

# I. Meeting Packet



**State of Florida**  
Public Service Commission  
**INTERNAL AFFAIRS AGENDA**  
Tuesday – July 13, 2010  
Immediately Following Agenda Conference  
Room 140 - Betty Easley Conference Center

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1. Approve June 29, 2010, Internal Affairs Meeting Minutes.  
(Attachment 1)
2. Draft Comments in Response to the Federal Universal Service Joint Board Request for Comments on the FCC Lifeline and Link-Up Referral Order. Comments are due July 15, 2010. Commission Approval of Comments is Sought. (Attachment 2)
3. Other matters, if any.

TD/sa

OUTSIDE PERSONS WISHING TO ADDRESS THE COMMISSION ON ANY OF THE AGENDAED ITEMS SHOULD CONTACT THE OFFICE OF THE EXECUTIVE DIRECTOR AT (850) 413-6068.





**State of Florida**  
**Public Service Commission**  
**INTERNAL AFFAIRS MINUTES**

Tuesday – June 29, 2010

10:38 am – 11:33 - am

Room 140 - Betty Easley Conference Center

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COMMISSIONERS PRESENT: Chairman Argenziano  
Commissioner Edgar  
Commissioner Skop

STAFF PARTICIPATING: Devlin, Hill, Kiser, Shafer, Hunter

OTHERS PARTICIPATING: Sarah Rogers – Florida Reliability Coordinating Council,  
Inc.  
David Bruzek and Ben Crisp – Progress Energy  
Russell Badders and Jim Vick – Gulf Power Company

1. Approve June 15, 2010, Internal Affairs Meeting Minutes.

The minutes were approved.

Commissioners participating: Argenziano, Edgar, Skop

2. Presentation by Sarah Rogers of the Florida Reliability Coordinating Council, Inc. entitled "FRCC GOM Oil Spill Response – Coordination and Assessment of Potential Impacts"

Presentation by Sarah Rogers of the Florida Reliability Coordinating Council, Inc.

Commissioners participating: Argenziano, Edgar, Skop

3. Briefing by Russell Badders of Gulf Power on the oil spill preparedness.

Briefing by Russell Badders of Gulf Power.

Commissioners participating: Argenziano, Edgar, Skop

4. Presentation by David Bruzek of Progress Energy Florida on the Mariculture Program.

Presentation by David Bruzek of Progress Energy Florida.

Commissioners participating: Argenziano, Edgar, Skop

5. Report on the Status of Competition in the Telecommunications Industry as of December 31, 2009.

The Report on the Status of Competition in the Telecommunications Industry was approved as modified by staff and Commissioner Skop at the Internal Affairs Meeting.

Commissioners participating: Argenziano, Edgar, Skop

6. FPL Anonymous Letters.

A discussion was held on whether the Commission has safeguards in place to address concerns expressed in the anonymous letters. Staff advised that, once they hear from FDLE concerning its investigation, they will meet with FDLE regarding how to proceed. The Commission staff will assist in the investigation, should they be requested to do so.

Commissioners participating: Argenziano, Edgar, Skop

7. Other matters, if any.

Commissioner Skop thanked staff for investigating the major construction project currently proceeding on Tram Road.

Commissioners participating: Argenziano, Edgar, Skop



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:** July 6, 2010

**TO:** Timothy J. Devlin, Executive Director

**FROM:** Robert J. Casey, Public Utilities Supervisor, Division of Regulatory Analysis *PK*  
Beverlee S. DeMello, Asst Director of Public Information, Office of Public *RHT*  
Information *SD*  
Cindy B. Miller, Senior Attorney, Office of the General Counsel *CM*

**RE:** Draft Comments in Response to the Federal Universal Service Joint Board Request for Comments on the FCC Lifeline and Link-Up Referral Order  
**CRITICAL INFORMATION:** Please place on the July 13, 2010 Internal Affairs. Comments are due July 15, 2010. **COMMISSION APPROVAL OF COMMENTS IS SOUGHT.**

On June 15, 2010, the Federal Communications Commission (FCC) released a Public Notice (FCC 10J-2) on Lifeline and Link-Up. In this Public Notice, the Federal-State Joint Board on Universal Service (Joint Board) seeks comment on the questions presented in the FCC Lifeline and Link-Up Referral Order (*Referral Order*).<sup>1</sup> Specifically, the FCC asked the Joint Board to recommend any changes to the Lifeline and Link Up eligibility, verification, and outreach rules that may be necessary given significant technological and marketplace changes since the current rules were adopted.

The Draft Comments encourage the FCC to consider the following:

1. The Florida Public Service Commission (FPSC) encourages the FCC to expand the definition of "household" to include residents of group living facilities such as homeless shelters. However, being a resident of a homeless shelter should not automatically make a consumer eligible for Lifeline and Link-Up. At a minimum, self-certification of participation in a qualifying program, or certification of income should be completed.
2. The FPSC believes additional documentation requirements beyond what a state requires may burden Lifeline-eligible consumers and may hinder the original intent of Lifeline and Link-Up, which is to help low-income households obtain and maintain affordable telephone service.

<sup>1</sup> See Federal-State Joint Board on Universal Service, Lifeline and Link Up, CC Docket No. 96-45, WC Docket No. 03-109, Order, FCC 10-72 (released May 4, 2010) (*Referral Order*).

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3. The FPSC supports the use of automatic enrollment processes for Lifeline such as used in Florida. However, the FCC should not impose a mandatory automatic enrollment requirement for Lifeline on states. Each state should have the ability to make a determination as to whether automatic enrollment would be the most effective means to increase its Lifeline participation rate.
4. The FPSC supports the use of electronic certification and verification for Lifeline such as the computer portal being used in Florida's pilot program.
5. If a national database of Lifeline participants is created to prevent duplication of Lifeline credits and protect against fraud, waste, and abuse of the universal service program, it should be maintained by the universal service fund administrator under strict confidentiality provisions.
6. The FPSC believes that documentation verifying compliance with federal and state low-income program requirements should be maintained for a fixed time period of at least three years to provide states adequate time to complete an audit should they deem it necessary. In addition, Resellers of Lifeline service should also be required to maintain documentation to verify compliance for the same period of time as ETCs.
7. The FPSC fully supports the participation of the FCC, NARUC, the state public utility commissions, and the National Association of State Utility Consumer Advocates in an annual National Lifeline Awareness Week.
8. The FCC should ensure that all Lifeline ETCs advertise the availability of such services and charges and participate in public information campaigns.
9. The FCC should remain committed to improving the success of the Link-Up and Lifeline programs. The FCC should encourage state public service commissions to work with their designated social service agency(s) to develop and maintain Lifeline automatic enrollment processes and distribute Link-Up and Lifeline educational materials.

Florida is considered one of the national leaders in Lifeline and Link-Up policy. The Joint Board is seeking information on innovative policies and practices such as Florida's Lifeline Automatic Enrollment and Florida's real-time certification of Lifeline applicants and verification of existing customer eligibility through the Department of Children and Families computer portal. Staff is seeking Commission approval to submit the comments by July 15, 2010.

RJC

Attachment

cc: Charles Hill



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

In the Matter of:

Lifeline and Link-Up

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CC Docket No. 96-45  
WC Docket No. 03-109

**COMMENTS OF  
THE FLORIDA PUBLIC SERVICE COMMISSION**

**FLORIDA PUBLIC SERVICE COMMISSION**

CHAIRMAN NANCY ARGENZIANO  
COMMISSIONER LISA POLAK EDGAR  
COMMISSIONER NATHAN A. SKOP

July 15, 2010

## INTRODUCTION AND SUMMARY

The Florida Public Service Commission (FPSC) submits these comments in response to the Public Notice released on June 15, 2010. In this Public Notice (FCC 10J-2), the Federal-State Joint Board on Universal Service (Joint Board) seeks comment on the questions presented in the FCC Lifeline and Link-Up Referral Order (*Referral Order*).<sup>2</sup> Specifically, the FCC asked the Joint Board to recommend any changes to the Lifeline and Link Up eligibility, verification, and outreach rules.

The FPSC encourages the FCC to consider the following:

1. The FPSC encourages the FCC to expand the definition of “household” to include residents of group living facilities such as homeless shelters to enable them to obtain prepaid wireless phones. However, being a resident of a homeless shelter should not automatically make a consumer eligible for Lifeline and Link-Up. At a minimum, self-certification of participation in a qualifying program, or certification of income should be completed.
2. The FPSC believes additional documentation requirements beyond what a state requires may burden Lifeline-eligible consumers and may hinder the original intent of Lifeline and Link-Up, which is to help low-income households obtain and maintain affordable telephone service.
3. The FPSC supports the use of automatic enrollment processes for Lifeline such as used in Florida. However, the FCC should not impose a mandatory automatic enrollment requirement for Lifeline on states. Each state should have the ability to make a determination

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<sup>2</sup> See Federal-State Joint Board on Universal Service, Lifeline and Link Up, CC Docket No. 96-45, WC Docket No. 03-109, Order, FCC 10-72 (released May 4, 2010) (*Referral Order*).

as to whether automatic enrollment would be the most effective means to increase its Lifeline participation rate.

4. The FPSC supports the use of electronic certification and verification for Lifeline such as the computer portal being used in Florida's pilot program.
5. If a national database of Lifeline participants is created to prevent duplication of Lifeline credits and protect against fraud, waste, and abuse of the universal service program, it should be maintained by the Universal Service Fund (USF) administrator under strict confidentiality provisions.
6. The FPSC believes that documentation verifying compliance with federal and state low-income program requirements should be maintained for a fixed time period of at least three years to provide states adequate time to complete an audit should they deem it necessary. In addition, Resellers of Lifeline service should also be required to maintain documentation to verify compliance for the same period of time as ETCs.
7. The FPSC fully supports the participation of the FCC, NARUC, the state public utility commissions, and the National Association of State Utility Consumer Advocates (NASUCA) in an annual National Lifeline Awareness Week.
8. The FCC should ensure that all Lifeline ETCs advertise the availability of such services and charges and participate in public information campaigns.
9. The FCC should remain committed to improving the success of the Link-Up and Lifeline programs. The FCC should encourage state public service commissions to work with their designated social service agency(s) to develop and maintain Lifeline automatic enrollment processes and distribute Link-Up and Lifeline educational materials.

**A. CONSUMER ELIGIBILITY**

ELIGIBILITY REQUIREMENTS

According to the Florida Council on Homelessness 2010 Report, there is an estimated homeless population of over 57,000 persons on any given day in Florida.<sup>3</sup> In comments submitted to the FCC on November 13, 2009, the FPSC encouraged the FCC to expand the definition of “household” to include residents of group living facilities such as homeless shelters as long as appropriate safeguards are in place to protect the universal service program from waste, fraud, and abuse.<sup>4</sup>

In the *Referral Order*, the FCC asks the Joint Board to consider whether certain classes of individuals, such as residents of homeless shelters, should be automatically eligible for participation in the low-income programs. Currently, qualifications to receive Lifeline assistance are based solely on income or factors directly related to income. Being a resident of a homeless shelter should not automatically make a consumer eligible for Lifeline and Link-Up. At a minimum, self-certification of participation in a qualifying program, or certification of income should be completed. As SafeLink’s April 16, 2010 Ex Parte presentation to the FCC showed, a plan to qualify residents of homeless shelters based on participation in a qualifying program or certification of income can be accomplished.

The *Referral Order* asks for input as to whether a consumer should have to provide additional documentation beyond what is required by the state to prove eligibility for federal low-income programs. The FPSC believes adding requirements for additional documentation

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<sup>3</sup> Council on Homelessness, Florida Department of Children and Families, June 2010 Report

<sup>4</sup> In the Matter of Lifeline and Link-Up, WC Docket No. 03-109, Joint Comments of the Florida Public Service Commission and the Florida Office of Public Counsel.

would burden Lifeline-eligible consumers and may hinder the original intent of Lifeline and Link-Up, which is to help low-income households obtain and maintain affordable telephone service.

#### AUTOMATIC ENROLLMENT

In April 2006, the FPSC added an automatic enrollment option to Florida's Lifeline program. A process was developed whereby potential Lifeline customers, once certified through a Department of Children and Families (DCF) administered program,<sup>5</sup> could automatically receive Lifeline discounts. From the perspective of the client, the automatic enrollment process is seamless from filling out the DCF web application to receiving Lifeline discounts. The FPSC believes the Lifeline automatic enrollment process implemented for Florida's Lifeline program is an efficient and effective means of increasing participation in the Lifeline programs.

The *Referral Order* asks whether the FCC should now require automatic enrollment in all states in order to participate in the federal low-income programs. Although the FPSC believes the Florida Lifeline automatic enrollment process is an effective means of increasing participation rates, the FPSC believes the FCC should not impose a mandatory automatic enrollment requirement for Lifeline on states. Because of current state budgetary constraints, each state needs to make a determination as to whether automatic enrollment would be the most effective means to increase its Lifeline participation rate.

#### ELECTRONIC CERTIFICATION AND VERIFICATION OF CONSUMER ELIGIBILITY

The FPSC supports the use of electronic certification and verification for Lifeline as long as personal identifying information of Lifeline applicants and customers remains confidential. In

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<sup>5</sup> The Florida Department of Children and Families administers the Food Stamp, TANF and Medicaid programs in Florida.

2007, the Florida Legislature passed a law which requires that all personal identifying information of a participant in a telecommunications carrier's Lifeline Assistance Plan remain confidential.

In 2008, the FPSC and the Florida DCF began working on the concept of a computer portal which would allow ETCs to verify in real-time whether Lifeline applicants are enrolled in a DCF participating eligible program. Under the pilot program, the ETC enters the first and last names of the persons, the last four digits of their social security number, and their date of birth. DCF's computer automatically replies with information as to whether that person is or is not participating in a DCF qualifying Lifeline program (without identifying the program).

Certification and Verification can be accomplished using this process if the applicant, in the case of certification, or an existing Lifeline customer in the case of verification, participates in the Food Stamp, Temporary Assistance for Needy Families (TANF), or Medicaid programs which are administered by the DCF. If a program other than Food Stamps, TANF, or Medicaid is used for certification, the provider would have to turn to the agency administering that program which could be the Department of Education (free school lunch program), the Social Security Administration (Supplemental Security Income), or a county level agency (Low-Income Home Energy Assistance Plan). However, FPSC data shows that over ninety percent of applicants using the Lifeline automatic enrollment process use Food Stamps, TANF, or Medicaid for eligibility. The computer portal Lifeline certification and verification pilot program is now available to all Florida ETCs.

Although the suggestion by one commenter in the National Broadband Plan proceeding that "agencies that determine eligibility could provide qualifying customers with a USAC-generated personal identification number (PIN)" may be a theoretical solution, it may not prove

practical. A number of state and federal agencies qualify Lifeline applicants and it would be difficult, if not impossible, to get all agencies to accept the additional burden/responsibility of issuing PIN numbers. There are also concerns regarding maintaining confidentiality of a Lifeline applicant's personal identifying information, and how Lifeline applicants using self certification of program-based criteria for enrollment would receive a PIN number.

#### DUPLICATE CLAIMS FOR LIFELINE SUPPORT

The number of wireless providers offering Lifeline service continues to grow, and with that growth comes concerns that a consumer may be receiving two Lifeline discounts, whether on a landline phone and wireless phone, or on two wireless phones. Because of confidentiality concerns, providers of Lifeline service have no way to cross-check other Lifeline provider databases to determine if that consumer is already receiving Lifeline service. A customer can self-certify that they are only receiving one Lifeline credit, but there is no way for providers to confirm that at the present time.

The FPSC is currently reviewing the Lifeline customer databases of the three major wireline ETCs and one major wireless ETC to determine to what extent duplication occurs among wireline and wireless ETCs in Florida. The major hurdle at this point seems to be merging the customer information received from the ETCs. ETCs maintain Lifeline customer information in different formats. As an example, merging a customer name when the first and last names are in one field proves to be difficult. Some ETCs maintain a full social security number of the Lifeline customer, some have just the last four digits and some don't have any social security number at all for the customer.

A February 28, 2008 letter from USAC to the FCC suggested that providers claiming low-income reimbursement should provide additional documentation with Form 497. At the present time, all that is required is self certification by an officer of the company that the data contained in the 497 reimbursement form has been examined and reviewed and is true, accurate, and complete. The ETC simply enters the number of lines and amount of money requested. No backup data is required.

In its letter, USAC proposed that all ETCs claiming Lifeline, Link Up or Toll Limitation Service (TLS) support would submit subscriber listings that validate the number of subscribers claimed for each type of low income support. If an ETC claims 1,000 Lifeline subscribers in a particular month it would provide a list of 1,000 Lifeline subscribers that received service in that month. In addition, Incumbent ETCs that resell Lifeline service to a competitive ETC would provide a list of resold accounts. USAC would compare the lists for duplications through a national database maintained by them. Any national database of Lifeline subscribers/applicants would have to be maintained under strict confidentiality provisions to protect the Lifeline subscribers/applicants personal identifying information. Using this method may not only prevent fraud waste and abuse of the USF by consumers, but may detect any fraud, waste or abuse by an ETC. USAC would have the ability to review the number and type of lines submitted by ETCs each month.

#### CARRIER DOCUMENTATION RETENTION REQUIREMENTS

The *Referral Order* asks whether the FCC should adopt a consistent set of document retention rules for all ETCs, whether operating in states maintaining their own low-income programs or in federal default states. Currently, all ETCs must maintain records documenting their compliance with federal and state low-income program requirements for the three full



preceding calendar years, and ETCs in federal default states must also maintain the documentation for as long as the customer receives Lifeline service from that ETC. The FPSC believes that documentation verifying compliance with federal and state low-income program requirements should be maintained for a fixed time period of at least three years to provide states adequate time to complete an audit of an ETC's books should they deem it necessary.

**B. VERIFICATION**

The *Referral Order* asks whether any changes should be made to the existing verification procedures in the Commission's rules. The FPSC believes that verification procedures for prepaid wireless Lifeline providers who do not use monthly billing should be addressed. Competitive ETCs such as TracFone and Virgin Mobile do not submit monthly bills to their Lifeline customers. Their customers could stop using the TracFone or Virgin Mobile phone after 30 or 60 days without notifying the provider, and TracFone or Virgin Mobile could continue to automatically issue that customer additional minutes each month and count that person as a customer for USF reimbursement purposes for months or even years if only random sampling is used for annual verification.

The FPSC recommends that prepaid providers who do not monthly bill their customers should be required to contact any Lifeline customer with no phone activity during a sixty-day period to determine whether the consumer is still an active Lifeline customer. If no response is received, the phone should be deactivated and the company should cease including that customer when requesting reimbursement from the Universal Service Administrative Company. This process is currently being followed in Florida. As an example, during a six-month period in 2009 for one Florida provider, these procedures saved the universal fund \$8,582,760 which equates to an annual savings to the USF of over \$17 million.

### **C. OUTREACH**

The FPSC fully supports the participation of the FCC, NARUC and the state public utility commissions, and the National Association of State Utility Consumer Advocates (NASUCA) in an annual National Lifeline Awareness Week. In 2009, for the first time, Lifeline Awareness Week, September 14-20, was recognized nationally. The first Week was promoted through the Lifeline Across America initiative as a nationwide effort to increase consumer awareness of the federal and state Lifeline and Link-Up programs. Many states participated in the first National Lifeline Awareness Week by hosting events to raise awareness and help consumers stay connected. Florida would participate in an annual event and would encourage the FCC to take the lead nationally in working with NARUC and NASUCA in keeping the week after Labor Day designated for this important public awareness campaign. This national recognition strengthens support for our statewide Lifeline outreach efforts, which Florida's Governor Crist has endorsed with a recognition letter during Florida's past two Lifeline Awareness Weeks.

The FCC should remain committed to improving the success of the Link-Up and Lifeline programs. The FCC should encourage state public service commissions to work with their designated social service agency(s) to develop and maintain Lifeline automatic enrollment processes and distribute Link-Up and Lifeline educational materials.

The *Referral Order* asks the Joint Board to evaluate the effectiveness of the current outreach requirements. The FPSC believes that it may be difficult to evaluate the effectiveness of the current outreach requirements. The Joint Board could recommend that states and telecommunications carriers continue working together to increase awareness of Lifeline and Link-Up programs among public service agencies and consumer groups involved in helping

targeted individuals--especially consumers who don't already have telephone service. Perhaps the existing "Lifeline Across America" Working Group could further identify "best practices" -- based on identified successful cooperative efforts to educate consumers on how to apply for assistance--for states to use. The FPSC would also recommend the need to continue publicizing the Lifeline program among non-English-speaking and other diverse communities throughout the states.

The *Referral Order* also asks the Joint Board to consider whether the Commission should adopt mandatory outreach requirements with which all ETCs must comply. The FPSC would not recommend that the FCC adopt mandatory outreach requirements for ETCs' compliance. It might be beneficial, though, for the FCC to establish a Task Force with representatives from the government, industry, and non-profit organizations to help identify effective ways ETCs can use particular media to educate residents about the availability of Lifeline/Link-Up discounts for eligible consumers. If solid media strategies can be identified, then ETCs would have a menu of choices that would best fit their states' needs in increasing participation in Lifeline/Link-Up programs.

### CONCLUSION

The FPSC continues to be proactive regarding the Lifeline and Link-Up programs to insure that low-income Florida consumers have the ability to obtain and maintain affordable telephone service. Florida's Lifeline participation rate has consistently grown over the past three years. Over fifty-two percent of eligible households in Florida now participate in the Florida Lifeline program. The FPSC encourages the FCC to consider the proposed changes to the program administration as noted in these comments.

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

FLORIDA PUBLIC SERVICE COMMISSION  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850  
(850) 413-6082

DATED: July 15, 2010

## 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 following material pertains to Item 3 of  
this agenda.**

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# COMMUNICATIONS, ENERGY, AND PUBLIC UTILITIES

## Interim Projects

Parties/Staff Handout  
Internal Affairs/Agenda  
on 7/13/2010  
Item No. 3

**INTERIM PROJECT TITLE:**

*Review Chapter 364, Florida Statutes, Relating to Telecommunications Companies to Identify Obsolete, Outdated, or Unnecessary Regulations, as well as Consumer and Wholesale Market Protections*

**DATE DUE:** October 1, 2010

**PROJECT NUMBER:** 2011-108

**ISSUE DESCRIPTION and BACKGROUND:**

In 1995, the Legislature began to deregulate telephone service by amending chapter 364, Florida Statutes. The Legislature found that competition for the provision of local exchange service would be in the public interest and opened local telephone markets to competition on January 1, 1996. Since that time, the industry has been significantly transformed and chapter 364, F.S., has been amended numerous times to address the issues that have arisen as a result of the market transformation including for the deregulation of telephone companies.

In 2009, the Florida Public Service Commission (commission or PSC) reviewed and revised its rules relating to telecommunications to reflect the continuing policy of deregulation. Also in August, 2009, the Division of Statutory Revision (DSR) circulated a list of provisions in the statutes that might need some sort of correction but would be beyond what DSR could or should do without Legislative action. The list was disseminated to the substantive committees to determine if a fix was needed and to make recommendations for changes. Included in the list were sections in chapter 364, F.S. During the 2010 Regular Session, HB 1377 was passed that repealed sections 364.03, 354.035, 364.037, 364.05, 364.055, 364.14, 364.17, and 364.18, F.S., to remove obsolete provisions relating to regulation of telecommunications companies.

**OBJECTIVE:**

Chapter 364, F.S., appears to contain additional provisions that are obsolete, outdated or unnecessary given the competitive market and the evolution of technology. A review of the chapter, in consultation with the commission and industry, could identify unnecessary provisions as well as identify areas where regulation may still be necessary to protect consumers and the wholesale market.

**METHODOLOGY:**

Staff will seek information from the commission staff and industry to identify obsolete, outdated or unnecessary provisions to recommend for repeal. Staff will also research to identify areas where regulation may still be necessary to protect consumers and the wholesale market.

**INTERIM PROJECT TITLE:**

***Review Potential Methods of Encouraging Renewable Energy That Minimize the Economic Impact on Utility Ratepayers***

**DATE DUE:** October 1, 2010

**PROJECT NUMBER:** 2011-109

**ISSUE DESCRIPTION and BACKGROUND:**

Although the Legislature has taken steps in recent years to encourage expansion of use of renewable energy, there has been little increase in its use. The primary reason is that renewable energy currently costs more than energy produced by traditional methods, and the statutes have preserved the avoided cost standard for payment for renewable energy to protect utility ratepayers from increased costs. As a result, there has been little economic incentive for increased use of renewable energy.

Use of state funds for renewable energy grants has produced little result to date. Numerous legislative proposals for funding mechanisms for renewable energy have failed, apparently due to concerns over the increased cost to ratepayers, including proposals for a renewable portfolio standard, for a feed-in tariff, and for various public benefits funds.

As a consequence, most of the new renewable energy has come from regulated utilities, due to a statute that allowed them to recover more than their avoided cost for a limited amount of renewable energy projects. However, with a slow recovery from the recession and ratepayers suffering, there are indications that there is little likelihood of further expansion by use of this approach.

**OBJECTIVE:**

This project will seek to identify methods of encouraging renewable energy that do not have a detrimental impact on utility ratepayers and to identify and discuss the potential benefits and detriments of such methods, including potential limitations on any detriments.

**METHODOLOGY:**

Staff will seek information from staff of the Public Service Commission and from any interested parties; research and analyze relevant law in other states; identify potential solutions; and analyze and report on these potential solutions.

**Issue Briefs**

*(None)*

**Monitor Projects**

*(None)*