

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of :
Fair and Reasonable : SPECIAL PROJECT NO. 980000A-SP
Residential Basic Local :
Telecommunications Rates. :

PROCEEDINGS: PUBLIC HEARING
PORT ST. JOE, FLORIDA

BEFORE: COMMISSIONER J. TERRY DEASON,
COMMISSIONER E. LEON JACOBS, JR.

DATE: MONDAY, OCTOBER 5, 1998

TIME: COMMENCED AT 2:10 P.M. EST
CONCLUDED AT 3:00 P.M. EST

PLACE: CITY OF PORT ST. JOE
FIRE STATION, CONFERENCE ROOM
404 WILLIAMS AVENUE
PORT ST. JOE, FLORIDA

REPORTED BY: KELLY RENNEKE

BUREAU OF REPORTING

RECEIVED 10-12-98

APPEARANCES:

BETH KEATING, SENIOR STAFF COUNSEL
PUBLIC SERVICE COMMISSION
2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0863

CHARLES J. BECK, ASSISTANT PUBLIC COUNSEL
THE FLORIDA LEGISLATURE
111 WEST MADISON STREET
ROOM 812
TALLAHASSEE, FLORIDA 32399-1400

DAVID ERWIN, GT COM COUNSEL
127 RIVERSINK ROAD
CRAWFORDVILLE, FLORIDA 32327

I N D E X

Appearances	2
Index	3
Reading of Notice	4
Introduction of Purpose by Commissioner Deason	5
Witnesses Sworn by Commissioner Deason	9
Comments by Mr. Conley	9
Comments by Ms. Forster	10
Comments by Ms. Bordelon	12
Further Comments by Ms. Forster	13
Further Comments by Ms. Bordelon	16
Comments by Mr. Stokoe	20
Comments by Mr. Knight	24
Comments by Ms. Wheeler	28
Closing Statements by Commissioner Deason	31
Certificate of Reporter	34

P R O C E E D I N G S

1
2 COMMISSIONER DEASON: Ladies and gentlemen, we're
3 awaiting the arrival of Commissioner Jacobs. We're going
4 to give him a few more minutes, and if he doesn't come
5 shortly, then we'll go ahead and convene the hearing but
6 that's why we're having a few minutes delay. So be
7 patient, and if he's not here in a just few minutes, we'll
8 go ahead and get started.

9 (HEARING CONVENED AT 2:10 P.M. EST)

10 COMMISSIONER DEASON: We'll go ahead and call the
11 hearing to order. Thank you. I apologize for the delay.
12 We were awaiting the arrival of Commissioner Jacobs.
13 Apparently, he's been delayed, so we'll go ahead and begin
14 today's hearing.

15 The very first order of business will be have--the
16 notice to be read.

17 MS. KEATING: By notice issued, August 27, 1998,
18 this time and place have been set for a hearing in
19 Undocketed Special Project, 980000A-SP on Fair and
20 Reasonable Basic Local Residential Rates. The purpose is
21 as set forth in the notice.

22 COMMISSIONER DEASON: Thank you. Take
23 appearances.

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

1 of Florida's citizens.

2 MS. KEATING: And--

3 MR. ERWIN: My name is David Erwin. I represent
4 GTC, Inc., and my address is 127 Riversink Road,
5 Crawfordville, Florida.

6 MS. KEATING: And Beth Keating, appearing for
7 Commission Staff.

8 COMMISSIONER DEASON: Thank you. Ladies and
9 gentleman, let me introduce myself. My name is Terry
10 Deason. I'm one of the commissioners on the Florida Public
11 Service Commission. As I indicated earlier, Commissioner
12 Jacobs was scheduled to be with us. Perhaps he'll be
13 joining us shortly.

14 I want to take just a moment and give very brief
15 introduction to the purpose of today's hearing. We are
16 here today in response to House Bill 4785, which was passed
17 by the 1998 Florida Legislature. It directs us, the Public
18 Service Commission, to study and report to the Legislature
19 our conclusions regarding the fair and reasonable rate for
20 Florida residential basic telecommunication service.

21 In performing this study, we were directed by the
22 Legislature to consider four factors. These factors are:
23 Affordability, the value of telephone service, comparable
24 residential rates in other states, and the cost of
25 providing residential basic telecommunication service.

1 We will be conducting this hearing for the purpose of
2 receiving comments and information from you about your
3 local telephone service and the affordability of that
4 service. The information that you provide us will help us
5 in preparing our report to the Legislature. This report
6 will be presented in February of 1999 and will help the
7 Legislature to determine whether there are changes needed
8 in the law to help promote competitions in the local
9 telecommunications market.

10 There was a technical workshop that was held in
11 Tallahassee on October the 1st and 2nd in which we gathered
12 additional information of a technical nature, wherein
13 experts from the Public Counsel's Office, the AARP, the
14 Attorney General's Office, and the various
15 telecommunications companies presented their positions and
16 viewpoints and information that was considered by the
17 Commission. There will be two more days of workshop that
18 will be held on Thursday and Friday of this week. Those
19 workshops are open to the public, so if anyone wishes to
20 attend, you're certainly welcome.

21 As you entered the hearing room today, you should have
22 been presented a report printed on blue paper that is
23 entitled, "Fair and Reasonable Rates Study". This report
24 contains the basic information of the nature of this study;
25 the type of information the Commission will be considering.

1 Also, as part of this report, the last page is
2 designed so that it may be detached. This is for persons
3 who wish to provide written comments. Perhaps you do not
4 wish to make an oral statement today and you do wish to
5 provide comments to the Commission; you may do so in a
6 written format. This page may be detached, folded, and
7 mailed to the Public Service Commission. In addition to
8 that, the Commission may also be reached by an 800 number,
9 which is printed on the first page of this report, as well
10 through Internet. An Internet address, likewise, is
11 printed on the front page of this report.

12 And Commissioner Jacobs is arriving presently.
13 Welcome Commissioner Jacobs. I was just going over the
14 introductions and the opening statement.

15 For those of you who may not have heard or recognized,
16 seated to my left are representatives of the Commission
17 staff, Ms. Keating and Ms. Marsh. Seated to my right is
18 Mr. Charlie Beck. He's with the Office of the Public
19 Counsel. This office was created by the Florida
20 Legislature, and they're given the task of representing
21 consumers in matters before the Florida Public Service
22 Commission, and they've been active in all of these
23 hearings, as well as the workshop.

24 Also, seated to my right is a court reporter. This is
25 an official hearing of the Public Service Commission. The

1 comments that will be given today will become part of the
2 record of this proceeding. It is being recorded for that
3 purpose. Because this is an official hearing of the
4 Commission, and your comments will become part of the
5 record, it will be necessary for those members of the
6 public who wish to give a formal statement here today to
7 first be sworn in. This is just a formality but it is a
8 necessary formality, and we will do that in just a moment.

9 Mr. Beck will be calling members of the public by
10 name, people who have signed up. If you do wish to testify
11 and you've not signed up, you'll need to do that at the
12 table at the rear of the auditorium. When Mr. Beck calls
13 your name, if you'll come forward to the podium directly in
14 front of Commissioner Jacobs and myself and begin by giving
15 us your name and your address. And if you think it would
16 be helpful to the court reporter, you may wish to spell
17 your name so that it will be accurate in the record. And
18 once you do that, you can give us your statement. You may
19 want to wait just a moment after you conclude your
20 statement, there may be some questions. If you wish to
21 entertain those questions, that will be fine. If you wish
22 not to entertain questions, that's fine, too. Just let us
23 know that you do not wish to have any questions and we'll
24 honor your wish. Are there any other preliminary matters?

25 MS. KEATING: None that I'm aware of.

1 MR. BECK: No, sir.

2 COMMISSIONER DEASON: Okay. Thank you. Okay,
3 all members of the public who wish to testify, please stand
4 and raise your right hand.

5 (WHEREUPON WITNESSES WERE SWORN IN)

6 COMMISSIONER DEASON: Thank you. Please be
7 seated. Mr. Beck?

8 MR. BECK: Thank you, Mr. Deason. The first
9 witness is Mr. Lawrence Conley.

10 MR. CONLEY: Lawrence H. Conley, L-A-W-R-E-N-C-E,
11 C-O-N-L-E-Y, and I live in Mexico Beach, 134 Palm, and my
12 phone number is 648-5853. And what I have to say--I'm a
13 senior citizen, and I'm much more fortunate than a lot of
14 senior citizens 'cause I can get around, but there's a lot
15 of senior citizens that can't get around very easy and they
16 need their phone in case of an emergency. And if you
17 raise--and they're not--what I mean is they're not making
18 much money. And when you raise the phone--phone bill,
19 there may--a lot of them will not be able to pay their
20 phone--for a phone. And they need it to call if something
21 happens at home. Now how are they going to do this?
22 That's all I got to say. I'm a senior citizen.

23 COMMISSIONER DEASON: Thank you, sir. Any
24 questions? Thank you for coming today.

25 MR. BECK: Thank you. The next witness is Jane

1 Forster.

2 MS. FORSTER: My name is Jane Forster,
3 F-O-R-S-T-E-R, and I live at 320 Wysong, W-Y-S-O-N-G,
4 Avenue. It's in Mexico Beach, but my mailing address is
5 Port St. Joe, 32456. My telephone number at the beach is
6 648-4796. I have a residence in Tallahassee, so I have two
7 phones.

8 But what I'm concerned about down here is when I want
9 to call Panama City, I have to pay a quarter every time I
10 use the phone to call Panama City. It is in the county I
11 live in, but I have to pay 25 cents to call on the drug
12 store, an appointment for the doctor or that sort of thing.
13 And then, if they can't answer me, they'll call--say, "call
14 back" and then you have to pay 25 cents more. And I laugh
15 because my phone bill--this is a real--I had six 25-cent
16 phone calls that I don't think that we should have to pay.
17 I have to pay 25 cents to call a friend in Wewahitchka, and
18 we're all in this small area.

19 Now when I'm home in Tallahassee, I can call
20 Monticello, and I don't have to pay 25 cents. And I can
21 call Crawfordville or different places like that, and I
22 don't have to pay. And I can't understand why the people
23 down here have to pay 25 cents to use the phone within 30
24 miles of your residence. And this was what I'm--I'll pay
25 it, of course, if they say I have to pay it. And I

1 understand in the past it's been even more. But on my
2 bill, there is an extended area of service of a dollar and
3 a half. Shouldn't that cover that reciprocal billing?
4 Maybe--maybe I'm wrong. But I can't understand, if I pay a
5 dollar and a half for extended service, why do I have to
6 pay 25 cents every time I call Panama City?

7 COMMISSIONER DEASON: Yes, ma'am. Ms. Forster,
8 do you mind sharing that bill with me?

9 MS. FORSTER: No.

10 COMMISSIONER DEASON: I wanted to look at that,
11 that dollar and a half charge.

12 (WHEREUPON WITNESS LEAVES PODIUM TO DISPLAY BILL)

13 MS. FORSTER: Here's why I'm fussing. I'm not
14 fussing. See? Every time I call from the house, from
15 here--

16 COMMISSIONER DEASON: You need to get back to the
17 microphone.

18 (WITNESS RETURNS TO PODIUM)

19 MS. FORSTER: If you'll look on that bill, you'll
20 see where I called Panama City and Wewahitchka, and it's 25
21 cents every time I called. And it's not over 30 miles yet
22 I pay an extended area cost. Isn't it a dollar and a half,
23 sir?

24 COMMISSIONER DEASON: Yes, ma'am. It indicates a
25 dollar and a half.

1 MS. FORSTER: What is that?

2 COMMISSIONER DEASON: Well, that's--I was going
3 to ask the same question to our staff, to find out what
4 that is. I'm not familiar with that charge.

5 MS. FORSTER: Well, I may have stirred up a
6 hornet's nest, but if you'll just answer me, that was all I
7 was interested in.

8 COMMISSIONER DEASON: Mr. Erwin, do you--is there
9 a company representative here?

10 MR. ERWIN: I think we can answer that question,
11 Mr. Deason.

12 COMMISSIONER DEASON: Okay. So that everyone can
13 hear that answer, could that representative come forward?

14 MS. FORSTER: Am I through?

15 COMMISSIONER DEASON: Yes, ma'am.

16 MS. FORSTER: Thank you.

17 COMMISSIONER DEASON: If you'll identify yourself
18 for the record, please?

19 MS. BORDELON: Lynda Bordelon with GT Com, 502
20 Fifth Street, Port St. Joe. The dollar and a half charge
21 that you see there is the accumulation of the 25-cent
22 charges for the calls. It's just put together in a summary
23 form and added to the face of the bill.

24 COMMISSIONER DEASON: Okay. So it is not a flat
25 charge?

1 MS. BORDELON: No, it is not. If she made none,
2 that--it would be no charge. If she made one, it would be
3 a quarter.

4 COMMISSIONER DEASON: Okay. Thank you, ma'am.
5 Ms. Forster, then, what that is, that's just the sum total
6 of all the twenty-five cent charges which you incurred
7 during the month. It's not a recurring charge that happens
8 every month. If you had made zero calls, there would have
9 been a zero charge. If you had made ten calls, then
10 instead of a dollar and a half, it would have been two
11 dollars and fifty cents. If you want, come back to the
12 microphone so the court reporter can pick it up, please.

13 MS. FORSTER: I hate to be ugly, but it's still--
14 I want to know how they can validate charging us when it's
15 in my own county? I'm in--I'm in Bay County, and I have to
16 pay 25 cents to use--to call a number in Bay County.

17 COMMISSIONER DEASON: Your telephone exchange, is
18 it the Port St. Joe Exchange?

19 MS. FORSTER: Honey, I don't know where it is.

20 COMMISSIONER DEASON: Okay.

21 MS. FORSTER: But I do love the telephone, and
22 I'm going to keep it, but I don't want to--I don't want to
23 pay any more.

24 COMMISSIONER DEASON: No, ma'am.

25 MS. FORSTER: If I didn't have my telephone,

1 honey, y'all would go out of business.

2 COMMISSIONER DEASON: No one wants to pay more
3 than they have to. Believe me, I'm the same way with my
4 telephone bill.

5 MS. FORSTER: Well, I mean, I'm not on SSI or
6 welfare stamps or anything, but I just don't want to be
7 taken advantage of, and it looks to me like as much as we
8 do for the telephone and use it, that we could at least get
9 those phone calls right around our home, here, at--just
10 like I do in Tallahassee. And I can't understand it. If
11 they could do it in Tallahassee, why they can't do it down
12 here?

13 COMMISSIONER DEASON: Yes, ma'am.

14 (MS. FORSTER SPEAKS WITH MEMBER OF AUDIENCE)

15 COMMISSIONER JACOBS: Ms. Forster? Ms. Forster?
16 I take it that when you're in this area, most of your
17 business you take care of in either Panama City or, or--so
18 you need to make those calls as a matter of course.

19 MS. FORSTER: Right. Like my--I call Eckerd's to
20 get a prescription. Well, it costs me a quarter.

21 COMMISSIONER JACOBS: Doctor's office.

22 MS. FORSTER: I call the doctor's office.

23 COMMISSIONER JACOBS: Uh-huh.

24 MS. FORSTER: And I have friends down here just
25 like I do in Tallahassee when I call Monticello. But it

1 doesn't cost me anything to call over in Monticello, but it
2 costs me a quarter here. And Lord of Mercy, I had a dollar
3 and a half worth's of those phone calls.

4 COMMISSIONER JACOBS: And so those are the six
5 calls that you mentioned. Is that average? Do you, do
6 you--

7 MS. FORSTER: Oh, I may have more than that.

8 AUDIENCE MEMBER: I have more than that.

9 COMMISSIONER JACOBS: Uh-huh.

10 MS. FORSTER: I had more than that. Betty
11 Wheeler has a list that long on hers. (Indicating.)

12 COMMISSIONER JACOBS: Is that right?

13 MS. FORSTER: But every time you pick up the
14 phone it costs you a quarter.

15 COMMISSIONER JACOBS: Uh-huh. Okay.

16 MS. FORSTER: And I just can't understand that.

17 COMMISSIONER DEASON: Yes, ma'am. Let me--

18 MS. FORSTER: Thank you.

19 COMMISSIONER DEASON: Yes, ma'am. Thank you for
20 coming. Let me give just a little bit of a historical
21 perspective. Years ago before the 25-cent plan went into
22 effect it was actually a toll call in the sense that it was
23 considered long distance where usually there was a charge
24 the first minute and then each additional minute there was
25 a charge in addition to that, so that if you had an

1 extended telephone conversation, say of 20 or 30 minutes,
2 you could look at an enormous cost or price for that call.
3 The idea of implementing the 25-cent plan was to try to
4 alleviate that situation, and I think it is an improvement
5 over having to pay toll charges. But I do understand if
6 you consider calls to Panama City to be part of your basic
7 community of interest and that you think that there should
8 be no additional charge.

9 AUDIENCE MEMBER: That's right.

10 COMMISSIONER DEASON: Could we have an
11 explanation, please, of why there are customers residing in
12 Bay County but it is a 25-cent charge? Is it because of
13 the telephone exchange boundaries? I assume that's the
14 case, but if we could confirm that, Mr. Erwin?

15 MR. ERWIN: Could we just have just a moment?

16 COMMISSIONER DEASON: Okay. I believe most of
17 Bay County is served by BellSouth but there may be a
18 portion of Bay County which is served by GT Com.

19 AUDIENCE MEMBER: It is a part because we live
20 here. We live in that section.

21 MS. BORDELON: Lynda Bordelon, again. Back
22 several years ago the Gulf County Commission petitioned to
23 have some toll calling relief to Bay County, to Panama
24 City. At that time--and of course, to be clearly
25 understood, Mexico Beach and as far as Tyndall Air Force

1 qualifications. The calling level did not meet the
2 qualifications for flat rate/non-optional, which we would
3 have balloted at that time.

4 COMMISSIONER DEASON: Uh-huh. Okay.

5 MS. BORDELON: Okay?

6 COMMISSIONER DEASON: Thank you. What she's
7 referring to, ladies and gentlemen, is the Commission has a
8 rule concerning extended area service, and there's certain
9 criteria that have to be met. There still has to be a
10 certain volume of calls between neighboring exchanges and a
11 certain distribution of those calls; meaning that there has
12 to be a certain proportion of customers engaging in
13 those-type calls before extended area service is analyzed.
14 And the reason for that is that there needs to be a general
15 need over a large portion of the customer base so that if
16 there are any additional charges, it would be worthwhile to
17 all customers as opposed to just a few. I think what was
18 indicated is that the initial criteria was not met at that
19 time, and that's when the 25-cent alternative plan was
20 analyzed and that was what was put into effect.

21 It could be, though, that the communities of interest
22 have changed or the communities have grown; that their
23 situation, perhaps, is now is that there's more of a need
24 of that type service. The only problem with that is, is
25 that when the Legislature revised Chapter 364, which is the

1 Chapter which gives the Public Service Commission its
2 jurisdiction over telephone companies, when that was
3 revised, it took away the Commission's authority to order
4 extended-area service for those local companies which chose
5 price-cap regulation. Now I'm--I know that BellSouth has
6 chosen price-cap regulation and I'm fairly certain that GT
7 Com also has chosen price-cap regulation.

8 In a nutshell, bottom line, what that means is the
9 Commission no longer has jurisdiction to even require the
10 filing of traffic studies to review the need for extended
11 area service. I know that's not what you want to hear, but
12 that is the fact of the situation. In fact, one of the
13 reasons we're here today is to try to review the situation
14 to see if there are things that can be done to stimulate
15 competition in the local market.

16 When the Legislature passed the revisions to Chapter
17 364, I believe in 1995, the concept was to allow
18 competition in the local market. And the thinking was that
19 if there was enough demand from consumers for a certain
20 calling area or a certain type of calling plan, that
21 competitors would come in and try to meet that need and
22 there was no longer the need for the Public Service
23 Commission to look at that situation and order a telephone
24 company to do it. The thinking was that the market would
25 take care of that situation.

1 It may be that we have a situation here where there's
2 market failure. I know that there's probably not local
3 service competition in this area. There's very limited
4 local service competition in the state as it is now and
5 most of that is confined to the larger metropolitan areas
6 within the state. That's an explanation. I'm not trying
7 to justify it to you but just tell you my understanding of
8 what the situation is.

9 AUDIENCE MEMBER: Can I just say one thing?

10 COMMISSIONER DEASON: Ma'am, I understand, but
11 we're going to have to call names. And then if you have a
12 question or whatever, and if your name's not been called,
13 if you'll come forward, I'll entertain any question you
14 have.

15 AUDIENCE MEMBER: Never mind.

16 COMMISSIONER DEASON: All right. If you want to
17 meet with me afterwards, I'll be glad to speak to you. Mr.
18 Beck?

19 MR. BECK: Thank you. The next witness is Jerry
20 Stokoe.

21 MR. STOKOE: My name is Jerry Stokoe,
22 S-T-O-K-O-E, and I'm--live at 203 Allen Memorial Way, Port
23 St. Joe. I'm the Director of the Gulf County Senior
24 Citizens, and we have a great relationship with GT Com. My
25 comments today reflect on some considerations.

1 I saw this brochure, and I saw the rates that the
2 other states charge for services. What I haven't heard
3 today, has there been a decided-upon rate increase?

4 COMMISSIONER DEASON: No, sir, there has not
5 been.

6 MR. STOKOE: That's one of the reasons I was here
7 today. Number two, will the new package have, like, call
8 forwarding, call waiting as a--provided with your standard
9 rate, or will that be an additional price for the
10 customers? The reason I'm saying is that there's 2,300
11 senior citizens in Gulf County. Six hundred of those
12 receive services from us throughout the course of the year.
13 Six or seven hundred of the people that we represent live
14 close to the poverty line. Many of them, as you all know
15 about, the low-income/home-energy assistance program, if
16 these people didn't need assistance, that they wouldn't be
17 asking for assistance.

18 My point is that if someone lives on a very low fixed
19 income, has a rental payment or a home payment to make, has
20 to purchase supplementary insurance for their livelihood,
21 has medicines that are provided--or they're not provided by
22 their insurance, or they're barely able to afford now plus
23 groceries and a few bills, there's no money left. And
24 people in Gulf County right now, we're in a--unemployment
25 is very high, the mill situation is very questionable.

1 There is family members there.

2 One gentleman alluded to the emergency responder unit
3 which requires a telephone in order for it to work
4 properly. If we take and increase their rates on a phone
5 to twenty-three or twenty-four dollars, that it's a hundred
6 percent from what they're paying now. Look in just the
7 past where you have the life-assistance program, which is a
8 fantastic program, but a lot of people have a dollar or two
9 more; they don't qualify.

10 So I ask that you consider the price increase to be
11 compatible with the cost of living and that you don't
12 suddenly increase 100 percent of a telephone that's
13 essential for the existence of the senior citizens that
14 stay in their home, which is the mission that we are
15 charged with, the mission that we accept quickly and
16 readily, the mission that we help in all groups. And
17 that's what I'm here today to ask your consideration.
18 Thank you.

19 COMMISSIONER DEASON: Thank you.

20 COMMISSIONER JACOBS: Mr. Stokoe, you mentioned--
21 you were speaking of the Lifeline service; is that correct?

22 MR. STOKOE: That's correct.

23 COMMISSIONER JACOBS: I'm familiar with that. As
24 a part of these hearings, we've heard a lot of comment
25 about that particular program and there has been some

1 discussion, although there is no decision or position on
2 this at the moment, but there has been some discussion
3 about expanding the qualifying criteria for that, because
4 we have heard from many instances that there are people who
5 are just above the threshold--

6 MR. STOKOE: Right.

7 COMMISSIONER JACOBS: --but who still are feeling
8 pressure--

9 MR. STOKOE: Yes, sir.

10 COMMISSIONER JACOBS: --from the cost of those
11 services. And so, be aware that, that is a part of these
12 proceedings. And again, though, there is no def--final
13 decision on that. But, please, as much as you can weigh it
14 into this discussion, and then the people that you
15 represent and their interests, we would like to have that
16 input.

17 MR. STOKOE: Well, we'll probably have the
18 petition with signatures and--to justify my being here
19 today, I didn't have too much information. I didn't have
20 much notice, but I wanted to be here to speak on their
21 behalf. Thank you.

22 COMMISSIONER JACOBS: One other thing that we're
23 finding, and it kind of ties into the prior discussion
24 about the scope of the calling area, is that as--
25 particularly, when you move into an area such as Port St.

1 Joe where you have a fairly rural, and one kind of a rural
2 base and a narrow economy, that the more you have a
3 narrower calling scope, the more it puts pressure on people
4 who are working on those programs because the more and more
5 they're going to have to make the EAS or the toll calls,
6 which are not covered. As I understand it, they're not
7 covered by the Lifeline and so we're also concerned about
8 that issue as well.

9 MR. STOKOE: That's fine. But this program is--a
10 lot of people are very pleased with this program and
11 that--if we consider they, people and their needs, if you
12 think about 25 to 30 percent of the people in Gulf County
13 are over 60, that's a large population group, and
14 minorities and all groups are included in that. And I
15 think that they wouldn't think me to do my job if I wasn't
16 here to fight on their behalf before you increase the
17 telephone bill, which they need to survive in their homes.

18 COMMISSIONER DEASON: Thank you, sir.

19 MR. BECK: Edward Knight?

20 MR. KNIGHT: My name is Edward Knight. I live at
21 191 Gulf Pines Drive in Port St. Joe, and I am the
22 President of the Local Chapter of the AARP.

23 Initially, I'd like to trace a little history and go
24 back to the 1998 session of the Florida Legislature. The
25 bill at that time considered a increase in local telephone

1 rates from an average of 10 to \$13 per subscriber to \$23.50
2 per month. Admittedly, this was spread, according to some
3 of the input, over a five-year period, but, nevertheless,
4 the rate was to take place--the rate increase was to take
5 place, and it amounted to something between 70 and 100
6 percent increase. Now, why was that requested? It was
7 apparently not adequately justified to the Legislature, and
8 it met with a very poor reception. And the outcome was
9 that the bill was not passed to raise interest--to raise
10 telephone rates but was passed on the basis of setting up a
11 Commission study of the issue which will come up this
12 coming year. Well, let us hope it doesn't come up under
13 the same terms.

14 Now, why would an increase of that magnitude be
15 requested? Usually, an increase is requested because of a
16 hurt somewhere. In other words, a hurt to providers who
17 are not making a reasonable income out of the services they
18 provide.

19 A point of interest is that GTE, servicing the
20 Tallahassee area, had a income for--earnings for the year
21 ending the end of last year, of \$2,872,644. Over
22 \$2,000,000. BellSouth had an income of \$3,163,232. In
23 other words, those providers were not hurting. Now, I'm
24 sorry I don't have the figures for GT, Inc., or whatever it
25 is, the local company. That is because they've had a lot

1 of mergers and so on, and it would make getting the
2 information rather difficult. But I don't doubt that they
3 made a profit. Now, we are asked here--the Commission is
4 asked to examine the cost to the phone companies of
5 providing local telephone service and then to allocate
6 these services--these costs over all the services which
7 they provide. They provide residential, and they provide
8 business services.

9 Again, we haven't heard any screams of anguish from
10 the business community about their charges. Admittedly,
11 the business community pays a little more than does the
12 residential consumer, but they use their telephone a great
13 deal more, particularly those who operate telemarketing
14 services, I might point out. And so I think it is quite
15 justified that the business community should essentially
16 support the phone service. Remember, not only are they
17 using telephone lines for voice communication, but they are
18 feeding enormous amount of data, also, over telephone
19 lines; all part of what they call the dial telephone
20 service. So the split at the moment does not seem to be
21 unreasonable. Therefore, a ratio that what is in effect at
22 the moment appears to be justified for continuing.

23 Now, you look at this nice little blue sheet that you
24 gave us, and it says that in Atlanta the residential
25 consumer pays \$17.45. That happens to be about the largest

1 one on the sheet. That's why I picked it out. The local
2 consumer here, I'm told by my good wife who pays the bills,
3 pays \$10.41.

4 Now let's analyze that on the basis of value for
5 money. The local consumer has access to around, let's say
6 5,000 telephones. The Atlanta consumer, paying something
7 like 70 percent more than the Port St. Joe consumer, has
8 access to about 1,000,000 telephones. So the value for
9 money is very much greater in a large community than the
10 small community, and it would not be unreasonable to expect
11 to be much less expensive to operate a telephone. I can
12 remember way back in the old days, when you had to crank a
13 handle for the telephone that it was pretty darn cheap in
14 rural communities, much less expensive than in major urban
15 areas, and that's where ratio is fully justified and should
16 very well be maintained.

17 Now, Mr. Conley mentioned the stress that would be
18 placed on the senior citizen and--in relation to a
19 substantial increase. I agree very much with Mr. Conley.
20 I'd like to emphasize, too, that in many cases the senior
21 has very much less usage for a telephone. In some
22 instances, also as mentioned by Jerry Stokoe, that it is
23 used largely for emergency purposes, contacting doctors and
24 for a real emergency when help is needed. And so you
25 obviously couldn't charge the busy young consumer

1 subscriber more for his telephone than the senior citizen,
2 but that factor should certainly be averaged out and
3 justifies a very much lower charge for telephone than is
4 levied on the business community.

5 I guess that's about the story. I'm emphasizing that
6 these rates that were proposed are not just fair and
7 reasonable. I think they're extortionate and prohibitive.
8 Thank you.

9 COMMISSIONER DEASON: Thank you, sir. Questions?

10 MR. BECK: Thank you. Elizabeth Wheeler?

11 MS. WHEELER: I'm Elizabeth Wheeler. I live at
12 113 North 32nd Street, Mexico Beach, and my Post Office's
13 Box is 13422. I also am Vice-President of the Mexico Beach
14 AARP. They just told--said 60 percent in St. Joe. I bet
15 we'd have about 80 percent over 60 in Mexico Beach.

16 Ten thirty-seven a month isn't very much, I don't
17 think, compared for a phone company, but it was interesting
18 to know how many we can get. But, I mean, as an average I
19 have a lot more than 55 calls to Panama City. I mean, we
20 pay taxes to Panama City. We are Panama City, Bay County.
21 So I mean, this also goes to GT Com, so, I mean, you might
22 as well say that that's 10.37, plus all these calls, and
23 then I did join--I hated giving up my AT&T credit card. I
24 really don't even have a credit card anymore. But my mom
25 died May 11th, and I went up north. And my dad had heart

1 failure, and he's still hanging in there, and I have to
2 call him at least once a week. And, I mean, I do it on
3 my--the computer. But I had one call to my girlfriend at
4 Sunny Hills, Florida, for \$3.17 for 22 minutes. I had 60
5 minutes of calls to my dad to that phone number--I wish I'd
6 brought the bill, but I can produce it anytime--and I paid
7 9 cents a minute, \$5.40, which to me--I'm very glad to be
8 able to get that to call my dad while he's still alive.
9 He's 84 so I don't know how long he'll hang in there.

10 But, I mean, this, and this, and these are all "G
11 Com." I mean, it's not just your basic rate. And, I mean,
12 if you wanted to even look at this bill here on the 9/11
13 you can see I called at 9:14, 9:16, 9:19. I didn't get on,
14 but I paid a quarter just to try. Finally, at 9:20 I got
15 on. I mean, you can see that. So that was just \$1 one day
16 trying to call a Panama City call.

17 COMMISSIONER JACOBS: Did you say you did not
18 connect when you made those--

19 MS. WHEELER: I did not connect.

20 COMMISSIONER JACOBS: Interesting. But you did--
21 you were charged the 25 percent?

22 MS. WHEELER: Yes. Would you like to see it?

23 COMMISSIONER JACOBS: Yes.

24 MS. WHEELER: I mean, I'm lucky I can afford to
25 do some of these sometimes but--see right here: 9:14, 9:16,

1 9:19. And I finally got him at 9:20.

2 (DISCUSSION IN THE AUDIENCE)

3 MS. WHEELER: GT Com is getting paid for all
4 this, and, I mean, they are making a profit someplace. I
5 mean, there's a lot of Mexico Beach that--

6 COMMISSIONER DEASON: Ms. Wheeler, can you get
7 back to the microphone so the court reporter--ladies and
8 gentlemen, if could I have your attention, please? Thank
9 you.

10 MS. WHEELER: Even if people don't complain about
11 these 25-cent calls, there's a lot of them that, maybe, if
12 I can't afford it, I won't make it. But, I mean, if I
13 think I can afford an extra dollar, I mean I'll make them.
14 But that all is going to GT Com and it's like a basic bill.
15 So our basic bills right now, as mine stands, would be
16 almost \$30.

17 COMMISSIONER JACOBS: Ms. Wheeler, if it would be
18 okay with you, I'd like for us to get a copy of your bill,
19 specifically to analyze those calls there that we just--
20 that we just looked at, the one-minute calls.

21 MS. WHEELER: I just got this in the mail this
22 morning. You can have it.

23 COMMISSIONER JACOBS: Okay.

24 MS. WHEELER: I paid it already.

25 COMMISSIONER JACOBS: You can hand it to--what

1 we're concerned about, excuse me, is whether or not
2 you're--if you're not getting connected, whether or not you
3 should be charged for those calls or not.

4 MS. WHEELER: Uh-huh.

5 COMMISSIONER JACOBS: We just want to confirm
6 that.

7 MS. WHEELER: Well, I mean it--I mean it's--it is
8 the fact, though, that there's an awful lot of people that
9 can't, and that sometimes I--I live on a--Social Security
10 and sometimes, I mean, I have it real hard doing things.
11 Other times, I mean, I get--get by a little bit better.
12 But my medicine, I mean, runs \$275 a month, and I know
13 there's people that are a lot worse off than I am. And I
14 don't--I mean, I don't think that the basic phone rate--if
15 you do go up on basic phone, I think you should take
16 elderly or some--something into consideration.

17 COMMISSIONER DEASON: Thank you. Mr. Beck?

18 MR. BECK: Thank you. Ms. Wheeler was the last
19 witness to sign up ahead of time.

20 COMMISSIONER DEASON: Okay. Let me ask, are
21 there any other members of the public who wish to make a
22 statement to the Commission? Let the record reflect there
23 are--no one else indicating they wish to testify.

24 Ms. Wheeler, I'm going to ask our staff, and they're
25 probably already planning to do this anyway somewhere

1 within the confines of this study which is fairly broad in
2 scope, but at some point we probably need to report to the
3 Legislature concerning these 25-cent calling plans and
4 whether there need to be changes in local areas where
5 there's been, perhaps, growth in communities of interest or
6 perhaps communities that were--have grown together to where
7 there's a greater community of interest. Perhaps it's
8 something we need to at least alert the Legislature that
9 this is a situation that when we've conducted these
10 hearings, we've heard from not only in this area but other
11 areas of the state as well that some customers have found
12 it necessary to incur a high number of 25-cent calls and
13 that they feel that it's really part of their local
14 telephone bill and that instead of when we're comparing to
15 these rates in other states that if their local calling
16 scope is not as large as it is, say, in Atlanta that
17 perhaps these folks' local calling bill is much higher than
18 what Atlanta's is, but--if you add in all the 25-cent
19 calling. So this is something that we need to consider.

20 I want to clarify that the Commission is not the
21 entity, at least at this point, that's going to be making
22 changes. We're out gathering information to file a report
23 to the Legislature, and that report will be filed in
24 February. That due date was designed so that the
25 Legislature could take that report and address it during

1 the 1999 session of the Legislature. Now, what happens
2 during this session I don't know. I'm confident that the
3 report will be received and will be considered. Whether
4 there's--are any changes at all instituted, I don't know.
5 If there are going to be changes, here again, I don't know
6 what those changes will be. But we're trying to give as--
7 as an accurate a report to the Legislature so that they can
8 consider the input of the public and any findings that we
9 make as a result of the technical hearings that we're
10 conducting. But we're going to try to look at as many
11 issues as we can and give that report to the Legislature.
12 And if we get guidance from the Legislature directing us to
13 do something further, we will certainly abide by the
14 Legislature's instructions in that regard. Yes, ma'am?

15 AUDIENCE MEMBER: I just would like to say one
16 thing. If they took that 25 cents into accord, I'm sure we
17 would be paying a lot more than the highest Atlanta fee.

18 COMMISSIONER DEASON: Yes, ma'am. Thank you.
19 Let the record reflect there are no other members of the
20 public who wish to testify. Let me take this opportunity
21 to thank everyone for coming out and addressing the
22 Commission and with that, this hearing is adjourned. Good
23 afternoon.


24 (HEARING ADJOURNED at 3:00 p.m. EST)
25

STATE OF FLORIDA
COUNTY OF BAY

REPORTER'S CERTIFICATE

I, Kelly Renneke, a Court Reporter and Notary Public in and for the State of Florida at large, do hereby certify that the foregoing transcript constitutes the transcript of the proceedings of Special Project No. 980000A-SP - Port St. Joe Public Hearing held October 5, 1998, in the captioned matter and that it is a true and correct transcript as transcribed without favor to any party hereto.

IN WITNESS WHEREOF, I have placed my hand and official seal this 12th day of October, 1998.


Kelly Renneke