



Florida Public Service Commission **SPECIAL REPORT**

NOVEMBER 2005 NO. 14

Petition to Reduce Intrastate Switched Access Rates in a Revenue-Neutral Manner
Pursuant to Section 364.164, Florida Statutes, by

Alltel Florida, Inc.

DOCKET NO. 050693-TL

During the 2003 Regular Session, the Florida Legislature enacted the Tele-Competition Innovation and Infrastructure Enhancement Act (the Act). The Act, which became effective May 23, 2003, allows incumbent local exchange telephone companies (ILECs) to petition the Florida Public Service Commission (PSC or Commission) to reduce the fees charged to long distance companies (intrastate access charges). If the PSC approves a petition, the ILEC offsets the lost access fee revenue with an increase in local monthly phone rates. The revenues associated with an increase in local service rates equal revenues lost through a decrease in intrastate access charges.

On September 29, 2005, Alltel Florida, Inc. (Alltel or the company) filed a petition with the PSC requesting to reduce its intrastate access charges in a revenue neutral manner in three increments over two years. Alltel provides local exchange and local toll service in rural, high cost areas of Florida.

Alltel proposes an increase in monthly residential basic local service rates of approximately \$2.11 in each of three annual increments. Rates for single-line business basic local service will increase by approximately \$1.47 in each of three annual increments. Lifeline customers will not be impacted by the increases for at least two years.

The PSC is conducting two customer hearings to obtain public testimony on the proposals filed by Alltel. One of the factors the law requires the Commission to consider is whether granting the petition will help to create a more attractive competitive local telephone market for the benefit of residential consumers. The PSC is particularly interested in consumer testimony on whether, and to what extent, there is competition in the area for basic local telephone service and what types of competition the consumer would like to see. In making remarks, it would be helpful if consumers would address the extent of competition already existing in his/her area; whether he/

she believes that there are other options available for local telephone service; and whether he/she would like more options or services than are currently available to him/her and what those types of services might be.

The PSC will have 90 days to issue a final order on the petition. During this 90-day period, an evidentiary hearing will be held, currently scheduled for December 1, 2005. If the petition is approved, the company will file a tariff to implement the first year's rate changes. The PSC will then have 45 days in which to approve the filed tariff.

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

PSC staff will provide an oral recommendation and the Commissioners will vote on this matter at a Special Agenda Conference currently scheduled for December 12, 2005.

Customer Hearings

Monday, November 28, 2005

11:00 a.m.

Alachua City Hall

City Commission Chambers

15001 NW 140th Street

Alachua, Florida

6:00 p.m.

Live Oak City Hall

City Council Chambers

101 SE White Avenue

Live Oak, Florida

P S C C O M M I S S I O N E R S



COMMISSIONER
Lisa Polak Edgar



COMMISSIONER
J. Terry Deason



CHAIRMAN
Braulio L. Baez



COMMISSIONER
Rudolph "Rudy" Bradley



COMMISSIONER
Isilio Arriaga

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

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

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

Lisa Polak Edgar was appointed to the Florida Public Service Commission by Governor Jeb Bush for a four year term beginning January 2005. Commissioner Edgar served as Deputy Secretary for Planning and Management for the Florida Department of Environmental Protection (DEP) from August 1999 through January 2005. Ms. Edgar's responsibilities included oversight of the agency's \$2.1 billion budget, fiscal and strategic planning, accountability measures, information technology, administrative services, and coordination between the state and federal government on environmental issues, including oil and gas drilling on the Outer Continental Shelf. Prior to serving at DEP, Commissioner Edgar served as chief analyst on Environmental Policy for the Executive Office of the Governor. There Commissioner Edgar helped develop state policy on issues regarding the environment and natural resources, energy, transportation, and economic and community development. She served as liaison with state and federal agencies, Congressional delegation and staff, Cabinet offices, and the Florida Legislature. During her career in public service, Commissioner Edgar has also served as a senior cabinet aide in the Department of Agriculture and Consumer Services, as staff counsel and legislative analyst for the Florida Senate Committees on Reapportionment and Regulated Industries, completed the Harvard Kennedy School of Government program for Senior Executives in State and Local Government, and co-taught a special topics graduate course on the Everglades at Florida A&M University. Commissioner Edgar served as the State of Florida representative to the Minerals Management Service Advisory Board's Outer Continental Shelf (OCS) Policy Committee from 1993-2003, serving on the Subcommittees on Environmental Studies in OCS Areas under Moratoria and OCS Hard Minerals. She was appointed in 2004 to represent the State of Florida on the re-established Department of the Interior Outer Continental Shelf Policy Committee. Commissioner Edgar graduated cum laude from Florida State University in 1985 with a Bachelor's degree in political science and minor in English. She studied in London during her undergraduate education and in Yugoslavia during law school. She received a juris doctorate from the Florida State University College of Law in 1988 and is a member of the Florida Bar.

Isilio Arriaga was appointed to the Florida Public Service Commission by Governor Jeb Bush on October 6, 2005, to complete a term ending January 2007. Prior to his appointment, Commissioner Arriaga was an independent management consultant for Ferrell Schultz Consulting, Inc. in Miami, Florida. Previously, he served as President and CEO of the Greater Miami Chamber of Commerce, where he continues as a Volunteer Trustee, and was active on the Board of Directors of the Venezuelan-American Chamber and the Council of Bi-National Chambers. Before his tenure with the Chamber, he was President and CEO of Hispanic Unity of Florida, a growing social services agency assisting over 30,000 clients in South Florida and whose mission is improving the quality of life and fostering leadership in the community. Arriaga served as a Congressman in the Republic of Venezuela from 1988 until 1993, where he co-sponsored the first Privatization Law in the nation and helped enact the Low Income Housing Appropriations legislation. During that time, he was a founding member of the World Economic Forum in Switzerland and was appointed to the committee created upon recommendation by the IMF for the purpose of reforming the financial system of Venezuela. His career in Venezuela began in the oil fields as a Junior Engineer for Shell Oil Co. He went on to create the Planning Office and Long Term Industrial Loans Department for Banco Union, where he served as General Manager for Investments. Following his public service and while residing in Texas, he formed an international consulting firm and worked with U.S. entities, promoting new business development as a strong advocate for U.S. enterprises in Latin America. He served as a consultant in Miami responsible for the reengineering process of a corporation which pioneered digital functions for ATM networks. Arriaga, 57, received a Master's degree in Industrial Engineering from New York University and holds a Bachelor's degree from Pratt Institute (NY). He has published numerous articles and essays on economics and was a syndicated columnist in Venezuela.

Consumer Statements at PSC Hearings

The Commissioners are interested in what consumers have to say about the petition to reduce intrastate switched access rates in a revenue-neutral manner pursuant to Section 364.164, Florida Statutes, by Alltel Florida, Inc. The main purpose of these hearings is to receive comments from the public.

Anyone may make a statement, and speaking is an effective way to let the Commission know how you feel about the case under review. At the beginning of the hearings, procedures will be set up to establish an order for comments. PSC staff will have sign-up sheets that will be used to call consumers to speak. PSC staff will also be available to coordinate consumer comments and assist members of the public.

Any person who wishes to comment or provide information to the PSC staff regarding this matter may do so at the hearings, orally or in writing. Written comments also may be mailed to: Florida Public Service Commission, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, or faxed to 1-800-511-0809. Correspondence will be placed in the file of this docket (Docket No. 050693-TL). For your convenience, a comment form is attached to this Special Report.

Any person who wishes to obtain a copy of the recommendation or the order may do so by writing to: Florida Public Service Commission, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, or by going on-line at www.floridapsc.com.

PSC Staff and Reference Numbers

For technical questions, contact:

Beth Salak (850) 413-6408

For legal questions, contact:

Jeremy Susac (850) 413-6236

For general questions, contact:

Leroy Rasberry (850) 413-6119

Or call toll-free 1-800-342-3552

(1-800-511-0809 to fax)

E-mail: contact@psc.state.fl.us

Internet Home Page: www.floridapsc.com

Florida Public Service Commission

2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

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

To reach a consumer representative, please call the Public Service Commission during business hours at **1-800-342-3552**, or send a fax to 1-800-511-0809. See the PSC's Internet home page at www.floridapsc.com.

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Altel Florida, Inc.

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Name _____

Address _____

If you want to let the Public Service Commission know how you feel about this case,
you may fill out this comment form and return it by mail, or send a fax to 1-800-511-0809.

Correspondence will be placed in the file of this docket.

CONSUMER COMMENTS

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STAMP

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

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