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STATE OF FLORIDA



ORIGINAL

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(850) 413-6199

Public Service Commission

October 8, 2004

Ms. Mary Helen Blakeslee  
Office of Tourism, Trade, and  
Economic Development  
Executive Office of the Governor  
The Capitol  
Tallahassee, FL 32399-0001

SUBJECT: Docket No.040436-TP – Rule No. 25-4.0161

The Commission has determined that the above rule will affect small business. Accordingly, pursuant to Section 120.54(3)(b), Florida Statutes, enclosed is a copy of the Florida Administrative Weekly (FAW) notice for the proposed rule, which will be published in the October 15, 2004 edition of the FAW. Also enclosed is a copy of the statement of estimated regulatory costs.

If there are any questions with respect to this rule or the Commission's rulemaking procedures, please do not hesitate to call on me.

Sincerely,

Christiana T. Moore  
Associate General Counsel

CMP \_\_\_\_\_  
COM \_\_\_\_\_ 040436 OTTED.ctm.doc  
CTR \_\_\_\_\_ Enclosures  
ECR \_\_\_\_\_ ec: Division of the Commission Clerk  
GCL \_\_\_\_\_ and Administrative Services  
OPC \_\_\_\_\_  
MMS \_\_\_\_\_  
RCA \_\_\_\_\_  
SCR \_\_\_\_\_  
SEC \_\_\_\_\_  
OTH \_\_\_\_\_

DOCUMENT NUMBER - DATE  
11010 OCT 12 04  
FPSC-COMMISSION CLERK

NOTICE OF PROPOSED RULEMAKING  
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 040436-TP

RULE TITLE:

RULE NO.:

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Regulatory Assessment Fees; Telecommunications Companies      25-4.0161

PURPOSE AND EFFECT: To increase the amount of regulatory assessment fees paid by certificated or registered telecommunications companies to cover the Public Service Commission's actual cost of regulating the companies.

SUMMARY: Raises the regulatory assessment fee of .15% of a certificated or registered communication company's gross operating revenues derived from intrastate business to .20%.

SUMMARY OF STATEMENT OF ESTIMATED REGULATORY COST: The rule will increase the amount of regulatory fees that telecommunications companies must pay.

Any person who wishes to provide information regarding the statement of estimated regulatory costs, or to provide a proposal for a lower cost regulatory alternative must do so in writing within 21 days of this notice.

SPECIFIC AUTHORITY: 350.127(2), FS

LAW IMPLEMENTED: 350.113, , 364.02(13), 364.336, FS

WRITTEN COMMENTS OR SUGGESTIONS ON THE PROPOSED RULE MAY BE

SUBMITTED TO THE FPSC, DIVISION OF THE COMMISSION CLERK AND

ADMINISTRATIVE SERVICES, WITHIN 21 DAYS OF THE DATE OF THIS NOTICE FOR INCLUSION IN THE RECORD OF THE PROCEEDING.

IF REQUESTED WITHIN 21 DAYS OF THE DATE OF THIS NOTICE, A HEARING WILL BE SCHEDULED AND ANNOUNCED IN THE FAW.

THE PERSON TO BE CONTACTED REGARDING THE THESE PROPOSED RULE(S) IS:  
Christiana Moore, Florida Public Service Commission, 2540 Shumard Oak Blvd., Tallahassee,  
Florida 32399-0862, (850) 413-6245.

~~THE FULL TEXT OF THE PROPOSED RULE IS:~~

**25-4.0161 Regulatory Assessment Fees; Telecommunications Companies.**

(1) As applicable and as provided in Sections 350.113, 364.02(13) and 364.336, Florida Statutes, each company shall remit a fee based upon its gross operating revenue as provided below. This fee shall be referred to as a regulatory assessment fee, and each company shall pay a regulatory assessment fee in the amount of 0.0020 ~~0.0015~~ gross operating revenues derived from intrastate business. For the purpose of determining this fee, each telecommunications company shall deduct from gross operating revenues any amount paid to another telecommunications company for the use of any telecommunications network to provide service to its customers. Regardless of the gross operating revenue of a company, a minimum annual regulatory assessment fee of \$50 shall be imposed.

(2) – (3) No change.

(4) Commission Form PSC/CMP 25 (\_\_\_/\_\_\_), entitled “Local Exchange Company Regulatory Assessment Fee Return,” Form PSC/CMP 26 (\_\_\_/\_\_\_), entitled “Pay Telephone Service Provider Regulatory Assessment Fee Return”; Form PSC/CMP 34 (\_\_\_/\_\_\_), entitled “Shared Tenant Service Provider Regulatory Assessment Fee Return”; Form PSC/CMP 153 (\_\_\_/\_\_\_), entitled “Interexchange Company Regulatory Assessment Fee Return”; and Form PSC/CMP 1 (\_\_\_/\_\_\_), entitled “Alternative Access Vendor Regulatory Assessment Fee Return”; and Form PSC/CMP 7(\_\_\_/\_\_\_), entitled “Competitive Local Exchange Company Regulatory

Assessment Fee Return” are incorporated into this rule by reference and may be obtained from the Commission’s Division of the Commission Clerk and Administrative Services.

(5) – (7) No change.

~~(a) The request for extension must be submitted on Form PSC/CCA 124 ( / ) written and~~  
will be granted if the company has applied for the extension within the time required in (b)  
below and the company does not have any unpaid regulatory assessment fees, penalties or  
interest due from a prior year accompanied by a statement of good cause. Form PSC/CCA 124  
( / ), entitled “Regulatory Assessment Fee Extension Request” is incorporated into this rule  
by reference and may be obtained from the Commission’s Division of the Commission Clerk and  
Administrative Services.

(b) – (8) No change.

Specific Authority 350.127(2) FS.

Law Implemented 350.113, 364.02(13), 364.336 FS.

History–New 5-18-83, Formerly 25-4.161, Amended 10-19-86, 1-1-91, 12-29-91, 1-8-95, 12-26-95, 7-7-96, 11-11-99, \_\_\_\_\_.

NAME OF PERSON ORIGINATING PROPOSED RULE: Dale Mailhot

NAME OF SUPERVISOR OR PERSONS WHO APPROVED THE PROPOSED RULE:

Florida Public Service Commission.

DATE PROPOSED RULE APPROVED: October 5, 2004

DATE NOTICE OF PROPOSED RULE DEVELOPMENT PUBLISHED IN FAW: Volume 30,  
Number 21, May 21, 2004

If any person decides to appeal any decision of the Commission with respect to any matter considered at the rulemaking hearing, if held, a record of the hearing is necessary. The appellant

must ensure that a verbatim record, including testimony and evidence forming the basis of the appeal is made. The Commission usually makes a verbatim record of rulemaking hearings.

Any person requiring some accommodation at this hearing because of a physical impairment

~~should call the Division of the Commission Clerk and Administrative Services at (850) 413-6770~~

at least 48 hours prior to the hearing. Any person who is hearing or speech impaired should

contact the Florida Public Service Commission by using the Florida Relay Service, which can be

reached at: 1-800-955-8771 (TDD).

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:** September 9, 2004  
**TO:** Office of General Counsel (Moore)  
**FROM:** Division of Economic Regulation (Hewitt) *[Handwritten Signature]*  
**RE:** Revised Statement of Estimated Regulatory Costs for Proposed Rule Amendments to 25-4.0161, F.A.C., Regulatory Assessment Fees; Docket No. 040436-TP

## SUMMARY OF THE RULE

Rule 25-4.0161, F.A.C., Regulatory Assessment Fees (RAFs) sets the rate at which telecommunications companies are assessed for regulatory costs. Currently, the assessed rate is 0.15% of a certificated or registered company's gross operating revenues derived from intrastate business.

The proposed rule would increase the telecommunications companies RAF rate to 0.20% because the current rate is not generating sufficient RAFs to cover the regulatory costs.

## ESTIMATED NUMBER OF ENTITIES REQUIRED TO COMPLY AND GENERAL DESCRIPTION OF INDIVIDUALS AFFECTED

The telecommunications companies certificated or registered by the Commission would be affected. There are 10 incumbent local exchange companies (ILECs), 23 alternative access vendors (AAVs) plus 17 with competitive local exchange authority, 404 competitive local exchange companies (CLECs), 468 payphone companies, 31 shared tenant services companies and 703 interexchange companies currently active. The increase in RAFs may be passed on to the customers of some of these companies.

## RULE IMPLEMENTATION AND ENFORCEMENT COST AND IMPACT ON REVENUES FOR THE AGENCY AND OTHER STATE AND LOCAL GOVERNMENT ENTITIES

The usual rule implementation costs would be incurred with this rule change as well as the cost to revise RAF forms. Enforcement costs should remain the same with the rule change. There would be a positive impact on Commission RAF revenues of an estimated \$2,712,680 (\$2,926,300 less \$213,120 paid to the state General Revenue Fund), based on the latest estimated gross intrastate revenues for 2005-06:

Estimated 2005-06 Gross Intrastate Revenues -	\$5,852,600,000
RAFs @ 0.15% -	\$8,778,900
RAFs @ 0.20% -	\$11,705,200

There could be an increase in the amount of RAFs paid on other state and local government entities' regulated communications companies' bills, depending on how much of the increased rate is passed on to the customer.

#### ESTIMATED TRANSACTIONAL COSTS TO INDIVIDUALS AND ENTITIES

Regulated companies would have to prepare their RAF forms for submission to the Commission as usual but at a higher rate. Companies able to revise the amount collected from customers at the higher rate may have some minor transactional costs to implement the increase.

The proposed rule change would increase the bill of regulated companies' customers if passed along. The RAF on a \$100 telecom bill could have a maximum increase from \$0.15 to \$0.20 due to the RAF rate increase if 100% of the increased rate were to be passed on to the customer.

All ILECs but one are under price cap regulation and could not include the higher RAF in their basic telephone rates. ILECs under price caps may increase their prices once a year by the amount of inflation minus 1%. The one ILEC under rate base regulation would have to wait until a rate case to pass along a RAF increase. ILECs may be able to recover some of the increased RAF through unregulated services such as call-waiting or caller ID charges depending on how competitive their markets are. Based on the actual year 2002 reported ILEC intrastate revenues of \$4,970,336,667, ILECs' RAFs would have been \$2,485,168 higher with the proposed RAF rate.

Other telecommunications companies do not have price caps but being in a competitive market they may choose not to pass along the full amount of the RAF increase. All other telecommunications companies besides the ILECs had year 2002 intrastate revenues of \$1,583,874,666 and would have paid an additional \$791,937 with the higher RAF. Although the increased RAF is \$0.05 per \$100 in revenues, some companies at the margin may decide that the increase makes it that much harder to make enough revenue to stay in business. If there are any companies that leave the market, the increased RAF benefits to the commission would be reduced by at least the minimum \$50 RAF paid per company.

#### IMPACT ON SMALL BUSINESSES, SMALL CITIES, OR SMALL COUNTIES

Small businesses, cities, and counties would have their telecom bills from regulated companies increase by the increase in the RAF rate if passed along by their telecom companies. The main benefit would come from maintaining required regulatory oversight by the Commission.

cc: Mary Andrews Bane  
Chuck Hill  
Paula Isler  
Hurd Reeves