

State of Florida



Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

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

DATE: August 3, 2006

TO: Director, Division of the Commission Clerk & Administrative Services (Bayó) *MB*

FROM: Division of Competitive Markets & Enforcement (Buys) *MB*
Division of Economic Regulation (Springer) *MSB*
Office of the General Counsel (Tan) *TJ* *AW*
Division of Regulatory Compliance & Consumer Assistance (Vandiver) *ALM* *9/25*

RE: Docket No. 060501-TX – Investigation and determination of appropriate method for estimating and making payment of TASA surcharges, as required by Rule 25-4.160, F.A.C., to Florida Telecommunications Relay, Inc. by Verizon Select Services, Inc.

AGENDA: 08/15/06 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\CMP\WP\060501.RCM.DOC

Case Background

Verizon Select Services, Inc. (VSSI) is a competitive local exchange company (CLEC) located at 6665 North MacArthur Boulevard in Irving, Texas. VSSI maintains a local office in Tampa, Florida. VSSI was granted CLEC Certificate No. 4819 on March 18, 1997.

As part of a Regulatory Assessment Fee (RAF) Audit conducted by staff on VSSI, staff requested financial records that show the amount of Telecommunications Access System Act (TASA) surcharges collected from subscribers and remitted to Florida Telecommunications

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FPSC-COMMISSION CLERK

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Relay, Inc. (FTRI) for the years 2000, 2001, and 2002. In response, VSSI investigated the issue and concluded that it did not remit to FTRI TASA surcharges collected from local exchange service subscribers served within the Verizon Florida Inc. (Verizon ILEC) territory during the period from January 1998 through June 2001. The company ceased providing local service in July 2001. On July 17, 2006, VSSI submitted a letter offering to remit the delinquent payment of surcharges, plus interest, to FTRI.

The Commission is vested with jurisdiction over this matter pursuant to Sections, 364.01, 364.183, 364.285, and 427.704. Accordingly, staff believes its recommendations in this case are appropriate.

Discussion of Issues

Issue 1: Should the Commission approve the method used by Verizon Select Services, Inc. to estimate the amount of TASA surcharges owed to Florida Telecommunications Relay, Inc., for the period January 1998 through June 2001, and approve VSSI's proposal to remit the surcharges in the amount of \$130,638.28, plus interest of \$31,225.63, for a total payment of \$161,863.91, to FTRI?

Recommendation: Yes. Staff recommends that the Commission approve the method used by VSSI to estimate the amount of TASA surcharges and order the company to remit to FTRI the amount of \$130,638.28, plus interest of \$31,225.63, for a total payment of \$161,863.91. **(D. Buys, Springer, Tan, Vandiver)**

Staff Analysis: The Telecommunications Access System Act (TASA) of 1991 established the Commission's authority to oversee the administration of the statewide telecommunications access system to provide access to telecommunications to relay services by persons who are hearing impaired or speech impaired, or others who communicate with them as expressed in Section 427.704, Florida Statutes, Powers and Duties of the Commission.

Rule 25-4.160, Florida Administrative Code (F.A.C.), Operation of Telecommunications Relay Service, implements Section 427.704, Florida Statutes. Specific to this issue, Rule 25-4.160(3), F.A.C., requires that all local exchange companies shall impose a monthly surcharge on all local exchange subscribers on an individual line basis and that all monies received by the local exchange company, less the authorized amount retained to recover the billing, collecting, remitting, and administrative costs attributed to the surcharge, shall be submitted so as to be received by the Administrator (Florida Telecommunications Relay, Inc.) within fifteen days after the end of the previous month.

A RAF audit conducted by Commission staff requested that VSSI provide records or schedules that show the amount of TASA surcharges collected from its subscribers and remitted to FTRI. Upon review of its records, VSSI determined that that it did not remit to FTRI some of the TASA surcharges it collected from its subscribers pursuant to Rule 25-4.160, F.A.C. The local exchange subscriber lines for which VSSI failed to remit the TASA surcharges were subscriber lines resold from Verizon ILEC during the period January 1998 through June 2001.

As VSSI indicated in its letter, the Interconnection Agreements (ICAs) between VSSI and BellSouth Telecommunications, Inc. (BellSouth), and between VSSI and Embarq Florida, Inc. (Embarq), included a provision for payment of the TASA surcharge on behalf of VSSI for subscriber lines resold in the BellSouth and Embarq territories. The ICA between VSSI and Verizon ILEC, did not include a provision for payment of the TASA surcharge. VSSI could not find records showing that it remitted payment of the TASA surcharges to FTRI for the local exchange subscriber lines provided within the Verizon ILEC service territory. To rectify this oversight, VSSI offered to estimate the amount of the TASA surcharges owed and make full payment upon approval by the Commission.

To estimate the amount of TASA surcharges owed, VSSI estimated the number of local exchange subscriber lines that it served in the Verizon ILEC territory in each month and multiplied the number of lines by the TASA surcharge rate applicable for that month. The result was a total of \$130,638.28. Staff then calculated the interest based on VSSI's remittance of payment to FTRI no later than September 30, 2006. Staff used the average 30-day commercial paper rate for each month pursuant to Rule 25-4.114(4), F.A.C., Refunds.

Staff believes that VSSI's estimate of the amount of TASA surcharges owed to FTRI is reasonable, and therefore, recommends that the Commission approve the method used by VSSI to estimate the amount of TASA surcharges and order the company to remit to FTRI the amount of \$130,638.28, plus interest of \$31,225.63, for a total payment of \$161,863.91.

Issue 2: Should this docket be closed?

Recommendation: The Order issued from this recommendation will become final and effective upon issuance of a Consummating Order, unless a person whose substantial interest are affected by the Commission's decision files a protest that identifies with specificity the issues in dispute, in the form provided by Rule 28-106.201, Florida Administrative Code, within 21 days of the issuance of the Proposed Agency Action Order. As provided by Section 120.80 (13)(b), Florida Statutes, any issues not in dispute should be deemed stipulated. If the Commission's Order is not protested, VSSI should remit the payment for TASA surcharges, plus interest, to FTRI no later than September 30, 2006. At the time of its payment, VSSI should also submit a final report to the Commission summarizing the payment. If staff determines that VSSI has complied with the provisions of the Commission's Order, then this docket will be closed administratively. If VSSI fails to demonstrate that it has complied with the provisions of the Commission's Order, then this docket will remain open pending further action. **(Tan)**

Staff Analysis: Staff recommends that the Commission take action as set forth in the above staff recommendation.