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BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

SCANNED

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In the Matter of :  
:   
Comprehensive review of : DOCKET NO. 920260-TL  
revenue requirements and rate :  
stabilization plan of :  
SOUTHERN BELL TELEPHONE AND :  
TELEGRAPH COMPANY. :  
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PROCEEDINGS: PANAMA CITY BEACH SERVICE HEARING

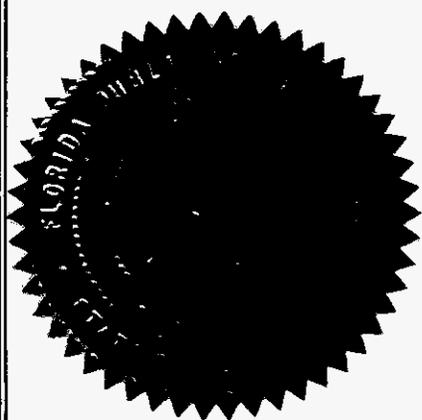
BEFORE: J. TERRY DEASON, CHAIRMAN  
COMMISSIONER JULIA L. JOHNSON

DATE: Monday, November 8, 1993

TIME: Convened at 6:00 p.m.  
Concluded at 6:32 p.m.

PLACE: The Beach Civic Center  
Frank Brown Park  
16200 Back Beach Road  
Panama City Beach, Florida

REPORTED BY: SYDNEY C. SILVA, CSR, RPR  
Official Commission Reporter



## 1 APPEARANCES:

2 NANCY B. WHITE, BellSouth Telecommunications,  
3 Inc., 675 West Peachtree Street, Suite 4300, Atlanta,  
4 Georgia 30375-0001, Telephone No. (404) 529-5387,  
5 appearing on behalf of Southern Bell Telephone and  
6 Telegraph Company.

7 ROGER HOWE, Office of Public Counsel, c/o  
8 Florida Legislature, 111 West Madison Street, Room 812,  
9 Tallahassee, Florida 32399-1400, Telephone No. (904)  
10 488-9330, appearing on behalf of the Citizens of the  
11 State of Florida.

12 ROBERT PIERSON, FPSC Division of Legal  
13 Services, 101 East Gaines Street, Tallahassee, Florida  
14 32399-0863, Telephone No. (904) 487-2740, appearing on  
15 behalf of the Commission Staff.

16

## 17 ALSO PRESENT:

18 WILLIAM C. LANTAFF, Southern Bell Telephone  
19 and Telegraph Company.

20 BRENDA MONROE, FPSC Office of Public  
21 Information.

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25I N D E XPAGE NO.

OPENING STATEMENT BY MR. LANTAFF	6
OPENING STATEMENT BY MR. HOWE	9
CERTIFICATE OF REPORTER	13

EXHIBITSIDENTIFIEDADMITTED

2 (Southern Bell) Publication of Notice of Hearing	6
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P R O C E E D I N G S

(Hearing convened at 6:05 p.m.)

CHAIRMAN DEASON: Call the hearing to order, please. Counsel, will you read the notice?

MR. PIERSON: Pursuant to notice, this time and place has been set for hearing in Dockets Nos. 920260, 910163, 910727, 900960 and 911034, the consolidated rate application of Southern Bell Telephone and Telegraph Company.

CHAIRMAN DEASON: Thank you. Take appearances.

MS. WHITE: Nancy White on behalf of Southern Bell Telephone Company.

MR. PIERSON: Robert Pierson, 101 East Gaines, Tallahassee, Florida, on behalf of the Commission Staff.

MR. HOWE: Roger Howe, on behalf of the Office of Public Counsel, representing the customers of Southern Bell.

CHAIRMAN DEASON: Thank you. I'd like to take this opportunity to welcome everyone out to the public hearing that we have this evening. There are a few preliminary matters which I need to address at this time.

First of all, in the way of introductions, my

1 name is Terry Deason, I'm Chairman of the Public  
2 Service Commission; and to my left is Commissioner  
3 Julia Johnson. This evening, Commissioners Susan Clark  
4 and Luis Lauredo are having a public hearing on this  
5 same matter in Jacksonville.

6           There are a number of Staff persons here this  
7 evening for any questions that customers may have. I  
8 see standing in the back is Ms. Brenda Monroe. Brenda,  
9 if you will raise your hand. And if you have any  
10 questions, I'm sure she will be glad to help you.

11           The purpose of the hearing this evening is to  
12 hear from the customers regarding the dockets which  
13 have just been described by Mr. Pierson. There has  
14 been a special report prepared by the Public Service  
15 Commission, it's printed on blue paper. It describes  
16 the proceedings; and attached to the back of this  
17 report is a sheet which may be detached and gives  
18 customers an opportunity to mail in comments to the  
19 Public Service Commission. This may be done in lieu of  
20 giving an oral presentation to the Commission this  
21 evening.

22           The procedure we're going to follow this  
23 evening is I want to have brief opening statements by  
24 Southern Bell and by the Public Counsel's office, after  
25 which witnesses will be sworn in. And as your name is

1 called, if you intend to testify, if you will please  
2 come forward, give the name for the court reporter and  
3 spell your name, please, and give us your address and  
4 then proceed with your statement.

5 At this time, we will have opening  
6 statements.

7 MS. WHITE: Before we do that, Mr. Chairman,  
8 I'd like to have identified and admitted into evidence  
9 the affidavit of publication of notice of this hearing.

10 CHAIRMAN DEASON: Very well. That will be  
11 identified as Exhibit 2A, and you're giving a copy of  
12 that to the court reporter.

13 MS. WHITE: That's correct.

14 CHAIRMAN DEASON: Thank you.

15 (For the accuracy of the record, Exhibit No.  
16 2A has been marked for identification as Exhibit  
17 No. 2.)

18 MS. WHITE: With me is Mr. Cort Lantaff, who  
19 will be giving the opening statement on behalf of  
20 Southern Bell.

21 MR. LANTAFF: Good evening. I'm Cort Lantaff  
22 and I'm an assistant vice president of Southern Bell in  
23 Florida.

24 I'm going to be very brief tonight so we can  
25 get to your views. However, there are a few things I

1 believe need to be said to set the context for  
2 tonight's discussion. We need to look no further than  
3 the headlines of recent newspapers and news magazine  
4 articles to realize that the telephone business is  
5 changing at an ever-increasing pace.

6           Time Magazine recently described the historic  
7 merger of Bell Atlantic, one of the regional Bell  
8 companies, and TCI, the nation's largest cable  
9 television company, in these terms, and I quote: "By  
10 adding high speed switches to the cable wires that  
11 serve TCI's almost 11 million customers, Bell Atlantic  
12 would enable its subscribers to choose from hundreds of  
13 channels with the flick of a remote control button.  
14 Bell Atlantic could also provide phone service, even  
15 video phone service, over TCI's cable wires and thereby  
16 invade the territories of other Baby Bells from coast  
17 to coast."

18           And a recent front page article in a major  
19 Florida newspaper said, and I quote: "In Florida, the  
20 merger of Bell Atlantic and TCI may challenge Southern  
21 Bell's decades-old dominance of local telephone  
22 service," end quote. The story continued that by mid-  
23 1994, the Bell Atlantic TCI system will link living  
24 rooms in major portions of Florida with America's data  
25 super highway through a single outlet in the home.

1           Yes, America and Florida in particular are in  
2 the middle of a communications revolution, not an  
3 evolution. And yet our traditional regulatory process  
4 never envisioned this changing market. The regulatory  
5 policies of the past do not address the changes that  
6 are occurring today, let along tomorrow's changes.

7           That brings me to the proposal we have before  
8 the Public Service Commission. That proposal is really  
9 about continuing Florida's tradition -- transition to  
10 this new world. It's about providing you options.  
11 It's about providing reasonably priced, reliable  
12 service and yes, about positioning Southern Bell to be  
13 able to compete in this new world of competition.

14           Since we have already sent our customers a  
15 bill insert that describes our proposals in detail and  
16 the Commission has provided information tonight as  
17 well, I will not belabor these points tonight. If you  
18 still have questions, we have some Southern Bell  
19 employees here who can explain more to you  
20 individually. However, I do want to emphasize two  
21 primary points about our proposal.

22           First, this is a rate reduction case. Since  
23 1988, when the PSC approved Southern Bell's current  
24 incentive regulatory plan, you, our customers, have  
25 received more than \$1.4 billion in rate reductions and

1 refunds. In our proposal that we're talking about  
2 tonight, we're suggesting another reduction of over 26  
3 million to you, in addition to the 49 million in  
4 reductions already scheduled.

5 And secondly, if Southern Bell is to be able  
6 to continue offering reasonably priced service, we must  
7 have a regulatory environment that encourages  
8 efficiency and provides the capital resources so that  
9 we can bring the benefits of the information age to  
10 you.

11 There are many other beneficial features of  
12 our proposal, but I promised to be brief. Tonight is  
13 about hearing from you.

14 Thank you, and I look forward to hearing your  
15 comments.

16 CHAIRMAN DEASON: Thank you. Mr. Howe?

17 MR. HOWE: My name is Roger Howe. I work in  
18 Tallahassee for a gentleman named Jack Shreve. Jack is  
19 the Public Counsel for the State of Florida. He's  
20 charged by statute to represent the consumers in  
21 matters related to the jurisdiction of the Public  
22 Service Commission. In that regard in this case, Jack  
23 and our office represent the customers of  
24 Southern Bell.

25 It's our job to provide the adversarial

1 nature to the proceeding; whereas on the one hand  
2 you'll have the Company representing its best  
3 interests, it's our job to represent the interests of  
4 the customers. And in trying to fulfill that  
5 obligation, our office has devoted a lot of resources  
6 to this case. Today, we filed the testimony of, I  
7 believe, half a dozen witnesses, three analysts in our  
8 office and three outside consultants that we hired to  
9 analyze the Company's data and to see exactly where the  
10 Company should be, how the customer should be treated,  
11 to on the one hand, give the Company an opportunity to  
12 earn a fair profit, but on the other hand, give the  
13 customers the service and the rates that they deserve.

14 In that regard, we think \$26 million as a  
15 proposed rate reduction is grossly insignificant. We  
16 think the rate reduction should be on the order of  
17 several hundred million dollars. And these are dollars  
18 that we think should be returned to the customers.

19 We do not disagree that times are changing  
20 and that the Information Age is well upon us. But we  
21 believe there have been economies of scale, new  
22 technology that will enable the Utility to provide  
23 service at a lower cost.

24 We think that the purpose of this proceeding  
25 should be twofold: To reduce rates is one. And that's

1 to reduce rates to the appropriate level so you, the  
2 customers, only pay a fair amount; and secondly, to see  
3 to it that the Utility's service is improved.

4 One of the dockets that was read to you in  
5 the notice is an investigation into the integrity of  
6 Southern Bell's repair service activities and reports.  
7 This case is going to look at the quality of service  
8 this Company has been providing to its customers. We  
9 think the Company should be sanctioned for past  
10 improprieties, and that in the future this Company  
11 needs more regulatory oversight than it has in the  
12 past.

13 So if anybody would like to speak to this  
14 Commission, I'd ask that they come forward and we'd be  
15 interested in hearing what you have to say about the  
16 rates you pay, about the service you receive, and about  
17 what you expect from your telephone utility.

18 Thank you.

19 CHAIRMAN DEASON: Thank you. At this time if  
20 there are any individuals from the public who wish to  
21 testify, it would be necessary for you to stand and to  
22 raise your right hand and to be sworn in so that you  
23 can give your testimony. If there are any witnesses  
24 present, would you please stand and raise your right  
25 hand?

1           Let the record reflect that there are no  
2 individuals from the public who wish to testify at this  
3 time.

4           What we're going to do is take an informal  
5 recess until 6:30, in anticipation that some witnesses  
6 may come in during that time. We'll reconvene at 6:30;  
7 and if there are no other witnesses present at that  
8 time, we will adjourn the hearing. At this time, we're  
9 in informal recess until 6:30.

10           (Brief recess.)

11

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12           CHAIRMAN DEASON: Call the hearing back to  
13 order, please.

14           Ms. Monroe, Mr. Howe, have there been any  
15 individuals come into the hearing since we last  
16 adjourned?

17           MR. HOWE: I don't believe so, Chairman  
18 Deason.

19           CHAIRMAN DEASON: I will once again publicly  
20 request, if there are any witnesses from the public who  
21 wish to testify this evening, if you will please let it  
22 be known by raising your hand, we'll hear from you at  
23 this time. Let the record reflect that there are no  
24 individuals from the public indicating that they wish  
25 to testify.

1 I want to thank everyone for coming out this  
2 evening, and this hearing is adjourned.

3 (Hearing concluded at 6:32 p.m.)

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1 F L O R I D A )

2 :

3 COUNTY OF LEON)

CERTIFICATE OF REPORTER

4

5 I, SYDNEY C. SILVA, CSR, RPR, Official  
6 Commission Reporter,

7

8 DO HEREBY CERTIFY that the Panama City Beach  
9 Service Hearing in this cause, Docket Nos. 900960-TL,  
10 910163-TL, 910727-TL, 920260-TL and 911034-TL, was  
11 heard by the Florida Public Service Commission at the  
12 time and place herein stated; it is further

13

14 CERTIFIED that I stenographically reported  
15 the said proceedings; that the same has been  
16 transcribed under my direct supervision, and that this  
17 transcript, consisting of 13 pages, constitutes a true  
18 transcription of my notes of said proceedings.

19

20 DATED this 10th day of November, A. D., 1993.

21

22 *Sydney C. Silva*

23

24 SYDNEY C. SILVA, CSR, RPR  
25 Official Commission Reporter  
(904) 488-5981

26

27

28 STATE OF FLORIDA)

29 :

30 COUNTY OF LEON )

31

32 The foregoing certificate was acknowledged  
33 before me this 10th day of November, 1993, by SYDNEY C.  
34 SILVA, who is personally known to me.

35

36

37 *Evelyn L. Borschel*

38

39 Evelyn L. Borschel  
40 Notary Public - State of Florida

41

42

43 EVELYN L. BORSCHEL  
44 MY COMMISSION # CC289265 EXPIRES  
45 May 25, 1997  
46 BONDED THRU TROY FAH INSURANCE, INC.

2

# Florida Freedom Newspapers, Inc.

PUBLISHERS OF THE NEWS HERALD  
Panama City, Bay County, Florida  
Published Daily

## State of Florida County of Bay

Before the undersigned authority appeared Dennis Kozak  
\_\_\_\_\_, who on oath says that (s)he  
is Advertising Director of the News Herald, a daily  
newspaper published at Panama City, in Bay County, Florida; that the attached copy  
of advertisement, being a Legal Notice  
in the matter of Southern Bell  
\_\_\_\_\_  
in the \_\_\_\_\_  
Court, was published in said newspaper in the issues of Oct 28, 1993

Affiant further says that the News Herald is a direct successor of the Panama City News and that this publication, together with its direct predecessor, has been continuously published in said Bay County, Florida, each day (except that the predecessor, Panama City News, was not published on Sundays), and that this publication together with its said predecessor, has been entered as a second class mail matter at the post office in Panama City in said Bay County, Florida, for a period of one year next preceding the first publication of the attached copy of the advertisement, all in accordance with the provisions of section 49.03, Florida Statutes; and affiant further says that (s)he has neither paid nor promised any person, firm or corporation any discount, rebate, commission or refund for the purpose of securing this advertisement for publication in the said newspaper.

Dennis J. Kozak

State of Florida  
County of Bay

Sworn to and subscribed before me this 3 day of Nov,

A. D., 1993 by Dennis Kozak, Advertising Director of The

News Herald. He is personally known to me or has produced \_\_\_\_\_  
as identification and did take an oath.

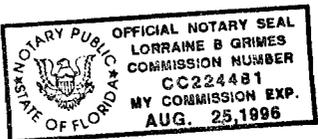
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 920260-TL EXHIBIT NO. 2

COMPANY/

WITNESS: \_\_\_\_\_

DATE: 11/8/93



Lorraine B. Grimes  
Notary Public, State of Florida at Large

Aidid.

Negotiations that Oakley opened with Aidid's supporters earlier this month won the release of a captured American helicopter pilot and all but ended the U.N. manhunt for the warlord.

Aidid declared a unilateral truce with the United Nations on Oct. 9 and his men freed pilot

keepers.

The latest sign of the Clinton administration's interest in a political accommodation in Somalia was the appointment Tuesday of a new special envoy to the country. Ambassador Richard Bego-sian will replace Robert Gos-ende, who was closely identified with the previous hard-line policy toward Aidid.

major catering contracts man's company had with United Nations. He had been beaten up badly two days earlier, the sources said.

Ministry and U.N. sources said a Kenyan man traveling with a New Zealander was shot in the thigh and recovering in a military hospital.

**LEGAL NOTICE  
NOTICE OF PUBLIC HEARING**

The Florida Public Service Commission has scheduled a public hearing in Docket No. 920260-TL. The purpose of this docket is to review Southern Bell's operations under its incentive sharing plan and to consider Southern Bell's proposal for extension of that plan. It will also consider the Company's proposed rate changes, including the proposed optional Expanded Local Service Plan, reductions in intraLATA access charges and certain custom calling feature rates, a restructuring of service order charges and a reduction of certain business line rates.

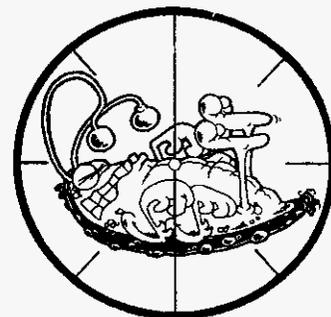
For the convenience of the public, the Florida Public Service Commission has also scheduled a service hearing as follows:

Monday, November 8, 1993—6:00 PM C.S.T.  
The Beach Civic Center  
Frank Brown Park  
16200 Back Beach Road  
Panama City Beach, Florida

At the above time and place, members of the public may appear to testify as to their interest in this matter. All persons desiring to present testimony at the hearing should, if possible, bring bills or other documentations regarding their telephone service. Customers are urged to attend on time. If no customers are present, the hearing will be adjourned. The Public Counsel, the citizens' representative in matters before the commission, will be available at least 30 minutes prior to each hearing in order to meet members of the public who wish to testify. Prior to that time, inquiries should be directed to The Office of Public Counsel, c/o Florida House of Representatives, The Capitol, Tallahassee, Florida 32399-1300.

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EFFECTIVE OCTOBER 29TH  
RECORDS MAY BE PICKED UP OR FOR  
CONTINUATION OF CARE, MAY BE OBTAINED AT  
CALDWELL CHIROPRACTIC OFFICE  
2629 W. 23RD STREET  
785-8805**