

I. Meeting Packet



State of Florida
Public Service Commission
INTERNAL AFFAIRS AGENDA
Tuesday – December 11, 2018
Immediately Following Agenda Conference
Room 105 - Gerald L. Gunter Building

1. Draft Review of the 2018 Telecommunications Regulatory Assessment Fee Report (Attachment 1)
2. General Counsel's Report
3. Executive Director's Report
4. Other Matters

BB/aml

OUTSIDE PERSONS WISHING TO ADDRESS THE COMMISSION ON ANY OF THE AGENDAED ITEMS SHOULD CONTACT THE OFFICE OF THE EXECUTIVE DIRECTOR AT (850) 413-6463.

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: November 28, 2018

TO: Braulio L. Baez, Executive Director

FROM: Office of Industry Development & Market Analysis (Long) *CH*

RE: Draft Review of the 2018 Regulatory Assessment Fee Report

CRITICAL INFORMATION: ACTION IS NEEDED - Please place on the December 11, 2018, Internal Affairs. Commission approval of draft report is sought. The 2018 Report is due to the Governor, the President of the Senate, and the Speaker of the House of Representatives, by January 15, 2019.

Pursuant to Section 364.336(3), Florida Statutes, "(b) by January 15, 2012, and annually thereafter, the commission must report to the Governor, the President of the Senate, and the Speaker of the House of Representatives, providing a detailed description of its efforts to reduce the regulatory assessment fee for telecommunications companies, including a detailed description of the regulatory activities that are no longer required; the commensurate reduction in costs associated with this reduction in regulation; the regulatory activities that continue to be required under this chapter; and the costs associated with those regulatory activities."

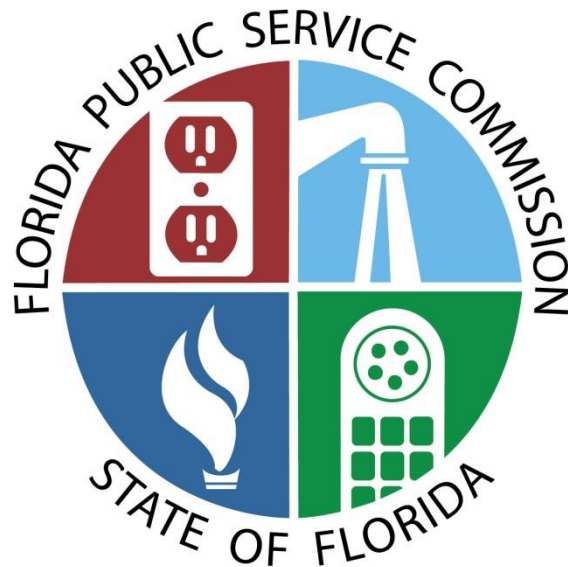
The draft report includes a staff-written synopsis of what actions the Commission has taken to comply with the statutory requirements. Staff is requesting approval of the draft report.

Attachment

cc: Mark Futrell, Deputy Executive Director, Technical

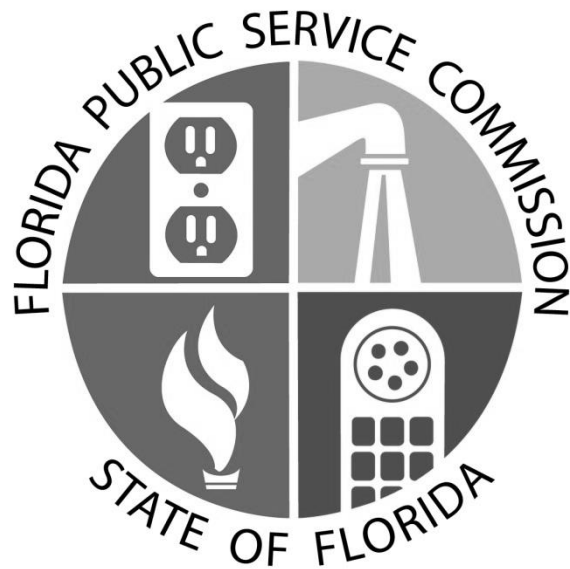
DRAFT 11/28/18

**REPORT ON THE EFFORTS OF THE
FLORIDA PUBLIC SERVICE COMMISSION
TO REDUCE THE REGULATORY ASSESSMENT FEE
FOR TELECOMMUNICATIONS COMPANIES**



As of December 2018

**REPORT ON THE EFFORTS OF THE
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As of December 2018

Office of Industry Development and Market Analysis

Introduction

During the 2011 Legislative Session, House Bill CS/CS/HB 1231, the “Regulatory Reform Act” (Act), was passed and signed into law by the Governor, effective July 1, 2011. Under the Act, the Legislature eliminated most of the Florida Public Service Commission’s (FPSC’s or Commission’s) retail oversight authority for the telecommunications wireline companies, yet maintained the FPSC’s authority over wholesale intercarrier issues. The FPSC was required to reduce its regulatory assessment fees (RAFs) charged to wireline telecommunications companies to reflect the concurrent reduction in FPSC workload. Section 364.336(3), Florida Statutes, requires:

By January 15, 2012, and annually thereafter, the commission must report to the Governor, the President of the Senate, and the Speaker of the House of Representatives, providing a detailed description of its efforts to reduce the regulatory assessment fee for telecommunications companies, including a detailed description of the regulatory activities that are no longer required; the commensurate reduction in costs associated with this reduction in regulation; the regulatory activities that continue to be required under this chapter; and the costs associated with those regulatory activities.

As a result of this Act, the FPSC reduced its RAF rates 20%, from 0.0020 to 0.0016 of companies’ gross operating revenues derived from intrastate business. This change became retroactively effective July 1, 2011. Florida telecommunications statutes have remained essentially unchanged since 2011. The FPSC has introduced numerous measures to streamline its telecommunications-related activities since that time, and continues to look for ways to streamline its remaining responsibilities.

Regulatory Activities That Are No Longer Required

The Act eliminated most of the retail regulation of local exchange telecommunications services by the FPSC, including the elimination of rate caps on all retail telecommunications services, elimination of telecommunications-related consumer protection and assistance duties of the FPSC, and elimination of the FPSC’s remaining oversight of telecommunications service quality. The Act also reformed the FPSC’s certification processes, authority over intercarrier matters, and other general revisions.

Consistent with the reduced authority of the FPSC from the Act, the FPSC ceased the following activities over the past several years:

- Resolving non-basic retail consumer billing complaints.
- Addressing slamming or cramming complaints from consumers. The FPSC continues to address slamming complaints that are reported by carriers under the Commission’s wholesale authority.

- Publishing and distributing materials informing consumers on billing-related matters or informative materials relating to the competitive telecommunications market.
- Designating wireless eligible telecommunications carriers (ETCs) in Florida for the federal universal service fund. Any wireless carrier seeking ETC status in Florida must petition the Federal Communications Commission (FCC) for that authority.
- Performing service evaluations on carriers or investigating and resolving service-related consumer complaints, except as they may relate to Lifeline service, Telephone Relay Service, and payphones.
- Allowing incumbent local exchange carriers (ILECs) to petition for recovery of storm-damage-related costs and expenses.
- Reviewing non-access service tariff filings for content, form, or format. It is the carrier's choice whether to file its rate schedules with the FPSC or publicly publish the schedules elsewhere, such as the companies' websites.

Savings

The FPSC has been pursuing cost savings and efforts to streamline regulatory processes for well over a decade. The origin of these streamlining efforts is not limited to the emergence and evolution of competition in the telecommunications industry. In fiscal year 1999/2000, the FPSC had 401 full time positions. That number was reduced to 267 in the 2018/2019 fiscal year, a total reduction of 33 percent. Over the years, many of these reductions came as a result of projected workload reductions in the telecommunications area. At this time, the FPSC believes its telecommunications staff is right-sized for its current statutory obligations.

As previously discussed, effective July 2011, the FPSC reduced the telecommunications RAF rate from 0.0020 to 0.0016 of the gross operating revenues derived from intrastate business. In addition, all local telephone service providers now pay \$600 as the minimum fee instead of varying rates based upon the service offered.¹ At the current 0.0016 rate, carriers will pay this minimum fee up to \$375,000 in gross intrastate operating revenues. The reduced RAF rate was determined assuming reduced responsibilities, projecting staff hours on continuing telecommunications workload, and projecting telecommunications company revenues. As they have for several years, revenues subject to RAFs from telecommunications companies regulated by the FPSC continued to decline in 2018 as traditional wireline revenues are replaced by unregulated (VoIP/broadband) services. As a result, the agency is evaluating the need to reduce the telecommunications RAF rate further in 2019.

¹ Previously, the minimum fee ranged from \$600 to \$1,000, depending on the type of service offered. Payphone operators continue to pay a minimum fee of \$100.

Regulatory Activities That Continue To Be Required

The FPSC regulates 329 telecommunications companies in some way as of December 31, 2018. The Commission continues to retain authority and responsibility in the following areas for telecommunications companies:

- Resolving intercarrier disputes involving interpretations and implementation of sections of the intercarrier agreements.
- Processing arbitrations of intercarrier agreements when the companies cannot negotiate all the terms of the agreement and request the FPSC to resolve issues the companies define.
- Reviewing interconnection agreements filed with the FPSC in accordance with federal requirements.
- Resolving cases involving area code relief, number conservation plans, number resource reclamation, local number portability, and other numbering issues.
- Analyzing information for and producing several statutorily required reports: the *Annual Report on the Status of the Telecommunications Access System Act of 1991*, the *Annual Report on Lifeline Assistance*, the *Report on the Efforts of the Florida Public Service Commission to Reduce the Regulatory Assessment Fee for Telecommunications Companies*, and the *Report on the Status of Competition in the Telecommunications Industry*.
- Maintaining oversight of the Florida Relay Service.
- Maintaining oversight of Florida's Lifeline Program, including establishing eligibility criteria, coordinated enrollment, and monitoring ETCs.
- Issuing certificates of authority for telecommunications companies to operate in Florida, including evaluating the applicant's technical, financial, and managerial capability to provide service.
- Resolving consumer complaints relating to Lifeline, Telephone Relay Service, and payphones.
- Publishing network access tariff information for all incumbent local carriers.
- Publishing other tariff/rate schedule information for any certificated company if the company so decides.

- Publishing and distributing informative materials relating to the Lifeline Program and conducting related consumer outreach.
- Monitoring and/or participating in federal proceedings where the state's consumers may be affected and conveying the FPSC's policy positions.

Efforts to Reduce Costs

As previously stated, the FPSC has a long history of seeking cost savings and streamlining regulatory processes. With specific regard to the implementation of the Act, the FPSC initially undertook three new processes. First was the RAF rate reduction previously discussed. Second, the FPSC assessed the number of staff equivalents required to perform the duties associated with the deregulation measures in the Act. Based upon time sheet information, twelve positions were eliminated effective July 1, 2011. These positions reflected the elimination of service requirements, processing of most telecommunications customer complaints, long distance carrier activities, a reduction in price schedule maintenance, and a reduction in consumer information and outreach.

Third, the FPSC retained the National Regulatory Research Institute (NRRI) in May 2011 to review the FPSC's organization structure and work flow processes to determine if the FPSC should implement any additional changes in the telecommunications area. NRRI reviewed the agency operating procedures, organizational charts, and workload. Key telecommunications staff were interviewed and most telecommunications direct staff were given a survey to complete. NRRI studied the Act and the resulting changes to the FPSC's responsibility. The telecommunications direct staff of the FPSC was then compared to that of other states with respect to statutory authority and number of technical staff assigned. NRRI concluded that the structure of the FPSC's telecommunications group was appropriate and compared favorably to those in other states.

NRRI found that the size of the telecommunications group was correct, but made a few suggestions where the FPSC could add more streamlining or cost reduction measures. The FPSC implemented NRRI's recommendations, including:

- The FPSC further shifted responsibilities to the administrative staff for the competition report's document control and relay data collection functions.
- The FPSC simplified the review process, analysis of data, and reduced the length of the competition report.
- The FPSC encouraged and trained companies to submit tariffs and service schedules online.

In subsequent years, the FPSC has implemented many additional efficiency measures. In 2011, the FPSC had 115 telecommunications-related rules. Through consolidation, revision, and elimination, there are now 20 active telecommunications rules.

In 2013, the FPSC implemented agency-wide electronic filing and submission policies that will substantially reduce the number of paper documents at the agency. Coincidentally with the agency-wide policy, the telecommunications group began updating its online tariff filing procedures and converting its existing tariff documents to digital format. All official copies of telecommunications tariffs, price lists, and service schedules are now available on the agency's website, as are all tariff updates. This development allows greater access to both consumers and companies, and reduces costs associated with record requests. Additionally, the FPSC continues the process of eliminating all obsolete or redundant paper archives of companies' rates and schedules.

Additionally, the telecommunications staff has become very flexible and able to perform a wide variety of functions. It has conducted periodic internal cross training on its remaining responsibilities, through both scheduled office-wide training sessions and temporary transfers of job duties. It has also developed comprehensive written Standard Operating Procedures for its functions. As staff become familiar with each other's duties, the requisite training time will be reduced should the need arise to further consolidate or transfer functions.

During 2012, the technical staff responsible for continuing the statutory mandates were consolidated and established as a stand-alone unit within the agency to maximize efficiency and minimize supervisory needs. Then, in 2017, as further efficiency measures and staff changes were implemented, the FPSC merged its telecommunications staff with another office to streamline its processes further. Some administrative and management functions were consolidated, creating more savings for the agency.

Other efficiency-related activity has included the transfer of call testing for the Florida Relay Service from FPSC staff to the relay provider, streamlined telecommunications certification and certificate transfer processes, and further transfers of duties to administrative staff. As previously mentioned, the current staffing levels appear adequate for the FPSC's remaining statutory duties regarding telecommunications issues.

Summary

The FPSC has proactively responded to the changes in its statutory authority as a result of the Act. The agency has assessed the appropriate staffing levels for the telecommunications staff, and will continue to monitor the workload and staffing needs. The FPSC hired NRRI in 2011 to audit the FPSC's telecommunications program to determine if additional changes needed to be made. The audit results reflected favorably upon the program, and the FPSC has implemented NRRI's suggestions. The FPSC has reviewed its telecommunications rules and eliminated unnecessary or obsolete regulations. The agency continues to seek ways to economize its resources while maintaining a high quality work product for all industries under the FPSC's authority, including telecommunications.

II. Outside Persons Who Wish to Address the Commission at Internal Affairs

Note: The records reflect that no outside persons addressed the Commission at this Internal Affairs meeting.

III. Supplemental Materials for Internal Affairs

Note: The records reflect that there were no supplemental materials provided to the Commission during this Internal Affairs meeting.

IV. Transcript

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

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PROCEEDINGS: INTERNAL AFFAIRS

COMMISSIONERS
PARTICIPATING: CHAIRMAN ART GRAHAM
COMMISSIONER JULIE I. BROWN
COMMISSIONER DONALD J. POLMANN
COMMISSIONER GARY F. CLARK
COMMISSIONER ANDREW GILES FAY

DATE: Tuesday, December 11, 2018

TIME: Commenced: 2:47 p.m.
Concluded: 2:53 p.m.

PLACE: Gerald L. Gunter Building
Room 105
2540 Shumard Oak Boulevard
Tallahassee, Florida

REPORTED BY: ANDREA KOMARIDIS
Court Reporter and
Notary Public in and for
the State of Florida at Large

PREMIER REPORTING
114 W. 5TH AVENUE
TALLAHASSEE, FLORIDA
(850) 894-0828

1 P R O C E E D I N G S

2 CHAIRMAN GRAHAM: Okay. We will convene this
3 meeting.

4 Item No. 1, Mark Long. I think that's you,
5 huh?

6 MR. LONG: It is.

7 Commissioners, Item No. 1 is the telecom RAF
8 report, chronicling the PSC's efforts in complying
9 with the statute. Staff is requesting approval of
10 the draft and editorial privileges to fix any of my
11 typos.

12 CHAIRMAN GRAHAM: Commissioners, any questions
13 of Item No. 1?

14 Seeing none, all in favor, say aye.

15 COMMISSIONER CLARK: Aye.

16 (Laughter.)

17 COMMISSIONER BROWN: Mr. -- Mr. Chairman, I
18 would move approval of the report, giving staff the
19 latitude to make non-substantive changes.

20 CHAIRMAN GRAHAM: It's been moved and second,
21 approval of the report, with giving staff the --
22 the ability to make changes. Any further
23 discussion?

24 Seeing none, all in favor, say aye.

25 (Chorus of ayes.)

1 CHAIRMAN GRAHAM: Any opposed?

2 By your action, you have approved the motion.

3 Mark, thank you very much.

4 Okay. General counsel's report.

5 MS. HELTON: There is none today.

6 CHAIRMAN GRAHAM: Fantastic.

7 Executive director's report.

8 There is none today.

9 Other matters?

10 Go ahead.

11 COMMISSIONER BROWN: Just a small one. And I
12 know we have a full hearing before us coming, but I
13 wanted to talk -- just present this to you all.
14 With the agenda item, we were talking today about
15 pass-throughs and indexing. And it came to my
16 attention, and staff's, that we haven't revisited
17 that rule since 1993.

18 It's Rule 25-30.020. And it is with regard to
19 administrative fees associated with SARCs,
20 processing. A lot of them are outdated fees. But
21 one thing that, I think, is important to note is
22 that the annual indexes and pass- -- pass-throughs,
23 which staff helps assist the -- the smaller
24 distressed utilities with -- and actually, all
25 utilities -- they help with the processing of --

1 filling out of the form and filing and -- and all
2 sorts of other administrative matters. Well, the
3 PSC does not collect a fee, even a nominal one; is
4 that correct?

5 I just wanted to kind of broach the subject
6 with you all and maybe have staff consider
7 revisiting that rule and seeing if those fees are
8 in -- are in alli- -- in alliance and in accordance
9 with current costs.

10 And I didn't know if you guys would be open to
11 that. Does anyone know what I'm talking about?

12 CHAIRMAN GRAHAM: It sounds like a good idea
13 to me.

14 Commissioner Polmann, did you have a comment
15 or question?

16 COMMISSIONER POLMANN: Yes. Thank you,
17 Mr. Chairman.

18 I -- I appreciate this coming forward and I --
19 I would suggest that -- ask that we allow staff
20 to -- to provide some information, bring that to
21 us, and that that be done in two steps; if you
22 would be able to provide some background to us,
23 give us a little bit of history, but, more
24 importantly, current practices, what has been done,
25 the -- the process that staff goes through to

1 develop those and -- and provide the updates that
2 you do, as we revisit those issues.

3 But then, I would also ask that the Commission
4 entertain a workshop-type of thing and -- and that
5 we do that in an IA meeting so that we have an
6 opportunity as -- as a group, as a -- as a
7 Commission body, to discuss that before the staff
8 brings forward a -- any rule revisions, so that
9 we -- we have an open discussion and -- and that we
10 don't find ourselves sitting and looking at a draft
11 rule, you know, and -- and then enter into
12 discussions. I would rather talk about it first
13 and have an opportunity to sit with staff and -- as
14 an open Commission in an open meeting and talk
15 about it.

16 So, if that's the pleasure of the Commission,
17 I -- I would certainly appreciate it. This
18 Commissioner would -- would like the opportunity to
19 talk about it in an IA meeting after we get the
20 information, some written information, from staff.

21 So, thank you for that consideration.

22 CHAIRMAN GRAHAM: Commissioner Brown?

23 COMMISSIONER BROWN: Mr. Baez, do you want to
24 add anything to this before I --

25 MR. BAEZ: I'm -- I'm trying to piece together

1 the discussion, but I -- I would -- I would agree
2 and commit to you, Commissioner -- to all -- to all
3 of you, that whatever research we do and whatever
4 analysis we may make and -- and we're not going to
5 blindsides you with -- with a proposal that you
6 might not have heard before.

7 COMMISSIONER BROWN: So, is staff clear on
8 what it is we're asking? We're not doing anything
9 other than seeking information. Is that good --
10 good? Okay.

11 MR. BAEZ: And we'll bring it back to you in
12 the next IA or -- or so.

13 CHAIRMAN GRAHAM: I don't think it's that much
14 of a rush, but we just want to put you on your
15 radar.

16 MR. BAEZ: That's fair. We appreciate it.
17 Thank you.

18 COMMISSIONER BROWN: It's 1993.

19 MR. BAEZ: It -- it -- it's -- I mean, it's
20 been that way almost across the board. I'm sure
21 someone mentioned it before.

22 COMMISSIONER BROWN: Yeah.

23 MR. BAEZ: But I'm glad you're -- you're
24 willing to take a look at it.

25 COMMISSIONER BROWN: Thank you.

1 CHAIRMAN GRAHAM: As long as it's by 2023,
2 three decades, we're good.

3 COMMISSIONER BROWN: We're still staying at
4 the same fees, our staff --

5 MR. BAEZ: We'll --
6 (Laughter.)

7 MR. BAEZ: We'll go an even 30.

8 Well, you know, we're always trying to do our
9 best to keep all the impacts low. And inevitably,
10 you'll get to a point where that's not sustainable
11 anymore. And it may -- may well be by your notice
12 that -- that we're there.

13 CHAIRMAN GRAHAM: Okay.

14 COMMISSIONER BROWN: Thank you.

15 CHAIRMAN GRAHAM: Any other "other matters"?
16 Seeing none, we're adjourned.

17 We will start the hearing -- it looks like
18 it's seven 'til, back there. So, at 3:00, we'll
19 start the hearing here.

20 (Whereupon, proceedings concluded at 2:53
21 p.m.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF LEON)

I, ANDREA KOMARIDIS, Court Reporter, do hereby
certify that the foregoing proceeding was heard at the
time and place herein stated.

IT IS FURTHER CERTIFIED that I
stenographically reported the said proceedings; that the
same has been transcribed under my direct supervision;
and that this transcript constitutes a true
transcription of my notes of said proceedings.

I FURTHER CERTIFY that I am not a relative,
employee, attorney or counsel of any of the parties, nor
am I a relative or employee of any of the parties'
attorney or counsel connected with the action, nor am I
financially interested in the action.

DATED THIS 20th day of December, 2018.



ANDREA KOMARIDIS
NOTARY PUBLIC
COMMISSION #GG060963
EXPIRES February 9, 2021