tolls
13 blocked.

14 **WITNESS BELOTE:** What I've seen and talked
15 to people over the course of my previous job was folks
16 who have gotten excessive bills put on by sometimes
17 not AT&T or MCI, but kind of the "I Don't Know" or "I
18 Don't Care" long distance companies, and suddenly
19 there's \$250 in charges, and because they are the
20 billing service carrier, in this case Sprint, the
21 incumbent local phone monopoly, they then lose their
22 telephone service.

23 **CHAIRMAN JOHNSON:** Got you.

24 **WITNESS BELOTE:** This way it provides a
25 safety net.

1 **CHAIRMAN JOHNSON:** Thank you. Appreciate
2 your testimony. Your list is getting longer. But
3 good suggestions. Appreciate it.

4 **MR. BECK:** Next witness is Dominique Gilet.
5 Doug Joiner would be next.

6 **CHAIRMAN JOHNSON:** If there are any
7 witnesses in the room that did not have the
8 opportunity to be sworn in earlier, if you can stand
9 and raise your right hand.

10 (Witnesses collectively sworn.)

11 **WITNESS GILET:** I don't believe in swearing
12 myself. For my religious beliefs, I do not swear.

13 **CHAIRMAN JOHNSON:** Swear or affirm.

14 **WITNESS GILET:** Right, affirm. Because yes,
15 yes -- no, this is my belief. I was not going to
16 talk.

17 **CHAIRMAN JOHNSON:** I'm sorry to interrupt.
18 Could you state your name and perhaps spell your name
19 for us.

20 **WITNESS GILET:** My name is Dominique Gilet.

21 **CHAIRMAN JOHNSON:** And that last name, could
22 you spell it?

23 **WITNESS GILET:** G-I-L-E-T.
24
25

1 ask, I have in the past asked it of the state, how
2 many 911 calls are being received per minute? I don't
3 have that answer. I should have made some research.
4 But I did not have to do so. But it's one of the
5 questions -- answers that I would like to have. How
6 many 911 calls are being received per minute? And how
7 many people are being left without having 911 access
8 calls? You know, there's a heart attack, robberies,
9 poisoning -- all of these things are happening at this
10 time and people do not have access to any 911 call.
11 So this is my first question.

12 And the second one is the value of service.
13 From the paper I received from Sprint -- still I'm
14 unhappy about that service. And one of the
15 speakers -- because still I can't feel happy when I
16 know that people's telephone service has been
17 disconnected because of long distance calls. So they
18 make the payment one way before it's finally
19 disconnected. So that would mean that the people,
20 outsiders, would be able to call that individual, that
21 customer, and the customer would not be able to call
22 back. At least that is important that it's not
23 disconnected.

24 And thirdly, how long will it take -- that's
25 a question -- for the proper authorities to prohibit

1 local telephone companies to disconnect people's
2 telephone because of long distance services?

3 I've seen in the past people been left home
4 with children, and I have two testimonies by the way,
5 two single, they are married but being left alone with
6 four children. The last month the phone has been
7 disconnected and without any 911 access call.

8 **CHAIRMAN JOHNSON:** Could you explain? I
9 didn't understand what you were saying. You said you
10 have two --

11 **WITNESS GILET:** I have seen, you know,
12 people once in a while, due to the kind of work that I
13 have done, I come into contact with people. And I
14 know of two families who are left alone without any
15 telephone, four children, put them in the last month
16 without any access to even 911 calls.

17 **COMMISSIONER GARCIA:** That's what, because
18 they spent too much money on long distance and the
19 local company cut them off?

20 **WITNESS GILET:** The local company rely on
21 long distance services to cut these people telephone
22 off.

23 **CHAIRMAN JOHNSON:** I don't mean to interrupt
24 you, but the law has been changed to address just that
25 point that you're talking about. And I know

1 Commissioner Garcia was very involved in the
2 legislature that put forward the legislation that even
3 if your phone is disconnected you can still access
4 911.

5 **COMMISSIONER GARCIA:** If they just don't pay
6 the bill. In other words, temporary disconnect is the
7 first part. Company switches you off from the base
8 office. But if they don't pay the bill within the
9 temporary disconnect period, which is 15 to 20 days,
10 then they cut you off altogether and no communications
11 is possible.

12 **WITNESS GILET:** That's very unfortunate.
13 Personally, I actually feel it's very bad when people
14 are being left when there's an option.

15 **COMMISSIONER GARCIA:** Let me ask you a
16 question -- and I don't know if Staff would know it --
17 do all of the companies offer toll blocking in our
18 state? At least one of the companies does it.

19 **MS. SHELFER:** Probably all of the larger
20 companies do. It's kind of bundled with other stuff.
21 Block, operator assisted long distance. Kind of goes
22 with a group of things, zero plus, zero-minus.

23 **CHAIRMAN JOHNSON:** Unless they receive --
24 the other problem, talk about the Lifeline and Link
25 Up, provides 10.50 off your local bill if they are

1 subscribers to Lifeline and Link Up. And the toll
2 blocking is supposed to be free. If you aren't
3 subscribers to those programs, it's oftentimes a
4 burden. It's not a cheap service, toll blocking and
5 toll limitation. So there may be an issue there. But
6 if they are economically disadvantaged and they have
7 the Lifeline/Link Up program, the toll blocking, which
8 would mean blocked toll calls going out of their
9 homes, it would be free of charge.

10 **WITNESS GILET:** How about those that are
11 subject to having their phone disconnected. Some
12 people had it in the past and they did not have a
13 problem until something happened. And people -- by
14 the way, I just thought that alternative. It can be
15 humiliating, too, just like welfare. And those people
16 have gone through a lot of things.

17 **COMMISSIONER GARCIA:** Your solution is not
18 to allow the local company to bill for the long
19 distance company.

20 **WITNESS GILET:** Right. I think that would
21 be a very good alternative. As a matter of fact, I'm
22 not in this area, and I've lived --

23 **COMMISSIONER GARCIA:** Do you think there's a
24 responsibility issue there? I'm not arguing your
25 concept. Staff has floated that concept before.

1 We've looked at it. Some of us felt it was a good
2 idea; some of us have not. But the truth is, if you
3 made the long distance call, you should have to pay
4 for it.

5 **WITNESS GILET:** Of course, as far as
6 responsibility. I'm a very responsible person.
7 Whoever is in charge is responsible. And that's why
8 I'm here today to address these issues. Although
9 there were some responsibilities from the part of
10 customers, if they make calls, they are responsible to
11 pay. But what the local service can do is to
12 disconnect the long distance service, when the local
13 service should stay intact. And they don't know.

14 And it is a safety problem. Police officers
15 are all over the streets. Older people come out in
16 their backyards, all over the place, in private yards,
17 and these people are being left without any safety or
18 security.

19 What I'm talking about, that I think of what
20 the one told me, the hurricane, this is so serious
21 that it can be as disastrous as Hurricane Georges. I
22 don't know how many people who have lost their life
23 because of this problem because they don't have any
24 emergency help, even telephone service.

25 So this is a very serious matter and I take

1 it very seriously. That's not your fault. You're not
2 taking it lightly either. And so -- by the way, I'm
3 one of the people whose telephone has been
4 disconnected in the past where I live in Polk County.
5 Where the asterisk is. That company connected my
6 telephone as much as it stated in fine print that
7 "This portion of your bill is provided --" it's fine
8 print -- I have to put it closer to my eyes so I can
9 read it -- "This portion of your bill is provided as a
10 service to AT&T. There's no connection between -- "
11 of that company -- "and AT&T. You may choose another
12 company for your long distance telephone calls while
13 still receiving your local telephone service from"
14 that particular company.

15 And this is what it said in here. And they
16 cut off my telephone service because of the long
17 distance company, where it's clearly stated I can
18 still receive local telephone service when I go to
19 another company. So I want to be very short.

20 But the 911, the value of service which
21 is -- in one way which is a very good alternative and
22 also the separation between local and long distance
23 service. I think that the public and you probably
24 know better than me. The public doesn't deserve less
25 than that.

1 If we value human life, I think we should
2 focus on safety. At this point in time we didn't know
3 how many people are dying because of this business
4 practice. And I do not think that each one life
5 should be lost because of this practice. So if we do
6 value human life, family values, et cetera, I think
7 that it is very critical that we focus on public
8 service, especially in telecommunications. This is no
9 joke. And whoever is in charge is responsible. And
10 that's why I'm here today. This is my responsibility.
11 I feel that if I do not do anything about it I will be
12 less responsible. I cannot help coming here, although
13 I was not here to speak. But I cannot help doing it
14 because so many people are in pain and suffering.
15 Everybody is subject to that. Those are some being
16 victimized. And older people are subject to it.
17 Protect and prevent it. I would hope that would be a
18 very good idea.

19 So I don't know -- because I have an
20 accent -- I don't know if you did not get everything I
21 said. You may feel free -- I'll be more than happy --

22 **CHAIRMAN JOHNSON:** No. I think you've done
23 a good job of communicating your meaning. There may
24 be some questions for you.

25 **WITNESS GILET:** Okay.

1 **COMMISSIONER GARCIA:** Hang on. Ms. Shelfer,
2 what happens when a customer does not choose a long
3 distance carrier? Is the customer required to choose
4 one?

5 **MS. SHELFER:** I believe on the long distance
6 they are assigned one. They end up in a casual
7 calling pattern so if they do make a call and they
8 have not selected one --

9 **COMMISSIONER GARCIA:** Much more sensitive.

10 **MS. SHELFER:** I'll check with Mr. Poag.

11 **COMMISSIONER GARCIA:** He's a BellSouth
12 customer, though.

13 Let me ask you another question, just for
14 our exploration. I'd like to know about -- and I
15 guess we can do this back in Tallahassee at some point
16 but just for my own understanding I'd like to know
17 about toll blocking. How much that costs for the
18 larger companies in the state. And if a customer -- a
19 customer should have a choice not to be billed on his
20 local bill for long distance. Now the customer may
21 take a risk that it may charge you more, but I know
22 that there are providers who do not charge you on the
23 local bill. AT&T sometimes charges you separately. I
24 guess they use the local provider because it lowers
25 their cost of service because they can always collect.

1 I want to find out about that possibility. The
2 customer says, "Yeah. I pick AT&T," or whoever. But,
3 "I don't want it billed on my local bill." Can they
4 have that option? And what are the restrictions to
5 that?

6 Can I ask you another question? Let me wait
7 until they finish these questions. You live in a
8 peculiar part of the city. I need to ask you about an
9 area code change. You have a few people from Winter
10 Garden. Does anyone have another question?

11 **CHAIRMAN JOHNSON:** I wanted to raise one
12 point, and perhaps Staff can assist me, the issue you
13 raised with respect to you don't believe that the
14 local company should be able to disconnect your local
15 service for nonpayment of long distance. We debated
16 that issue. I don't think we ever voted on it. I
17 think philosophically, generally, I agree with you.
18 That there should be some way to bifurcate these if
19 you -- you should continue to have that service. I
20 think it does need to be further explored and analyzed
21 to determine what we really should do. And I thought
22 that there was a docket. Do we have -- Ms. Shelfer,
23 do we have a docket that's addressing that issue? I
24 thought there was something still ongoing on that
25 particular issue.

1 **MS. SHELFER:** I believe Mr. Beck is more
2 active in the case.

3 **MR. BECK:** I would like to thank Mr. Gilet
4 for his testimony.

5 Several years ago we had a proposed rule
6 that was in front of the Commission that would have
7 done exactly what you suggest. It met a lot of
8 opposition by the companies. The long distance
9 companies wanted it because it gave them a good bill
10 collection method. The local companies didn't like
11 that proposal either, but they make money on being the
12 billing agents. The Commission never -- I'm not sure
13 what happened to the rule -- never adopted the rule.
14 They sent it back to local companies to try a few
15 things but it never reappeared. But I think your
16 comments will be in a report to the legislature.
17 They've been very valuable to us today.

18 **WITNESS GILET:** Also, I'd like to take the
19 opportunity -- I should have said from the
20 beginning -- to thank the Public Service Commission
21 for their wonderful service that they've given to the
22 public. Personally I have been in contact for one
23 year with the Public Service Commission and I was
24 happy and delighted with their service and I hope
25 that --

1 **COMMISSIONER GARCIA:** You've called our
2 1-800 number? You've called our 1-800 number?

3 **WITNESS GILET:** Right. When my phone had
4 been disconnected for one year because I had -- I'm
5 not going to mention it for some reasons, I'm going to
6 leave it open -- but I was very happy with the kind of
7 service that you and I know there's so many dedicated
8 people. And I believed that something would be done.
9 And I'm confident. And that would be very
10 appreciated. People that got it appreciate it. You
11 know, life is so precious. It is valuable. We cannot
12 afford -- if we can come to the people's needs on the
13 street, at home, the crimes -- maybe I would have to
14 make some more search about it also and bring it to
15 the attention -- told my friends, you know. But I
16 think that it is -- that's a solution.

17 Thank you very much.

18 **COMMISSIONER GARCIA:** Before you leave let
19 me ask you a quick question. Have you heard about the
20 issue that we're considering in the new area code for
21 the Orlando area? If you haven't, don't worry about
22 it. It's not a problem. If you have not, that's
23 fine.

24 **WITNESS GILET:** Not yet.

25 **COMMISSIONER GARCIA:** Stick around. After

1 we finish, we still have one more. I'd like to talk
2 to you after of the hearing is over.

3 WITNESS GILET: Okay.

4 COMMISSIONER GARCIA: Thank you.

5 WITNESS GILET: Thank you very much.

6 THE REPORTER: Can I have just a second to
7 change my disk? (Pause)

8 CHAIRMAN JOHNSON: Ready, Joy?

9 THE REPORTER: Yes. Thank you.

10 CHAIRMAN JOHNSON: If you'll state your name
11 and address.

12 - - - - -

13 DOUG JOINER

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

17 DIRECT STATEMENT

18 WITNESS JOINER: My name is Doug Joiner,
19 1507 S.E. 11th Street in Ocala, Florida. I'm here as
20 Director of Instructional Support for Marion County
21 school system and would like to thank you.

22 CHAIRMAN JOHNSON: Get a little closer to
23 the microphone.

24 WITNESS JOINER: I'm here as Director of
25 Instructional Support for the Marion County school

1 system and I'd like to thank you for holding the
2 public hearings throughout the state like you have and
3 getting a response from the public. And would even
4 encourage you, invite you to Ocala. The traffic was
5 pretty good coming here this morning.

6 My comments are more as an observation and
7 request for clarification, having to do with all of
8 the telecommunications companies, both in Florida and
9 national, in relationship to universal service and
10 e-rate.

11 **COMMISSIONER GARCIA:** Universal service --

12 **CHAIRMAN JOHNSON:** E-rate. Discount rate.

13 **WITNESS JOINER:** The discount rate for
14 schools and libraries getting access.

15 **COMMISSIONER GARCIA:** I learned something.
16 I didn't know it was called that.

17 **WITNESS JOINER:** It was kind of an acronym.
18 Education. It became a good name for it.

19 **COMMISSIONER GARCIA:** All right.

20 **WITNESS JOINER:** My understanding is that
21 before the Telecommunications Act was passed in '96 on
22 the federal level, and I'll bow to Ms. Johnson's
23 knowledge on this, a lot of negotiation was done
24 between the FCC and the telecommunications companies.
25 The first was to please deregulate us and let

1 competition take care of the cost of coming down. And
2 I know the Federal Communications Commission tends to
3 like competition regulating rather than their rules
4 regulating.

5 My observation of that was that there's
6 actually been very little local competition, very few
7 people crossing lines. We just bid our phone service
8 nationally and statewide and there was no crossover,
9 even to the amount of hundred feet to service a
10 school. There, in fact, have been spotted
11 competition.

12 **COMMISSIONER GARCIA:** Let me ask you that
13 again, you put in for the entire Marion --

14 **WITNESS JOINER:** Marion County school
15 system.

16 **COMMISSIONER GARCIA:** Bid on it for its
17 phone.

18 **WITNESS JOINER:** Except the people that
19 serve in the three telco areas that serve our system.

20 **COMMISSIONER GARCIA:** How big of a contract
21 is that, just so I can get an understanding?

22 **WITNESS JOINER:** Half million dollars a year
23 or more.

24 **COMMISSIONER GARCIA:** Okay.

25 **WITNESS JOINER:** We bid long distance as

1 well, but we're pretty sure that SUNCOM would be our
2 long distance system.

3 I know there has been some spotted cases
4 where there have been local crossovers in Miami and
5 somewhere between Orlando and West Palm actually. I
6 know there's been a lot of mergers nationally that
7 actually make the companies larger. The deregulation
8 also deregulated what you could even pay attention to.

9 It has been mentioned earlier that cost of
10 providing a service like call-waiting, a one-time
11 capital expense at the telecommunications company
12 versus the monthly charge for every customer I believe
13 is a very healthy profit. The same thing for my
14 daughter, and no, you can't make long distance phone
15 calls anymore. And you have to pay extra money for
16 her per month not to be able to do that when one time
17 the personnel click on their computer that now no
18 longer allows me. So that their initial cost on what
19 you cannot regulate -- because we said we wouldn't
20 regulate those many things -- the cost of insuring my
21 inside of the house phone line and what it cost, and
22 how often is that replaced? The cost of insuring the
23 phone if something should happen to that and what the
24 true cost is when you look at the thousands of
25 customers they have.

1 The second part, I understand that the
2 Telecommunications Act provided was we will reduce the
3 federal access charge that has been in place for
4 years. As a matter of fact, I understand to the tune
5 in the last 11 months that reduced federal access
6 charge is 4.2 billion. When it came time to fund
7 discounts for the universal service act, the schools
8 and libraries, some of the telephone companies decided
9 to tack on an additional charge to its customers as an
10 e-rate charge as an additional -- additional universal
11 service act, and not lower rates to their customers.
12 The entire universal service act request this year was
13 \$2 billion. And I know our local elected officials
14 are receiving letters from their constituents which
15 are generated from some of the telephone companies.
16 Telephone companies are using their marketing network
17 to send letters to customers for them to send letters
18 to their elected officials to protest this outrageous
19 new tax that was unauthorized. And my question back
20 to the telephone companies would be why do you feel it
21 necessary to add a new charge when you have got
22 already the discount rate on the federal income tax?

23 I also want to compliment Florida's Public
24 Service Commission. It appears you all were right on
25 top of the Federal Telecommunications Act in preparing

1 the state of Florida for the Telecommunications Act.
2 We were hoping we would see a bigger discount rate for
3 the Florida school systems and Florida libraries.
4 Knowing that the phone companies would be competing
5 for additional business from us as we got a discount
6 rate.

7 I guess the other observation is in terms of
8 the finance of it. The money that the
9 telecommunications companies are paying into the
10 universal service act will turn right back around and
11 come back from schools and libraries back to them
12 because we're going to increase the amount of service.

13 Marion County is planning on adding a T-1
14 line to 42 schools as a new service. That amount of
15 business almost equates to the same amount of money as
16 we pay for existing phone line service for basic
17 service. They are going to get additional business.
18 Money is going to be coming into it. And I'm really
19 appealing to be sure that as you talk throughout the
20 state -- the way I found out about it is my phone bill
21 that only listed the Sprint areas. I didn't catch it
22 in the newspaper either. And I have been trying to
23 keep real aware of what's happening around the state,
24 especially as applies to telecommunications and
25 possible indications for e-rate.

1 I know in Washington there are appeals to
2 change the e-rate. I know it's become a political
3 line in how people are voting on issues. But would
4 encourage any communications you have, why are we
5 being added this extra charge? Ask the phone company
6 why are they deciding to add that extra charge when in
7 fact they got a reduced federal access charge? Thank
8 you for your time.

9 **CHAIRMAN JOHNSON:** Thank you. Let me
10 address a couple of the issues that you raised and try
11 to set the stage for at least the debate that's
12 occurring, not taking a position on one side or the
13 other.

14 Florida has generally been supportive of the
15 e-rate program. In fact, we were one of the first
16 states to adopt the federal discount to assure that
17 our schools and libraries would be eligible. One of
18 the reasons we did that is because under the program,
19 which is originally set at \$2.2 billion, there would
20 be contributions from all of our telephone users,
21 would go to both whether they were participants in the
22 program or not. This was at least one of the kind of
23 programs where we would be able to, as a state,
24 receive more benefits in because we have so many
25 schools and libraries that would require the

1 assistance. Then we would give out money. So there
2 are a lot of issues surrounding our involvement in the
3 program.

4 Your statement with respect to the Fed's
5 reducing the interstate access, I think you're right,
6 4.2 billion, or around that range, in reductions have
7 occurred during the last several years. The FCC was
8 faced with a very difficult dilemma. They had -- and
9 I think one of the gentlemen that spoke raised this as
10 an issue about congressman, what they did, and,
11 indeed, when they passed the law. But the FCC was
12 told to keep rates affordable. And they had to bring
13 in a lot of new services to support as part of the
14 universal service schools, libraries and the
15 enhancement of other programs. The way they thought
16 they would accomplish that was let's reduce access
17 rates so people's total bills will probably go down,
18 and schools and libraries will cost something but the
19 bill won't go up, but the cost would be absorbed. But
20 they have given these companies these discounts.

21 The companies are stating that they are
22 passing through the access reductions to their end
23 users. That's their argument. The question is, to
24 the extent that's true -- and I don't know whether
25 it's true or not -- but to the extent it's true on a

1 federal level, it doesn't say who the discount should
2 go to. So the "Mary" that the gentlemen referred to,
3 access rates may not be going down for her. It may be
4 going to the big customers. So that when a "Mary"
5 sees her phone bill, all she got was schools and
6 libraries taking it and she didn't get the reduction
7 in access. So "Mary" is upset about that.

8 The FCC could not under the current law or
9 rules and regulations require the IXCs to give those
10 discounts to "Mary," but they are looking at ways to
11 structure access reduction. The members are split on
12 that program. A couple of the Commissioners think
13 it's an illegal tax, that we went too far, and that
14 wiring schools is not a telecommunications service.
15 It's a different type service and it should be funded
16 through general revenues.

17 So we will continue those debates. It's in
18 the Fifth Circuit Court of Appeals, that particular
19 portion, the program as a whole. Congress is also
20 looking at it. If you look at your bills, I know
21 everyone has been complaining about their taxes,
22 excise tax, that's 3%. Two of the Congressional --
23 the senate and house, they stated what they'd like to
24 do is use those revenues and support schools and
25 libraries, and at least then it's a real tax and

1 people know it's a tax, and that's how they will
2 handle it.

3 We're still trying to work through the
4 program so Florida schools and libraries can be
5 beneficiaries.

6 Marion County, you all got all of your
7 applications in and most of your applications were
8 signed off on, so you're just waiting on the discount
9 rates to come in. The program is still under review:
10 not released any of the monies, and it may be the end
11 of fall before they will release any of the dollars at
12 all.

13 But Congress has shown a commitment to
14 funding the program. It's just how they do it. Do
15 they do it through general revenues, excise tax or
16 this special program that's part of the
17 telecommunications revenues.

18 **WITNESS JOINER:** My concern about the 3% is
19 that 3% is going to the Department of Treasury and is
20 budgeted and does have a plan to be used, and plan
21 that was an alternative presented by BellSouth on a
22 national level. What that does is, again, they get
23 their federal access charge reduced, and are not
24 paying what they agreed during negotiations. The
25 profit in terms of information about e-rate that's

1 coming up from telecos. I would encourage you as you
2 go around to call the local telephone company blind,
3 ask them what the e-rate is, ask them on their message
4 electronic bulletin board, what is their description
5 of e-rate and universal service. I think you'll be a
6 little surprised the kind of twist on the explanation.

7 **CHAIRMAN JOHNSON:** I think you're absolutely
8 right. We have been trying to deal with the Universal
9 Service Joint Board and the FCC. And I've heard one
10 of those messages where they say this is, you know, a
11 tax to make sure that schools have computers. They
12 don't mention that it's a discount rate for
13 telecommunications services. They don't mention all
14 of the other services. They seem to focus on some of
15 the companies' computers and Internet access and not
16 looking at the total purpose of the programs as a
17 whole.

18 So we will try to continue to follow that
19 and make sure that customers are sufficiently educated
20 indicated. And, generally, the program has been very
21 well supported in Florida. Secretary Brogan has been
22 very supportive of the program and has been trying to
23 work with the school boards. I met with him a couple
24 weeks ago. He wanted to know how well the
25 implementation was going. Department of Management

1 Services in the Governor's Office. They've all been
2 very supportive. And the Commission is doing what we
3 can. All the action is at the federal level now, so
4 we're doing what we can to stay involved and stay
5 engaged and keep everyone informed.

6 **WITNESS JOINER:** Supported on the U. S.
7 level. I think on the local Florida level, school
8 systems, we're expected to see a bigger discount rate
9 offered under the Florida Telecommunications Act. And
10 would like to strongly point out if I cannot cable a
11 school for a computer network, I really have no need
12 for a data line going in on that school. And I will
13 not buy, like, a T-1 line going into an old high
14 school that needs to be retrofitted if I can't network
15 the school. Just as my gas tax pays for a lot more
16 road, the phone company putting into this as a
17 one-time capital expense and allow me to buy that data
18 line. I have read, too, that -- I do not have the
19 support for it, obviously one of you -- but if you
20 look, in the last year-and-a-half, two years, the
21 profit to shareholders to telecos, I understand you'll
22 find it's five times greater than Fortune 500
23 companies and the telecos are supposed to be
24 regulated. Where it comes from, how it happens, but
25 telecos are making that much more money than the IBM

1 and the other Fortune 500 companies. There should be
2 a very strong message there.

3 Locally our Sprint service, I like your
4 local CO, Jim Cocklyn (ph) is a wonderful friend of
5 education. He's a community leader. And I'm not
6 talking about our local service as much as our concern
7 that information is being distributed to the public.

8 **CHAIRMAN JOHNSON:** Thank you.

9 **WITNESS JOINER:** Thank you very much.

10 **COMMISSIONER JACOBS:** A brief question. On
11 your -- the contract that you let, you -- the
12 contract, you say you have bids on, you were bidding
13 for the whole county, correct?

14 **WITNESS JOINER:** The whole school system.

15 **COMMISSIONER JACOBS:** And you would have
16 been bidding at business rates; that would have been
17 business?

18 **WITNESS JOINER:** Business rates.

19 **COMMISSIONER JACOBS:** So it wouldn't have
20 been residential.

21 **WITNESS JOINER:** No. We presently have four
22 schools on the west end, Dunnellon area, BellSouth
23 area. Two schools on the north area that are ALLTEL,
24 and the balance being Sprint. And we bid that out and
25 even included wireless as well as fiber optics, but

1 the city ran some fiber around the city and nobody
2 crossed. And I will note that the bid we got on the
3 T-1 lines per school, for 42 T-1 lines, was the same
4 we had been offered three years previously.

5 **COMMISSIONER JACOBS:** Is that right. 42 T-1
6 lines and you had no reduction.

7 **WITNESS JOINER:** No, sir. Thank you.

8 **CHAIRMAN JOHNSON:** Thank you for your
9 testimony.

10 **COMMISSIONER DEASON:** One last question.
11 How did you advertise your bid?

12 **WITNESS JOINER:** Our normal bid procedure,
13 we sent out bid notices with packets with bid
14 specifications. We also bid on the national schools
15 and libraries Web site that people did read. When we
16 posted, we got calls in 15 minutes asking about our
17 networking, et cetera. We did our normal bid
18 procedure sending out to who we knew.

19 In addition to helping the schools providing
20 the discount rates the e-program they thought would
21 provide the necessary incentives for other service
22 providers to come in. They have an international Web
23 Page that you have to go through the process of
24 actually trying to bid. They distribute that, as well
25 as the local areas distribute the information to let

1 bidders know, look at all of the services we have,
2 look at all of the products. We want to try to get
3 the bidders in.

4 The Florida districts go into staff meetings
5 around the state for telecommunications vendor
6 providers explaining all of this. And that people
7 were bidding on the national Web site. So they were
8 well aware a lot of this was happening. And we may be
9 one of the few schools still who actually went through
10 the bid process instead of just continuing an existing
11 state contract. We actually made the bid process.

12 **CHAIRMAN JOHNSON:** I wanted to compliment
13 you and Marion County and all of the work you all have
14 done, particularly with schools and staying in touch
15 with Linda Crowley and Bill Schmidt and the folks in
16 Washington.

17 **WITNESS JOINER:** Sam Houston and you. Thank
18 you very much. Appreciate the opportunity.

19 **CHAIRMAN JOHNSON:** Take care. Is there
20 anyone in the audience who did not sign up to testify
21 that would like to testify this afternoon? Yes,
22 ma'am. If you could state your name.

23
24
25

1 GRACIE ZAHAND

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 ZAHAND: Gracie Zahand. I live at
7 636 Murphy Road in Winter Haven. Z-A-H-A-N-D.

8 I thank you very much for giving me this
9 opportunity to come to the meeting today and I
10 certainly appreciate listening to the speakers that
11 spoke previously. They were very informative.

12 My problem is not a complicated one. It's
13 very simple, but it is of interest to me.

14 My phone bill this month is \$50.57. Now I'm
15 a "Mary." I just had my 79th birthday and I live on a
16 fixed income. I live from day one of the month to the
17 last day of the month. I have no CDs, bank accounts,
18 stocks, bonds whatsoever. But the Lord takes care of
19 me and takes care of my needs. I'm conservative.

20 My bill is 58.57. 32.80 is the combined
21 amount of my local service and my long distance. I
22 have family up north that is ill and I have had to
23 make some calls but I have been using Vartec.

24 When I came down here 20 years ago I had
25 United Telephone. Then it's gone into Sprint. And

1 then Vartec came out with their 10 cents a minute, so
2 I have been calling and using them for my long
3 distance.

4 About a month ago AT&T called me and asked
5 me if I would switch to them for long distance. So I
6 said okay. I don't know if I did a good thing or not.
7 I'm just trying to get my bill to the point where it's
8 a little simpler to pay for.

9 So 32.80 is the combined amount of the long
10 distance and the local service. I have call-waiting
11 because, for me, it's necessary, and I have the
12 Touch-Tone. But \$26.47 is charges and taxes. And
13 what I don't understand is what are -- I've got five
14 pages. What are all of those different accesses?
15 What are all of those different taxes? What is the
16 1-plus change, interstate charge to ATX and -- four of
17 them. And then there's 1-plus change intraLATA charge
18 to ATX, another \$2.40. That comes to \$9.64 that I
19 don't even understand what that is.

20 **COMMISSIONER GARCIA:** You know what, I think
21 you should show that bill to our staff so that we can
22 break it down for you. Maybe you've got charges that
23 you shouldn't have there. And that happens.

24 **WITNESS ZAHAND:** I just don't understand it.
25 It's complicated too.

1 **COMMISSIONER GARCIA:** It befuddles me.

2 **WITNESS ZAHAND:** I'd appreciate it if
3 someone could just look it over.

4 **CHAIRMAN JOHNSON:** Could I see your bill?

5 **WITNESS ZAHAND:** Yes. (Hands document to
6 Chairman.)

7 **CHAIRMAN JOHNSON:** We'll make copies of this
8 and give it back to you. Okay.

9 **WITNESS ZAHAND:** If it could be explained to
10 me so I know what it's all about it would be better.
11 But it seems like it's a lot of money.

12 **CHAIRMAN JOHNSON:** It looks right, and I've
13 run -- I'm from this area, a small town called
14 Clermont outside of here, and quite a few individuals
15 in that community, looks like they keep changing your
16 long distance provider. And every time your long
17 distance provider is changed, there's a charge of
18 \$2.40. But it looks like they changed yours four or
19 five times. And what happened to one of the "Marys"
20 that I was talking to, she tried to switch her
21 provider from Sprint to AT&T. Two days later it was
22 switched to somebody else. Three days later it was
23 switched again, somehow got into this slamming ring.

24 **WITNESS ZAHAND:** Do you think I did a good
25 thing by using the Vartec with Sprint and then

1 changing to AT&T, or should I have left it alone?

2 **CHAIRMAN JOHNSON:** I think you should always
3 try to evaluate the best --

4 **WITNESS ZAHAND:** Do what's most acceptable
5 to me.

6 **COMMISSIONER GARCIA:** That should only be
7 one charge. You might have been charged once and
8 sometimes the company, to switch you, will say -- will
9 say -- what was your name?

10 **WITNESS ZAHAND:** Zahand.

11 **COMMISSIONER GARCIA:** They may say to you,
12 "We're going to give you \$10 for switching." That is
13 supposed to pay for any charges that the company -- in
14 your case, as Commissioner Johnson said, it's as if
15 you switched once -- and there's nothing wrong with
16 you switching. But the problem is that they just kept
17 on switching you. They authorize one switch, not
18 four. Ms. Johnson is famous for switching. She has a
19 huge long distance bill.

20 **WITNESS ZAHAND:** This is what AT&T did. You
21 know, they offered me a check. You think it was --

22 **COMMISSIONER GARCIA:** I do it too. Every
23 time they offer me something, I switch it. And then I
24 use my Tallahassee number and I just keep flipping
25 different companies. There's nothing wrong with that.

1 **WITNESS ZAHAND:** I just want to know whether
2 I was doing the wrong thing.

3 **COMMISSIONER GARCIA:** Someone did the wrong
4 thing.

5 **WITNESS ZAHAND:** I thank you so very, very
6 much.

7 **CHAIRMAN JOHNSON:** Ms. Zahand, it can be
8 very, very confusing, the telephone bills in the
9 market. And we're doing two things at the Commission.
10 One, we're looking at the billing practices of the
11 companies to determine if we can come up with
12 something that's less confusing for the customer.
13 We're also looking at their advertising practices to
14 determine if there's something we need to do there
15 too. Reviewing both those actions that's occurring at
16 the state and the federal level. Because
17 oftentimes -- and I'm not saying this happened in this
18 instance -- but say you switched to AT&T. They call
19 you and they say 10 cents a minute but they may not
20 tell you there's a flat charge of \$5 a month to get
21 the 10 cents.

22 **COMMISSIONER GARCIA:** How are you dialing
23 this, ma'am? Vartec seems to be a dial-around
24 company.

25 **WITNESS ZAHAND:** It's a 10-10-811.

1 **COMMISSIONER GARCIA:** When you switched to
2 AT&T, did you keep dialing 10-1-811?

3 **WITNESS ZAHAND:** I might have.

4 **COMMISSIONER GARCIA:** They will keep billing
5 you.

6 **WITNESS ZAHAND:** Is that what happened?

7 **COMMISSIONER GARCIA:** This is different.
8 This will -- we're working on the other, switching
9 charges. But realize that --

10 **WITNESS ZAHAND:** See, at that time they said
11 well, it wouldn't go into effect for so many weeks or
12 something. So then I was using the Vartec.

13 **COMMISSIONER GARCIA:** I don't even -- who is
14 your carrier?

15 (Unsolicited response from audience.)

16 **WITNESS ZAHAND:** Now on there, AT&T.

17 **CHAIRMAN JOHNSON:** Ma'am, Ms. McCall, we'll
18 have to wait a second because we'll need you to come
19 up to the microphone. We want to get it all on the
20 record.

21 **COMMISSIONER GARCIA:** It looks like your
22 carrier is AT&T. What you're doing is dialing around,
23 just so you know. Now Vartec may be getting a part.
24 That's neither here nor there.

25 **WITNESS ZAHAND:** Should I sign off AT&T?

1 **COMMISSIONER GARCIA:** When you select a
2 carrier you don't have to dial any dial-around, it
3 just automatically puts you on. You don't have to
4 dial that. 10-10-811. You dial 1 and the system?

5 **WITNESS ZAHAND:** See, Vartec was giving it
6 to me 10 cents a minute without any monthly charge.
7 Was the 4.95 --

8 **COMMISSIONER GARCIA:** Which is maybe better
9 than what AT&T offers. And maybe you would be fine.
10 Listen, if you got a check from AT&T and cashed it,
11 and Vartec, all you have to do is dial that number,
12 hey, you did good. If the check was more than \$2.40
13 which should have been the switch -- apparently you
14 have been charged four times -- we're checking on that
15 with our office.

16 Let's say they gave you a check for \$10 as
17 an example. The Chairman gets checks for hundreds but
18 we'll talk about that some other time. You get a
19 check for ten bucks. They charge you 2.40. You can
20 still use Vartec. You're seven bucks ahead.

21 **WITNESS ZAHAND:** I needed an explanation.
22 That's what I needed. I appreciate it.

23 **COMMISSIONER GARCIA:** We're working on that,
24 calling, why that is on your bill.

25 **CHAIRMAN JOHNSON:** Ms. McCall, if you could

1 come to the microphone.

2 **WITNESS McCALL:** I just wanted to try to
3 help clear up some of the billing matter.

4 When you go through a company such as Vartec
5 or Telelink, those are resellers of long distance
6 companies. They buy services from the local
7 companies. And when they resell it to the consumer,
8 you're going to be charged a interexchange rate even
9 though they might quote a charge of 10 cents a minute,
10 you're going to pay for using their services, which is
11 that interexchange rate. If you go through a company
12 such as AT&T, because they are regulated, unlike those
13 resellers, they are regulated as far as their rates,
14 they have to advertise their rates. And if they do
15 any type of rate changes, they have to get approval.
16 Once you pay that 10 cents per minute, their calling
17 plans will have a flat monthly fee, which is \$3.

18 **COMMISSIONER GARCIA:** Let me tell you her
19 rates weren't that way. I know what you're saying and
20 you may be right. On the certain issues it doesn't
21 work that way; structure their programs. You
22 sometimes can do very well by not choosing one of the
23 large carriers.

24 **WITNESS McCALL:** Usually when you use a
25 reseller you will pay additional charges if they

1 decide to go up on their rate.

2 **COMMISSIONER GARCIA:** You're right. They
3 can change their rate. All they have to do is file a
4 tariff. But you would be surprised, ma'am, the kind
5 of savings that you can find when you shop around,
6 even with resellers. And to be quite honest, I was
7 impressed by the rate that, I'm sorry -- Ms. Zahand
8 got. That wasn't a bad rate. That Vartec company,
9 that was a pretty good rate. 10 cents.

10 **WITNESS McCALL:** However, whenever she did
11 the 10-10-321, whatever, she was charged an
12 interexchange rate. I don't know if that was told to
13 her up front. Any time she dials the additional
14 digits, she's going to be given a hidden interexchange
15 rate per call; not per month, per call.

16 **CHAIRMAN JOHNSON:** That's interesting.
17 We'll have to look into that. I saw another Vartec
18 bill that did not have the \$2.40 hit. It was just a
19 flat fee of 10 cents a minute. But we'll have to look
20 at that. In fact, particularly in the Central Florida
21 area. They must market a lot.

22 **COMMISSIONER GARCIA:** Mr. Beck is telling me
23 he uses it all the time. If he uses it, this guy is
24 really cheap.

25 **WITNESS McCALL:** There are a lot of

1 resellers in the area. A lot of resellers.

2 **COMMISSIONER GARCIA:** You'd be surprised.

3 There's sometimes is not.

4 **WITNESS McCALL:** I've done a little
5 investigating.

6 **COMMISSIONER GARCIA:** Sometimes there's not
7 a fee associated with that and that clearly \$2.40 --
8 maybe we're going to find out now.

9 **WITNESS McCALL:** Find out. Might find out
10 they are resellers. You are sharing those services.
11 Sometimes you might get busy. When you think it's the
12 call you're placing, it's actually the network.

13 **CHAIRMAN JOHNSON:** Thank you, ma'am. Any
14 other customers that would like to testify that have
15 not signed up?

16 I think I need to swear you in, sir.

17 - - - - -

18 **PETER GLENER**

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

22 **DIRECT STATEMENT**

23 **CHAIRMAN JOHNSON:** State your name and
24 address for the record, please.

25 **WITNESS GLENER:** My name is Peter

1 G-L-E-N-E-R. Address also, 1459 South Wind Drive.

2 COMMISSIONER GARCIA: I missed your name.

3 WITNESS GLENER: Peter Glener. G-L-E-N-E-R,
4 1459 South Wind Drive. That's in Casselberry.

5 I don't know -- I don't know if this was
6 addressed or not, or if this is the proper way to
7 address it, but my concern particularly was having
8 Sprint as both carriers and in the case of nowhere to
9 actually pay the bill.

10 I ran into the situation that they no longer
11 had anyplace within their local service area to pay
12 the bill. And I find this unbelievable as a utility,
13 I guess, to have that. In this case I was, over the
14 last couple of months, like everybody else, trying to
15 work paycheck to paycheck. You're trying to pay the
16 bill and sometimes you have to wait until the last
17 minute. They had a central location where it could be
18 paid. And a couple of locations which were closed,
19 leaving us to go to check cashing stores, close to 30
20 people every month. I went to pay -- and went to pay
21 it there one month and all of a sudden they were not
22 taking it any longer. I had to go out to Apopka from
23 Casselberry and pay it from a country store,
24 literally, 25 miles from where I lived. That was the
25 only place left other than mailing.

1 When calling up the company, I was told that
2 well, because of competition, costs involved and
3 everything else, that, you know, this is the way we
4 have to do it. That's strictly a mail-in. Then,
5 because of being late taken back from a two-month
6 billing cycle -- I shouldn't say billing cycle --
7 where I had the ability to turn around and you didn't
8 get it in right away, you wouldn't have a shut-off
9 notice because of doing this, going all around. I was
10 put back to one month.

11 I have two major concerns. Do I have to be
12 notified due to the way I have been paying, the cycle,
13 do I have to be notified legally they've changed from
14 what the policy was two months over the first month?
15 I was immediately having a shut-off notice. That's
16 one concern.

17 And the other concern -- I guess I'm
18 calling -- a utility, do they have the right to close
19 off all payment centers -- being told from them that
20 the reason why this is done is because of competition
21 and to be cost competitive with everybody else. Are
22 all of the utilities going that way? My electric
23 bill, putting mail drops in Albertsons or local
24 supermarkets to make it more accessible to pay your
25 electric bill. All of the utilities make it more

1 accessible to pay your bill, not less accessible.
2 That seemed to be a concern on my part. If I don't
3 have the time to mail it in, in the sense of trying to
4 get this money up, can you at least have a drop box?
5 I understand not being able to pay by cash. Anybody
6 who has cash can easily get a money order and at least
7 have a drop box in your service area. That's my
8 concern.

9 **CHAIRMAN JOHNSON:** You raised some good
10 issues. First, with respect to if they changed the
11 policy of payment, is there some obligation to notify.

12 **WITNESS GLENER:** I was basing it on if I was
13 late previously. And that was my concern. I
14 understand. In other words, they obviously must have
15 some type of credit rating that they are relying upon,
16 and it's understandable. But in this case, I honestly
17 got to say I did not get the shut-off mailing error or
18 whatever. I actually knew the second month, it was
19 frustrating paying the bill, going out to God's
20 country. But that was my concern though.

21 **CHAIRMAN JOHNSON:** We could look into that
22 particular policy and see. The same thing happened to
23 me with American Express, so I'm sympathetic.

24 **WITNESS GLENER:** As a utility, do they not
25 have to have some type -- anything regarding -- don't

1 have the ability to literally just go pay your bill in
2 person?

3 **COMMISSIONER GARCIA:** They've done that
4 locally. Southern Bell has closed a lot of their
5 local offices. And the last one they closed about a
6 year back. But they immediately transferred a lot of
7 those services to check cashing stores and like, you
8 know, Sears or some stores like that.

9 **WITNESS GLENER:** I work for Sears. They
10 have them too. I know they have them there.

11 I guess the question was -- I mean as a cost
12 cutting measure, isn't that sort -- I see all of these
13 things about how they are gearing their customer
14 service, certain amount of customer service. If
15 you're talking about your bill being due now on a
16 monthly basis, I'm literally having to mail it out
17 within a week of getting it to make sure it will get
18 there.

19 **COMMISSIONER GARCIA:** They work from the
20 concept of a postmark. They don't work from the
21 concept of them receiving it.

22 **WITNESS GLENER:** I'm talking about if you
23 have a shut-off notice. You have a 30-day bill, you
24 have a week after --

25 **COMMISSIONER GARCIA:** Play the shut-off game

1 in terms of they get it shut off, then you get it --

2 **WITNESS GLENER:** In some cases, monetarily I
3 have to. My question is at the point I mailed it out,
4 I'm almost sure I will be cut off on this following
5 day. It's literally once they close this one store in
6 Apopka, I'll have no choice.

7 **COMMISSIONER GARCIA:** I think the company
8 probably has listings of all their -- your company is
9 Sprint.

10 **WITNESS GLENER:** Correct.

11 **COMMISSIONER GARCIA:** The company has a
12 listing of all of their vendors, or all of the people
13 they have that receive checks. And we'll have them
14 give you a list. That guy in the nifty suit in the
15 back wall, he'll do that for you.

16 **WITNESS GLENER:** That's what I really --

17 **CHAIRMAN JOHNSON:** Sir, one of the things
18 you were asking, and it might have been answered by a
19 Staff, we do still have regulatory oversight over
20 quality of service and the like. To the extent this
21 is causing a problem where people can't find places to
22 pay is we can evaluate that. That may be a something
23 we can factor into this report. I know the
24 legislature is looking for competition to make things
25 better for customers. So we do have a unit that looks

1 into these issues and your comments have been made a
2 part of the record. Someone -- I think it was the
3 Sprint area, maybe not, I might be misspeaking, but
4 they did raised the same concern, that there's not a
5 place for you to go talk to a anybody to pay your bill
6 in person. It's something we're still looking at too.

7 **COMMISSIONER DEASON:** We had complaints of a
8 similar nature in the Panhandle.

9 **WITNESS GLENER:** Should be able to pay it
10 and that's it.

11 **CHAIRMAN JOHNSON:** Thank you.

12 **WITNESS GLENER:** Thank you very much.

13 **CHAIRMAN JOHNSON:** Ms. Zahand, we did look
14 at your phone bill. We understand from speaking with
15 the company that is bill is in error. That they did
16 overcharge you. At least two of those \$2.40 charges
17 were in error. They have caught that and that in your
18 next billing cycle you will receive some credit for
19 the \$2.40 for at least two of them. There are two
20 additional ones. When you change your service you are
21 assessed a change fee. And you changed both your
22 short long distance and your long long distance
23 carriers. So that's why you were charged those two
24 charges. We'll have someone sit down with you and
25 explain each of these, but you will receive a credit

1 for at least part of this because it was an error on
2 the part of the company.

3 **COMMISSIONER GARCIA:** Good for you. How
4 much did AT&T offer you have to switch?

5 **WITNESS ZAHAND:** I think it was around \$10.

6 **COMMISSIONER GARCIA:** You're still ahead by
7 five.

8 **CHAIRMAN JOHNSON:** Just for everyone's
9 edification, I see some of the gentlemen and ladies
10 shaking their heads. But oftentimes when they say
11 they are going to give you a 10-cent a minute rate,
12 make sure you ask is there a flat fee involved.
13 Because sometimes you switch over and you'll have a \$5
14 flat fee for that 10-cent a minute rate and you have
15 to balance those kind of things.

16 **COMMISSIONER GARCIA:** You should be careful.
17 Now that AT&T will now get you on a \$3 a month charge.
18 And so then when you try to flip out of them they are
19 going to charge you again \$2.40 to leave. Starting in
20 January of this year. You should be already.

21 **WITNESS ZAHAND:** The situation is should I
22 go back to Sprint?

23 **CHAIRMAN JOHNSON:** Should you go back to
24 Vartec? I'll give you my mother's phone number. She
25 uses Vartec.

1 STATE OF FLORIDA)
: CERTIFICATE OF REPORTER
2 COUNTY OF LEON)

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 132 pages, constitutes a true
13 transcription of my notes of said proceedings.

14 DATED this 8th day of October, 1998.

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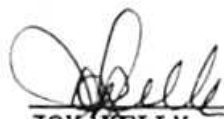
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JOY KELLY, CSR, RPR
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