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Public Service Commission

March 30, 2012

VIA ELECTRONIC FILING

The Honorable Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, SW
Washington, D.C. 20554

Re: Reply Comments of the Florida Public Service Commission in WC Docket No. 10-90, Connect American Fund; GN Docket No. 09-51, A National Broadband Plan for Our Future; WC Docket No. 07-135, Establishing Just and Reasonable Rates for Local Exchange Carriers; WC Docket No. 05-337, High Cost Universal Service Support; CC Docket No. 01-92, Developing an Unified Intercarrier Compensation Regime; CC Docket No. 96-45, Federal-State Joint Board on Universal Service; and WC Docket No. 03-109, Lifeline and Link-Up

Dear Ms. Dortch:

Forwarded herewith are reply comments of the Florida Public Service Commission in the above dockets regarding the Universal Service Fund.

Greg Fogleman at 850-413-6574 is the primary staff contact on these comments.

Sincerely,

/ s /

Cindy B. Miller
Senior Attorney

CBM:tf

cc: James Bradford Ramsay, NARUC

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
Connect America Fund)	WC Docket No. 10-90
)	
A National Broadband Plan for Our Future)	GN Docket No. 09-51
)	
Establishing Just and Reasonable Rates for Local Exchange Carriers)	WC Docket No. 07-135
)	
High-Cost Universal Service Support)	WC Docket No. 05-337
)	
Developing an Unified Intercarrier Compensation Regime)	CC Docket No. 01-92
)	
Federal-State Joint Board on Universal Service)	CC Docket No. 96-45
)	
Lifeline and Link-Up)	WC Docket No. 03-109

**REPLY COMMENTS OF
THE FLORIDA PUBLIC SERVICE COMMISSION**

CHAIRMAN RONALD A. BRISÉ
COMMISSIONER LISA POLAK EDGAR
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March 30, 2012

The Florida Public Service Commission (FPSC) submits these reply comments in response to the Report and Order and Further Notice of Proposed Rulemaking (FNPRM) released by the Federal Communications Commission (FCC) on November 18, 2011.¹ These comments address the issues relating to both the new access replacement charge (ARC) adopted in its Order as well as the pre-existing rules regarding subscriber line charges (SLCs). In particular, the FCC seeks comment on the appropriate level and regulatory approach to such charges, as carriers increasingly transition to broadband networks.

REFORM OF END USER CHARGES

A number of commenters addressed end-user charges.² In its comments, Windstream argues that “the Commission should not place a lower cap on SLC if it and/or state commissions continue to regulate the price of voice service.”³ By comparison, AT&T asserts that “carriers use subscriber line charges to recover real network costs, and thus those charges will continue to be needed in the short term.”⁴ AT&T also states that “as ILECs become non-price-regulated providers of all-IP services, ‘SLCs’ will become mere historical curiosities.”⁵

¹ FCC, Report and Order and Further Notice of Proposed Rulemaking, FCC 11-13, WC Docket Nos. 10-90, 07-135, 05-337, 03-109, GN Docket No. 09-51, CC Docket Nos. 01-92, 96-45, released: November 18, 2011.

² Comments of T-Mobile USA, Inc., pp. 18-19; Regulatory Commission of Alaska, pp. 20-21; Moss Adams LLP, et al, pp. 16-17; The Independent Telephone & Telecommunications Alliance, pp. 6-7; Frontier Communications, pp. 9-11; FreeConferenceCall.com, p. 7; CenturyLink, pp. 28-36; Alaska Communications Systems Group, Inc., pp. 7-8; Ad Hoc Telecommunications Users Committee pp. 13-25; AT&T pp. 76-79; Massachusetts Department of Telecommunications and Cable, pp. 11-12; United States Telecom Association, pp. 6-7; National Cable & Telecommunications Association p. 9; CTIA-The Wireless Association, pp. 11-12; Alaska Rural Coalition, pp. 13-15; Windstream Communications, Inc., pp. 5-7; The Nebraska Rural Independent Companies, pp. 13-19; National Exchange Carrier Association, Inc., et al; pp. 31-37; California Public Utilities Commission, pp. 11-12; Public Service Commission of Wisconsin, pp. 7-8; GVNW Consulting, Inc., p. 15; and The National Association of State Utility Consumer Advocates, et al, pp. 6-8.

³ Comments of Windstream Communications, Inc. filed February 24, 2012, p. 7.

⁴ Comments of AT&T Inc., filed February 24, 2012, pp. 76-77.

⁵ Ibid.

The FPSC questions the need for either the ARC or the SLC in states like Florida where incumbent LECs are no longer subject to either price cap or rate-of-return regulation. In these markets, carriers can adjust their rates, constrained only by the market, to recover their investments including revenues collected through the SLC and ARC. We do not believe that it is necessary to wait until the transition to an all IP network for the elimination of such line items. We urge the FCC to work with states to eliminate the SLC and forgo implementation of the ARC in markets where they are not necessary. States could accomplish this by certifying to the FCC that retail rates have been deregulated within their state.

The FPSC agrees with the comments of the National Association of State Utility Consumer Advocates that any revenue recovery mechanism that is considered must be based on an updated separation/allocation policy and consider all of a carrier's revenue in determining when recovery of lost intercarrier compensation revenues is needed. This is consistent with prior comments made by the FPSC asserting the FCC consider all revenues prior to providing high-cost support.⁶ The Federal-State Separations Joint Board should be consulted regarding the updated jurisdictional separations policy. The current extended freeze does not reflect the current market characteristics and is in need of reform.

Should the FCC decide to move forward with ARC recovery, it should only be authorized where an incumbent LEC has lost intrastate access revenues, as recommended by the Massachusetts Department of Telecommunications and Cable (DTC). We also agree with the Massachusetts DTC that the FCC should establish a defined sunset date when the ARC would be

⁶ Comments of the Florida Public Service Commission, filed April 14, 2011, pp. 11-12.

eliminated from consumers' bills. We recognize that the ARCs will be phased down under the term of the Orders, and we believe a clear sunset date would provide certainty to the market.

ADVERTISED PRICE OF SERVICE

As described in the Order, the FCC expects incumbent LECs to include the new ARC charges as part of the SLC charge for billing purposes. However, SLC charges frequently are not included in the advertised price for incumbent LECs' services. The FPSC agrees with those commenters that urge the FCC to require that carriers include SLC charges (including ARCs) in their advertised price for services.⁷ This requirement will address consumer confusion involving the actual service price and promote competition by making it easier for consumers to compare prices of different service providers. It is also consistent with the Florida market of unregulated prices for retail services.⁸ It is time to abandon labels such as the SLC and ARC in states where carriers set rates, in order to better meet the free market goals of accurate pricing information for consumers.

CONCLUSION

The FPSC hopes to work with the FCC to eliminate unnecessary charges in Florida, where carriers set their rates, constrained only by the market, to recover their costs. In the alternative, the ARC should be limited to carriers that have had an intrastate access revenue loss. The FCC should establish a sunset date for this form of recovery. The FPSC recommends

⁷ Comments of the Massachusetts Department of Telecommunications and Cable, filed February 24, 2012, p. 12; Comments of the California Public Utilities Commission, filed February 24, 2012, pp. 11-12; and Comments of the Public Service Commission of Wisconsin, filed February 24, 2012, p. 8.

⁸ HB 1231, the Regulatory Reform Act, was signed by Governor Scott on May 5, 2011, and became effective July 1, 2011. The bill eliminated retail regulation of local exchange telecommunications services by the FPSC, including the elimination of rate caps on all retail telecommunications services.

Florida Public Service Commission
WC Docket Nos. 10-90, 07-135, 05-337, 03-109; GN Docket No 09-51;
and CC Docket Nos. 01-92, 96-45
March 30, 2012

that the FCC implement requirements for the disclosure of all expected costs consumers would pay in their advertised prices. We believe that this will improve the conditions for competition and minimize consumer confusion.

Respectfully submitted,
/ s /
Cindy B. Miller, Senior Attorney
Office of the General Counsel

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DATED: March 30, 2012