I. Meeting Packet

State of Florida
Public Service Commission
INTERNAL AFFAIRS AGENDA
Tuesday - July 21, 2015
Immediately Following Agenda Conference
Room 105 - Gerald L. Gunter Building

1. Draft Letter of Support for the Florida State University - Learning Systems Institute Grant Application. (Attachment 1)

2. Memorandum of Understanding between the Florida Public Service Commission, the Jamaica Office of Utilities Regulation, and the National Association of Regulatory Utility Commissioners. (Attachment 2)

3. Presentation of the Report on the Status of Competition in the Telecommunications Industry. Due August 1. (Attachment 3) (Oral Modification Included)

4. Executive Director's Report (No attachment)

5. Other Matters.

BB/kh

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.

Attachment 1

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 10, 2015

TO: Braulio L. Baez, Executive Director

FROM: Cayce Hinton,Public Utilities Supervisor, Office of Industry Development and Market Analysis CH
Samantha Cibula, Attorney Supervisor, Office of the General Counsel SMC. MF

RE: Draft Letter of Support for the Florida State University - Learning Systems Institute Grant Application

Critical Information: Please place on the July 21, 2015 Internal Affairs **Approval of draft letter is sought.**

On July 8, 2015, The Learning Systems Institute (LSI) from Florida State University requested a letter of support for an application they intend to submit for a grant from the U.S. Department of Energy (DOE). Staff seeks approval of the attached draft letter of support (Attachment A). Also, Attachment B includes pertinent portions of the DOE Funding Opportunity Announcement (FOA) which describes the objectives and purpose of the grant. Staff will provide the entire 74 page FOA if you would like a copy.

On May 13, 2015, the DOE issued the Solar Training and Education for Professionals (STEP) FOA as part of its SunShot Initiative. The SunShot Initiative was launched in 2011, as a collaborative national effort to make unsubsidized solar energy cost-competitive with other forms of electricity by the end of the decade. The SunShot Initiative supports research, manufacturing, and market solutions to help make solar energy resources in the Unites States more affordable and accessible for all Americans.

The purpose of STEP is to address "soft" costs of solar deployment, such as access to capital, supply-chain costs, and connecting to the grid, by focusing on gaps in solar training and energy education, both within the solar workforce and in professions that play a crucial role in solar deployment. The STEP FOA proposes to grant awards in three topics related to solar training, credentialing, and education with the ultimate goal of further reducing solar soft costs. The topics include (1) Solar Workforce Training, (2) Solar Training for Indirect and Related Professionals, and (3) Power Systems Engineering Capacity Building. The LSI intends to apply for an award under Topic 2.

Topic 2, Training for Indirect and Related Professionals, seeks to support the development and dissemination of solar reference materials and training to (1) professionals in related fields, such as financiers, insurers, real estate appraisers, fire departments, and code officials, and/or (2) state regulators and policy makers. If awarded, the LSI plans to develop a web-based interactive training and support system that could be expanded for national use following testing and evaluation in Florida. To assess the current needs for development of their system, the LSI will seek the assistance of the Commission as a liaison with the relevant target audiences, directing the project team to policy makers, regulators, and legislators as well as pointing the team to existing resources of standards and policies.

Attachments

cc: Lisa Harvey

Internal Affairs Memorandum
July 10, 2015

Attachment A

STATE OF FLORIDA

ART GRAHAM
CHAIRMAN

Capital Circle Office Center
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850
(850) 413-6040

Public Service Commission

July 10, 2015
DRAFT LETTER

The Honorable Dr. Ernest Moniz
Secretary of Energy
United States Department of Energy
1000 Independence Ave., SW
Washington, DC 20585

Re: DE-FOA-0001329 Solar Training and Education for Professionals+

Dear Secretary Moniz:

The Florida Public Service Commission (FPSC) is writing in support of the application by The Learning Systems Institute of Florida State University for the U.S. Department of Energy's Solar Training and Education for Professionals funding opportunity in Topic 2 – Solar Training for Indirect and Related Professions.

The Learning Systems Institute's team of scientists, engineers, and training systems experts plan to develop a web-based interactive training and support system to provide regulatory and policy professionals with access to current information on the rules, regulations, standards, and practices for solar PV adoption, along with a system for training and certification.

We support The Learning Systems Institute in their efforts to obtain an award and commence development of this project.

Sincerely,

Art Graham
Chairman

AG:ch

DEPARTMENT OF ENERGY (DOE)
OFFICE OF ENERGY EFFICIENCY AND RENEWABLE ENERGY (EERE)

SOLAR TRAINING AND EDUCATION FOR PROFESSIONALS (STEP)

Funding Opportunity Announcement (FOA) Number: DE-FOA-0001329
FOA Type: Modification 000001
CFDA Number: 81.087

FOA Issue Date:	May 13, 2015
Informational Webinar:	June 4, 2015
Submission Deadline for Concept Papers:	June 26, 2015
Submission Deadline for Full Applications:	Aug 14, 2015
Expected Submission Deadline for Replies to Reviewer Comments:	September 2015
Expected Date for EERE Selection Notifications:	November 2015
Expected Timeframe for Award Negotiations	January 2016

- Applicants must submit a Concept Paper by 5:00pm ET on the due date listed above to be eligible to submit a Full Application. All deadlines must be met by 5:00pm ET on the due dates listed above.

- To apply to this FOA, Applicants must register with and submit application materials through EERE Exchange at https://eere-Exchange.energy.gov, EERE's online application portal. Frequently asked questions for this FOA and the EERE Application process can be found at https://eere-exchange.energy.gov/FAQ.aspx.

- Applicants must designate primary and backup points-of-contact in EERE Exchange with whom EERE will communicate to conduct award negotiations. If an application is selected for award negotiations, it is not a commitment to issue an award. It is imperative that the Applicant/Selectee be responsive during award negotiations and meet negotiation deadlines. Failure to do so may result in cancelation of further award negotiations and rescission of the Selection.

Questions about this FOA? Email STEP@ee.doe.gov
Problems with EERE Exchange? Email EERE- ExchangeSupport@hq.doe.gov and include FOA name and number in subject line.

MODIFICATIONS

All modifications to the Funding Opportunity Announcement are highlighted in yellow in the body of the FOA.

Mod. No.	Date	Description of Modifications
000001	5/20/2015	Updated deadlines as displayed on page 1. Minor language change to section VI.C.10. Changes have been highlighted.

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[1]

EXECUTIVE SUMMARY

Means of Submission	Concept Papers, Full Applications, and Replies to Reviewer Comments must be submitted through EERE Exchange at https://eere-Exchange.energy.gov, EERE's online application portal. EERE will not review or consider applications submitted through other means. The Users' Guide for Applying to the Department of Energy EERE Funding Opportunity Announcements is found at https://eere-Exchange.energy.gov/Manuals.aspx.
Total Amount to be Awarded	$12 Million
Average Award Amount	EERE anticipates average award amounts to be approximately $1 million, while individual awards may range from $200,000 to $4 Million
Types of Funding Agreements	Cooperative Agreements, Technology Investment Agreements, and/or Work Authorizations
Period of Performance	For Topics 1 and 2, 24 months (2 budget periods 12 months each) For Topic 3, 36 months (3 budget periods of 12 months each, or 2 budget periods of 18 months)
Eligible Applicants	For Topics 1 and 2, Individuals, Domestic Entities, Foreign Entities, Incorporated Consortia, Unincorporated Consortia, subject to the definitions in Section III.A. For Topic 3, current awardees of the Grid Engineering for Accelerated Renewable Energy Deployment (GEARED) FOA Topic 1.
Cost Share Requirement	For Topics 1 and 2, no cost share required; cost sharing is encouraged. For Topic 3, 20% cost share required.
Submission of Multiple Applications	Applicants may submit more than one application to this FOA, provided that each application describes a unique and distinct project.
Application Forms	Required forms and templates for Full Applications are available on EERE Exchange at https://eere-Exchange.energy.gov.
FOA Summary	The Solar Training and Education for Professionals (STEP) FOA will support many activities in solar training and education. Firstly, it will support coordination among the Solar Training Network (STN), military bases, and the solar industry. This will ensure that solar instructors are well connected to solar employers, the STN materials are up-to-date, and veterans are connected to solar training institutions. Secondly, it will establish new credentials in solar operations & maintenance and mid-scale installations. Next, this FOA will enable solar training and education for professionals in indirect and related fields such as real estate, finance, insurance, fire and code enforcement, and state regulations. Finally, it will support the expansion of the GEARED initiative.

[2]

I. FUNDING OPPORTUNITY DESCRIPTION

A. DESCRIPTION/BACKGROUND

Overview of the SunShot Initiative

The U.S. Department of Energy's SunShot Initiative, launched in 2011, is a collaborative national effort that seeks to make unsubsidized solar energy cost-competitive with other forms of electricity by the end of the decade. The SunShot Initiative supports research, manufacturing, and market solutions to help make the abundant solar energy resources in the United States more affordable and accessible for all Americans. These efforts and partnerships of a diverse array of stakeholders are already achieving success. For example, since SunShot's inception, the national average price of a utility-scale solar photovoltaic (PV) project has dropped from about $0.21 to $0.11 per kilowatt-hour (kWh), driven in large part by reductions in the cost of the module (panel) and hardware.[1] This cost reduction constitutes a significant step towards achieving the SunShot goal of a national average of $0.06 per kilowatt-hour by 2020, the point where solar is cost-competitive with other resources. However, it is important to note that all electricity prices are local, and range from about $0.07 to $0.34 per kWh across different regions of the country. Also, the costs for new and existing electricity sources are local (including those for solar), all of which will determine the point where solar becomes locally cost-competitive.

Driving down costs are key to achieving SunShot deployment goals of enabling solar energy to grow from less than 2% of the current U.S. electricity supply to roughly 14% by 2030 and 27% by 2050.[2] Increasingly important are reductions in the solar "soft" costs, such as access to capital, supply-chain costs, and connecting to the grid, which now account for up to 64% of the cost of a residential solar installation.[3]

SunShot Goals of this Funding Opportunity

This funding opportunity announcement (FOA) will tackle soft costs by addressing gaps in solar training and energy education, both within the solar workforce and in professions that play a crucial role in solar deployment. STEP will help drive down solar soft costs, and increase solar deployment by accomplishing the following objectives:

1. Enable a strong, diverse, and well trained solar workforce;
2. Ensure professionals involved with solar transactions have access to the up-to-date and credible information they need to do their jobs;
3. Ensure demand for power systems engineers is met with well trained and well educated candidates with expertise in Distributed Energy Resources.

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[1] "Photovoltaic System Pricing Trends: Historical, Recent, and Near-Term Projections," Feldman et al., September, 2014. http://www.nrel.gov/docs/fy14osti/62558.pdf

[2] SunShot Vision Study, February 2012 http://www1.eere.energy.gov/solar/sunshot/vision_study.html Model assumes $0.50/W modules and a system lifetime of 30 years.; Energy Infrastructure Update, Federal Energy Regulatory Commission, October 2014. https://www.ferc.gov/legal/staff-reports/2014/oct-infrastructure.pdf ; GTM SEIA, Solar Market Update Q3 2104.

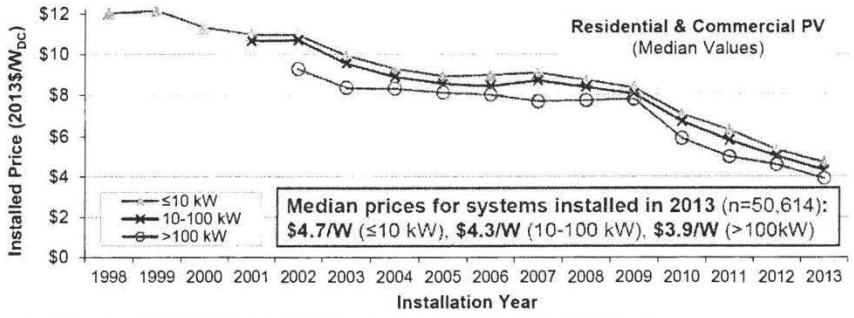
[3] "Benchmarking Non-Hardware Balance-of-System (Soft) Costs for U.S. Photovoltaic Systems, Using a Bottom-Up Approach and Installer Survey – Second Edition," Friedman et al., October, 2013. http://www.nrel.gov/docs/fy14osti/60412.pdf

[3]

Motivations for this Funding Opportunity

Since 1978, the Department of Energy (DOE) has supported the research, development, and deployment of a diverse array of energy technologies. These efforts have reduced the cost of these technologies and helped improve the safety and reliability of the electrical grid. As part of those activities, the Office of Energy Efficiency and Renewable Energy (EERE) has supported the creation and expansion of domestic markets for energy efficiency and renewable energy technologies, supporting further technological and business innovation, local economic development, and the related manufacturing and installation jobs; thereby facilitating the domestic deployment of American technology and U.S. competitiveness in the global clean energy market.

The price of solar technologies has decreased and the U.S. solar market is booming. The burgeoning solar market is highlighted in the most recent U.S. Solar Market Insight report. The U.S. installed 4,751 MW of solar PV in 2013, up 41 percent over 2012 and nearly 15 times the amount installed in 2008. The market value of all U.S. PV installations completed in 2013, $13.7 billion, reflects the magnitude of that installed capacity.[4] Simultaneously, the price of solar has dropped dramatically. Indeed, since the beginning of 2010, the median installed price of a solar electric system, as reported by Lawrence Berkeley National Laboratory has dropped by about 50 percent (Figure 1).[5]



Note: Median installed prices are shown only if 15 or more observations are available for the individual size range

Figure 1. U.S. PV System Prices, 1998-2013.

The drivers of these cost reductions are multi-fold. Research and development of improved solar technologies significantly contributed to cost reductions in solar equipment (hardware). However, as mentioned above, the soft costs of solar installations have not decreased as rapidly as the overall costs; moreover, to meet the 2020 SunShot goal, solar "soft" cost must be reduced substantially. Figure 2 shows soft costs reduction opportunities by 2020 for commercial solar

[4]GTM/SEIA. U.S. Solar Market Insight Q4 2013. March 2014.
[5] Tracking the Sun VII: An Historical Summary of the Installed Price of Photovoltaics in the United States from 1998-2013," Barbose, et al., September 2014. http://emp.lbl.gov/sites/all/files/lbnl-6808e_0.pdf

[4]

deployment, but residential- and utility-scale solar have a similar necessary cost-reduction profile.

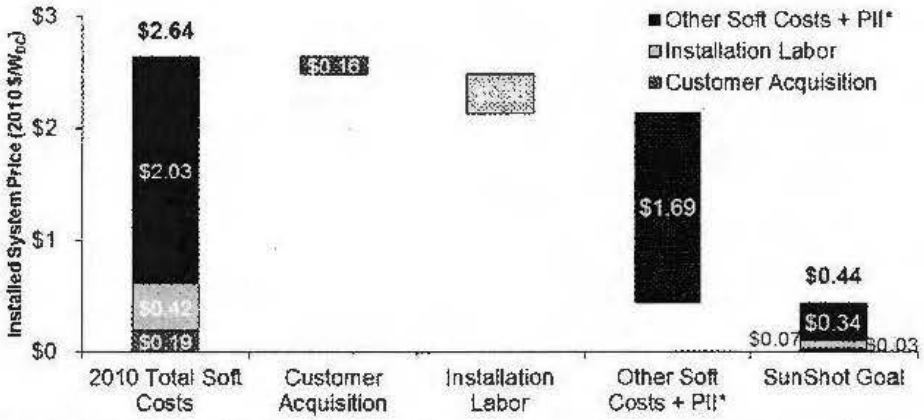


Figure 2. Commercial Soft BOS Pathway to SunShot. * PII is "permitting, inspection, interconnection." "Other soft costs" includes installer and developer overhead and profit, financing and supply chain costs, and sales tax. Financing, policy and regulatory barriers contribute to solar soft costs in indirect ways, inhibiting market growth and project development.

Addressing gaps in training and information will help to drive down solar soft costs. SunShot has identified gaps both within and in fields related to the solar workforce that left unchecked could result in a lack of qualified employees, poor quality work, low standards, difficulty securing financing, higher permitting and regulatory hurdles, and overall increased costs.

The solar industry is growing rapidly. Over the past four years, the U.S. solar industry's employment grew a total of 86%, with annual growth rates of over 20%, compared to the overall economy job market's 1.1%.[6] This 20% growth in total employment is expected to continue through 2015. With the rapid growth of the job market, several training, skills and knowledge gaps have surfaced within the "solar transaction ecosystem."

The Solar Foundation's recent National Solar Jobs Census and a SunShot funded follow-on study found that 77% of employers in the solar industry reported having trouble finding employees over the last 12 months,[7] which was up from 63% in 2012.[8] That difficulty hiring has limited most employers' ability to grow (68%).[9] Of the employers having difficulty hiring, 47% reported that the applicants had a lack of technical skills and abilities and 18% pointed to applicants' lack of credentials.[10]

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[6] The Solar Foundation, *National Solar Jobs Census 2014.*
[7] *Ibid.*
[8] The Solar Foundation, *National Solar Jobs Census 2012, p. 22.*
[9] The Solar Foundation memo to NREL April 2015
[10] *Ibid.*

[5]

To address these and other workforce impediments, SunShot has funded foundational workforce quality and capacity building since 2010. From FY 2010-2015, EERE funded the Solar Instructor Training Network (SITN), promoting high-quality training in the installation of solar technologies. This funding created nine regional resource and training providers that support the professional development of trainers and instructors of solar photovoltaic (PV) and solar heating and cooling technologies across the country. The first round of funding for SITN enabled the creation of solar installer training courses and PV course delivery to an estimated 30,000 students at more than 400 community colleges and other institutions across the country. Additionally, SITN instructors provided training for more than 3,000 building code inspectors in residential rooftop solar installation inspection. The SITN also created valuable tools, including the Solar Career Map, PV Online Training, and Best Practices in PV Instruction.

SunShot also recently organized a solar jobs training pilot program for veterans and transitioning military personnel at 3 military bases. The trainings aim to prepare transitioning service members for careers in the solar industry. This program, now called Solar Ready Vets, will be expanded over the next few years. It is in support of the First Lady Michelle Obama's Joining Forces Initiative, which set the goal of employing 90,000 veterans and spouses in the tech industry by 2020, including 33,000 in solar.[11]

In addition, SunShot funded the National Renewable Energy Laboratory (NREL) in 2012 to conduct 3 years of workforce research and Technical Assistance, which includes funding for the solar employment census by the Solar Foundation. SunShot also supports tool development for professionals in related fields through Sandia National Lab and NREL through the PV Valuation Tool and Solar Access to Public Capital efforts.

Finally, in 2013, SunShot funded Grid Engineering for Accelerated Renewable Energy Deployment (GEARED) for 5 years, totaling $15.1M. GEARED focuses on addressing the need for more well trained power systems engineers. GEARED funds created training consortia that focus on quickly bringing their findings into training and educational initiatives; connecting utility and industrial partners to university faculty and students for work experiences, and a national coordination network that links these consortia to one another and other relevant power system R&D and training activities.

STEP seeks to build on SunShot's foundational workforce quality and capacity building, in support of President Obama's goal to train 75,000 people in solar skills by 2020.[12] The program will enable a larger, more qualified applicant pool for solar and energy jobs, reducing hiring costs for employers; a more highly qualified and trained solar workforce will provide consumers with assurance of solar installation durability and production; and, STEP will fund the development of a solar-educated ecosystem of well-informed professionals, with access to the credible and up-to-date solar information they need to do their jobs.

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[11] First Lady Michelle Obama's remarks given 04/23/2015 https://www.whitehouse.gov/the-press-office/2015/04/23/remarks-first-lady-joining-forces-employment-event

[12] https://www.whitehouse.gov/the-press-office/2015/04/03/fact-sheet-administration-announces-actions-drive-growth-solar-energy-an

[6]

B. Topic Areas of Interest

This FOA will address pressing needs within three (3) Topics to fill gaps in solar training, credentialing, and education with the ultimate goal of further reducing solar soft costs.

Topic 1. Solar Workforce Training $5 million, 2-3 awards

Topic 1 seeks to support 2-3 awards that will: 1.) establish an employment coordinator for the STN, 2.) establish a program to coordinate the training of veterans in solar jobs skills, and/or 3.) identify and create new solar credentials.

Solar workforce training coordination

First, this topic seeks an employment coordinator to transition and expand training and workforce capacity building nationwide from the current "Solar Instructor Training Network" (SITN) to a long-term "Solar Training Network" (STN). With a primary focus on training solar installers, the STN will ensure a wide diversity of Americans continues to enter the solar workforce.[13]

The employment coordinator will build upon the foundation developed under SITN, specifically the network of over 400 institutions with the ability to train students in solar skills. As funding for master instructors and "train the trainer" courses comes to a close, the employment coordinator will establish a plan for long-term sustainability of the network. In order to achieve President Obama's goal to train 75,000 people in solar skills by 2020, the coordinator must ensure the solar skills courses remain relevant and in high demand by aligning skills training offerings with local employers' needs.

The coordinator will develop a long term sustainability plan for the network, based on an analysis of the solar employment markets. Data-driven identification of training gaps and workforce personnel and skills shortfalls will inform the alignment of trainers, tools, and curricula to adequately address those gaps and shortfalls. The coordinator is also expected to determine when, where, and whether a targeted expansion or increased deployment of resources in the existing network is necessary. For example, in areas such as new and emerging state/local PV markets, in heretofore under-represented populations, and in markets with the greatest demonstrated need for solar workforce. If so, the coordinator will facilitate that expansion.

The coordinator will also develop and implement a plan to improve the industry-relevance, visibility, and employment impact of the network. The coordinator will connect training instructors and institutions directly with local solar employers—e.g. through career fairs or industry days—fostering industry relationships, ensuring local trainee supply meets local employers demand, and increasing the number of STN trainees employed in the solar industry.

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[13] The Solar Foundation's *National Solar Jobs Census of 2014* states 32% of installers were Hispanic or Latino, African American, or Asian or Pacific Islanders

[7]

In addition, the employment coordinator will update industry workforce tools (like the Solar Career Map, Solar Training Directory, national standard PV Installer curricula), update the PV workforce training curricula, and develop new PV training tools as directed. This will ensure that the curricula and tools keep pace with technical developments in PV equipment and technologies and stay aligned with the industry workforce training needs.

Training of veterans in solar jobs skills

Next, this Topic will support awards to coordinate the SunShot's **Solar Ready Vets**[14] program. Awardee(s) will facilitate the scale up of the pilot program that is training transitioning military personnel in solar jobs skills. In Spring 2015, the pilot program had partnered with three military bases. Solar Ready Vets is expected to expand to a total of 10 military bases by the end of 2016, with the possibility of additional expansion. Awardee(s) will facilitate the coordination of additional solar skills trainings at more military bases, and the convening and communication between solar companies, the Department of Defense, and the training providers. The military and veterans solar skills training activity may be conducted by the employment coordinator, or by a separate, distinct awardee.

Applicants for the STN employment coordinator should propose specific milestones throughout the duration of this program to move towards a self-sustaining model by the end of the award.

Awardees must also develop relevant metrics and an evaluation plan to track progress and measure impact. Applicant project descriptions must describe how they will develop relevant metrics and an evaluation plan. The Evaluation Plan should be appropriate to the scope of the project and usually includes both formative and summative evaluations. The plan should explain how progress will be measured and project goals and expected outcomes.

Establish new industry recognized personnel credentials

Finally, Topic 1 will enable the creation of 2-3 new solar workforce credentials.

The solar industry has not converged adequately to establish and manage the creation of standardized workforce training and credentialing practices. The Solar Foundation's Jobs Census of 2014, concludes that the solar industry has not developed a "consistent framework for training and evaluating talent."[15]

New solar careers with distinct skills sets and competencies are still emerging, including Operations and Maintenance (O&M) Technicians and Mid-Scale PV Installers. These two careers could comprise a significant portion of the 300,000 full-time solar professionals anticipated by 2027, with significant contributions to reducing the cost of energy, and increasing installation production.[16]

[14] http://energy.gov/eere/sunshot/solar-ready-vets
[15] The Solar Foundation, *National Solar Jobs Census 2014*. 2015. p. 53
[16] Initial O&M workforce needs estimated, Sandia National Laboratories, O&M Advisory Working Group, 2014-15.

[8]

Workforce credentials, as supported by the U.S. Department of Labor, allow workers to demonstrate measured competencies. If these competencies are formally standardized, the standard provides workers strength in wage negotiations and mobility in employment locations; supports employers in acquiring known proficiency when hiring employees; and protects consumer with some level of quality assurance in the work performed. In its 2014 Census, The Solar Foundation reported that a majority of solar employers believed credentials helped them hire higher quality employees.

The awardee(s) will identify, create and manage 2-3 new credentials in the following areas:

i. Photovoltaic Operations & Maintenance Technician

Operations and maintenance of solar installations has been overlooked in recent dynamic solar deployment. Nearly 20 GW of solar PV generation is now operational in the U.S., in all size and specification ranges. There is a need for professionals with skills to ensure that these electronic components can be operated, maintained, repaired, replaced, and decommissioned as needed. As PV systems become more ubiquitous and larger, new architectures and code requirements are being implemented, and as these systems age, the U.S. needs a well-trained O&M workforce that can efficiently optimize system performance over time.

ii. Mid-Scale systems (25kW – 1MW) Installer/Other

The Bureau of Labor Statistics reports that many larger solar installation projects require that workers be certified. And yet, while professional credentials exist for residential PV installation, none have been created specifically for these mid-scale sized systems. Mid-scale PV installations and the professionalism specific to their success is important because it constitutes a large segment of installations, and has significant potential for job growth and higher wages. Installation represents the largest segment of job growth in the solar workforce with nearly 60% of the solar jobs created in 2014. Of this important segment of the workforce, 24% reported working on small to medium commercial systems. This FOA allows flexibility for applicants to propose 1-2 credential topics specific to professionals in mid-scale PV systems.

The awardee will be expected to identify the credentialing needs of the solar market, develop the appropriate professional credentials, conduct marketing and promotion of the new credential, and certify a cohort of professionals before the end of the award period, and develop a plan to sustain the credential after the award period has ended.

In addition, awardees must develop relevant metrics and an evaluation plan to track progress and measure impact. Applicant project descriptions should describe how they will develop relevant metrics and an evaluation plan. The Evaluation Plan should be appropriate to the scope of the project and usually includes both formative and summative evaluations. The plan should explain how progress will be measured and project goals and expected outcomes.

Credentialing activities may be completed by awardees conducting the employment coordination activities listed above in this Topic area, or by a separate, distinct awardee(s).

Cost Share: None required. Recommended 5%

[9]

Technical Review/Stage Gate: The Stage Gates will review the creation of plans, including evaluation plans, and the implementation of those plans.

Performance and Impact Metrics: Applicants will develop an evaluation plan for their projects, including performance and impact metrics. Example metrics include:

- Number of people, including veterans and transitioning military personnel, trained in solar jobs skills
- Number of jobs secured by individuals who received training through solar training network institutions
- Number of veterans employed in the solar industry
- Default rates for solar installations performed by credentialed solar workers, relative to untrained or non-credentialed workers
- Number of O&M Technicians and Commercial Installers certified in year 1 of the new credentials
- Reduced annual O&M costs for PV installations, within designated size ranges

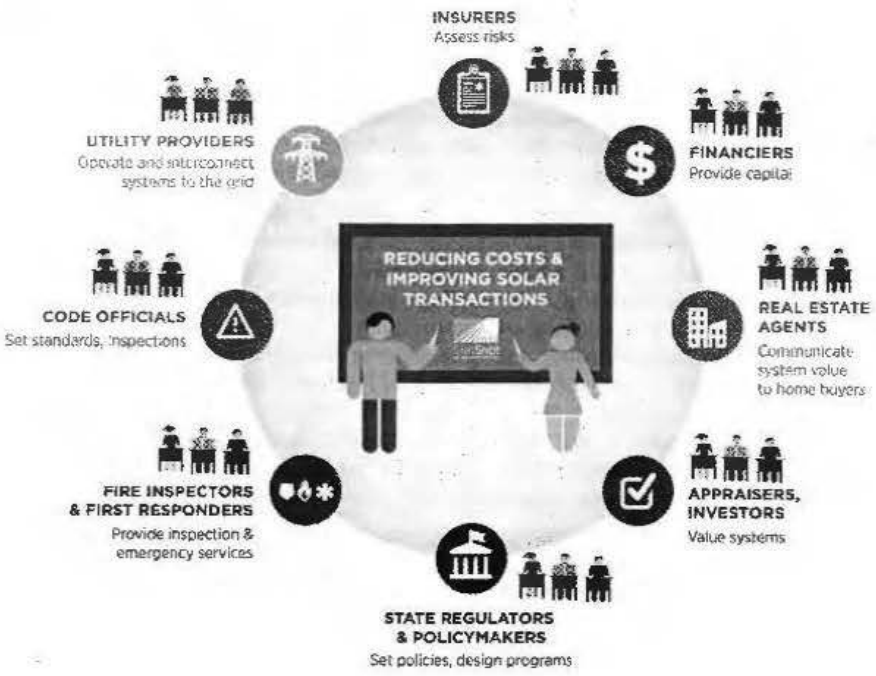
Topic 2: Solar Training for Indirect and Related Professions $5 million, 2-8 awards

Topic 2 seeks to support 2-8 awards that will: 1.) support the development and dissemination of solar reference materials and training to professionals in related fields, and/or 2.) support the development and dissemination of solar reference materials and training to state regulators and policy makers.

There are many different types of people involved in the solar transaction ecosystem from financiers, insurers, and real estate appraisers to fire fighters, code officials, and state regulators. It is critical that these and other professionals that engage in the solar ecosystem have access to the relevant and up-to-date information they need to do their jobs. Figure 1 illustrates the various types of people that are engaged in solar transactions.

[10]

Figure 1



Related Professional Network

First, this Topic will support the development and dissemination of solar reference materials and training to professionals in related fields.

As solar deployment continues to grow, an increasing number and diversity of professionals need to have a basic understanding of solar energy in order to effectively do their jobs. Individuals in finance, insurance, real estate, code enforcement, firefighting, building safety, and more all play an important role in the solar ecosystem.

Access to capital is currently constrained due to a lack of standard methods and products, and consumers and investors seek standards, reference materials, data and tools for validation of practices in the marketplace. In addition, code and safety professionals need access to updated training and tools.

This Topic will support the development and dissemination of solar training for these groups of professionals. This topic seeks to improve the availability of solar specific or inclusive financial, insurance, and valuation products and services to help to increase consumer and investor confidence, and help the industry to continue to grow. Awardees will assess curriculum, material, and tool needs, and then develop and effectively disseminate those materials on a nationwide scale to support strong growth in the solar sector.

Working with existing credentialing, continuing education, and certifying organization channels, awardee(s) will support the evaluation of needs, creation and dissemination of solar-specific training for professionals in disciplines that impact the continued growth of the Solar industry, and follow up tracking and evaluation of marketplace impacts. The trainings should provide data-driven, high quality, and standard-setting information, best practices and tools, such as practices for valuing solar assets and protecting consumers. In addition to formal solar-specific training, awardees are encouraged to consider developing and disseminating solar reference materials to professional networks, and investigating ways to add solar information in existing professional reference, training, and credentialing materials.

Multiple awards may be given in this Topic Area, and applicants are encouraged to form diverse teams to facilitate the training of a wide array of stakeholders under a comprehensive and strategic plan. Given that limited funding is available, applicants are expected to explain the impact of their proposal, and justify why training their targeted professional group(s) would be strategic for reducing soft costs and improving the solar marketplace. In addition, given the diversity of potential industries that proposals may seek to address, applicants must provide a detailed outreach strategy for dissemination of developed materials. Ideally, the relevant industries will be engaged by the applicant from the outset of the project to ensure that stakeholders will find value in the outputs of work funded through this FOA. Preferably, commitments from relevant industry groups to market and advertise the products of this work will be obtained by the applicant and provided as part of the application package.

Awardees must also develop relevant metrics and an evaluation plan to track progress and measure impact. Applicant project descriptions should describe how they will develop relevant metrics and an evaluation plan. The Evaluation Plan should be appropriate to the scope of the project and usually includes both formative and summative evaluations. The plan should explain how progress will be measured and project goals and expected outcomes.

State Regulators and Policy Makers

Second, this Topic will support the development and dissemination of solar reference materials and training to state regulators and policy makers.

State energy regulators and policy makers are contending with rapidly evolving energy markets and regulatory systems and practices. Facing an increasingly complex energy system, including solar systems, smart electronic/ communication/ metering devices, and complementary distributed energy technologies and protocols, state regulators and policy makers could benefit from access to current and credible information to help in state-level planning, program design, and decision processes.

Awardee(s) will assess needs of the targeted audiences, and develop and disseminate relevant solar information (e.g. up-to-date solar market data, information on finance, best practices, distributed generation technology basics, and regulatory activity) to state-level decision makers and staff (e.g. legislators, public service commissioners, air quality regulators, etc.) at a nationwide scale. Awardees(s) will develop all necessary reference materials and deliver a number of in-person and/or online trainings throughout the award period, in order to achieve maximum results.

[12]

Multiple awards may be given in this area to ensure the maximum number and variety of stakeholders is reached. Similar to the related professions, awardees are expected to leverage existing information sharing activities, programs and professional networks to disseminate and deliver reference materials and training. Applicants are expected to explain the impact of their proposal, and justify why training their targeted audience(s) would be strategic for reducing soft costs and improving the solar marketplace. In addition, applicants must provide a detailed outreach strategy for dissemination of developed materials. Ideally, relevant associations will be engaged by the applicant from the outset of the project to ensure that stakeholders will find value in the outputs of work funded through this FOA. Preferably, commitments from relevant groups to market and advertise the products of this work will be obtained by the applicant and provided as part of the application package.

Awardees must also develop relevant metrics and an evaluation plan to track progress and measure impact. Applicant project descriptions should describe how they will develop relevant metrics and an evaluation plan. The Evaluation Plan should be appropriate to the scope of the project and usually includes both formative and summative evaluations. The plan should explain how progress will be measured and project goals and expected outcomes.

Performance and Impact Metrics: Applicants will develop an evaluation plan for their projects, including performance metrics. Example metrics include:

- Identification of key professions and markets where training is needed
- Percentage of the professional membership trained in each targeted profession
- Reduction in financing, underwriting or insurance costs for solar projects
- Number and effectiveness of solar basic trainings delivered, and number and percentage of state decision makers trained
- Increased use and citing of reference materials
- Evaluation of knowledge improvement of solar related topics at state level

Cost Share: None required. Recommended 5%

Technical Review/Stage Gate: Stage Gates will stipulate training materials development and planning that will achieve the delivery and assessment of solar training to a predetermined percentage of members for each target profession as a final outcome.

Topic 3: Power Systems Engineering Capacity Building (GEARED) $2 million, 1-3 awards

Topic 3 seeks to support 1-3 awards to allow Grid Engineering for Accelerated Renewable Energy Deployment (GEARED) Topic 1 awardees to expand their power systems engineering training activities and stakeholder services to additional utility, industry, and university partners, in order to ensure nationwide impacts, and provide training and workforce development resources where there is demand and interest.

[13]

> "Ensuring quality training of the next generation of energy engineers, system operators and utility professionals will be a key factor to lower the cost of solar electricity, advance seamless grid integration, and support a growing U.S. solar workforce."[17]

Utilities, system operators, and manufacturers play a critical role in solar deployment, as they manage the interconnection of every solar system to the grid. The power sector needs power systems engineers that have been educated on solar technology and distributed generation and that can drive increased deployment for the continued expansion of the solar market.

The current SunShot-funded GEARED program has a network for developing new power systems engineering course work at the undergraduate and graduate level, and in providing "short courses" to utility and industry professionals to support system operations and increase integration of distributed energy resources to the grid. However, gaps remain in critical U.S. regional solar markets.

This Topic will support the expansion of GEARED consortia to additional utility, industry, and university partners, in order to ensure nationwide impacts, and provide training and workforce development resources where there is demand and interest.

Applicants will identify new university, utility, industry stakeholder organizations and activities to add to the GEARED program to expand the results of this program to have nation-wide impacts. Applicants are restricted to current GEARED FOA Topic 1 awardees.

Similar to the first GEARED award, evaluation of the program is a mandatory component. The project description should include an evaluation plan to track progress and measure impact. The Evaluation Plan should be appropriate to the scope of the project and usually includes both formative and summative evaluations. The plan should explain how progress will be measured and project goals and expected outcomes. The budget must include adequate resources for project evaluation.

Performance and Impact Metrics: Applicants will develop an evaluation plan for their projects, including performance metrics. Example metrics include:

- Number of students enrolled in power systems engineering courses and student job trainings
- Number of additional utility system operators and system engineers trained in distributed generation integration
- Improved grid management and integration of solar and distributed generation

Cost Share: Required 20%

C. APPLICATIONS SPECIFICALLY NOT OF INTEREST

The following types of applications will be deemed nonresponsive and will not be reviewed or considered (See Section III.D of the FOA). Applications that fall outside the parameters specified in Section I.B of the FOA include but not limited to:

[17] IREC, GEARED national coordinator

[14]

- Institutions or trainers in the SITN seeking funds for local trainings, equipment, or train-the-trainer activities.

- GEARED awardees proposing activities that are already in the scope of work under current awards.

- Applications that seek funding primarily to support existing programs or fund already-designed programs (e.g., established training programs or established credentials). However, applicants can propose innovative and novel iterations if responsive to parameters in Section I.B of this FOA and that are solar-specific and nationally applicable.

- Applications with a primary focus on energy technologies other than solar, including hydrogen and fuel cells, solar fuels, combined heat and power (CHP), wind energy, hydropower, bioenergy and biomass. Applications should be solar-focused, with goals related to lowering the cost of solar energy, even if in support of existing energy goals and programs.

- Proposals that aim to promote a specific solar energy hardware technology, or product.

- Applications that have the development of software or website tools as a primary focus. Software may be developed to supplement training materials and coordination activities during the project period, but will not be considered as a primary goal.

[15]

II. AWARD INFORMATION

A. AWARD OVERVIEW

1. *ESTIMATED FUNDING*

EERE expects to make approximately $12,000,000 of Federal funding available for new awards under this FOA, subject to the availability of appropriated funds. EERE anticipates making between five (5) and fourteen (14) awards under this FOA. EERE may issue one, multiple, or no awards. Individual awards may vary between $200,000 and $4,000,000.

EERE may issue awards in one, multiple, or none of the following Topic Areas:

Topic Area	Anticipated number of awards	Anticipated award amounts (in millions)	Total funding (in millions)
1. Solar Training Network	2-3	$1 - 4	$5
2. Training for Related Professions	2-8	$0.2 - 3	$5
3. GEARED	1-3	$0.5 - 2	$2
TOTAL	**5-14**		**$12**

Topic Area 1: Solar Training Network - EERE may issue approximately two (2) to three (3) two-year awards in this area with an award amount ranging from $1 million - $4 million. See description above.

Topic Area 2: Training for Related Professions – EERE may issue between two (2) and eight (8) two-year awards with an award amount ranging from $200,000 - $3 million. See description above.

Topic Area 3: Grid Engineering for Accelerated Renewable Energy Deployment (GEARED) – EERE may issue one (1) to three (3) three-year awards with an award amount ranging from $500,000 - $2 million. See description above.

EERE may establish more than one budget period for each award and fund only the initial budget period(s). Funding for all budget periods, including the initial budget period, is not guaranteed. Before the expiration of the initial budget period(s), EERE may perform a down-select among different recipients and provide additional funding only to a subset of recipients.

2. *PERIOD OF PERFORMANCE*

For Topic Areas 1 and 2, EERE anticipates making awards up to 24 months in length. For Topic Area 3, EERE anticipates making awards up to 36 months in length.

Project continuation will be contingent upon satisfactory performance and go/no-go decision review. At the go/no-go decision points, EERE will evaluate project performance, project

Attachment 2

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 14, 2015

TO: Braulio L. Baez, Executive Director

FROM: Mark Futrell, Director, Office of Industry Development and Market Analysis
Benjamin Crawford, Public Utility Analyst II, Office of Industry Development and Market Analysis
Lee Eng Tan, Senior Attorney, Office of the General Counsel

RE: Memorandum of Understanding Between the Florida Public Service Commission, the Jamaica Office of Utilities Regulation, and the National Association of Regulatory Utility Commissioners

Critical Information: Please place on the July 21, 2015 Internal Affairs.
Approval of the Draft Memorandum of Understanding is sought.

On June 22, 2015, the Florida Public Service Commission (FPSC) was chosen as the lead state commission for an electricity regulatory partnership with the Jamaica Office of Utilities Regulation (OUR). The announcement letter is included as Attachment A. The partnership is organized by the National Association of Regulatory Utility Commissioners (NARUC) under the auspices of the United States Agency for International Development (USAID). A draft Memorandum of Understanding (MOU) between the FPSC, the OUR, and NARUC, included as Attachment B, memorializes the partnership. Staff seeks approval of the draft MOU.

Description of the Partnership

The purpose of the partnership is to assist the OUR as it develops regulations intended to lead to a more efficient and financially sound electricity system. NARUC will coordinate with the OUR in developing a work plan and activities for the upcoming year. The FPSC, along with other NARUC members whose participation will be arranged by NARUC, will provide technical assistance to the OUR in areas including:

- technical system losses
- development of a natural gas sector
- diversification of electric generation resources
- modernization of electricity infrastructure
- integration of renewable energy resources
- demand-side energy efficiency measures
- reliability standards and enforcement

The partnership is intended to facilitate information exchange through presentations and discussions at meetings, and the sharing of relevant statutes, rules, procedures, and reports. An initial meeting between OUR, FPSC, and NARUC staff is scheduled for August 3-5, 2015, in Jamaica. NARUC will cover the costs of travel, lodging, meals, and ground transportation for participating members of the FPSC. Funding is provided by USAID through the Enhancing Sustainable Utility Regulation (ENSURE) program. ENSURE is a Cooperative Agreement between NARUC and USAID that facilitates the interaction of the international regulatory community with U.S. counterparts through information exchanges. Finally, it is anticipated that members of the OUR will visit the FPSC during the partnership.

Memorandum of Understanding

The draft MOU (Attachment B) memorializes the partnership and provides the roles for the parties. It is anticipated that activities involving the FPSC staff will include:

- Identify key issues for discussion
- Develop agendas for individual meetings and activities
- Provide speakers on key issues
- Co-host programs and make facilities available for meetings

If approved, the MOU will be signed during the August 3-5, 2015, meeting in Jamaica by Commissioner Brisé as a representative of the FPSC.

Attachments

cc: Charlie Beck
Lisa Harvey
Apryl Lynn

N A R U C
National Association of Regulatory Utility Commissioners

June 22, 2015

Braulio L. Baez
Executive Director
Florida Public Service Commission
Capital Circle Office Center
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

RE: Electricity Regulatory Partnership with Jamaica

Dear Mr. Baez,

On behalf of the National Association of Regulatory Utility Commissioners (NARUC), we would like to congratulate the Florida Public Service Commission (FPSC) for being chosen as the Lead State for NARUC's proposed Jamaica Electricity Regulatory Partnership under the auspices of the United States Agency for International Development (USAID).

It was a competitive application process and we feel FPSC's experience is very applicable, particularly in regards to fuel source diversification, transparency, tariff setting, and ratemaking procedures. The FPSC will have a great perspective to offer to the Jamaican Office of Utilities Regulation (OUR) and we are thankful for your interest. Jamaica is also a partner in the Caribbean Energy Security Initiative (CESI), and your assistance to the OUR will support U.S. government goals for comprehensive energy diversification to facilitate the introduction of cleaner forms of energy and by providing technical assistance for improved governance in the Caribbean energy sector.

Jamaica faces a number of significant challenges in the electricity sector and the OUR, with USAID and NARUC support, is working diligently to develop regulations that will lead to a more efficient and financially viable electricity system. This proposed partnership with Jamaica will aim to provide technical assistance in the areas of technical system losses, support for Jamaica's emergence as the natural gas hub in the Caribbean, and the deployment of energy efficiency measures. Currently, Jamaica lacks the regulatory capacity and knowledge required to implement a system that addresses each of these concerns.

The Partnership activities will feature FPSC as the lead partner but will also involve additional NARUC members to provide multiple State perspectives, an important facet of the partnership as our work continues to advance with the OUR. NARUC will coordinate with the OUR to develop terms of reference (TORs) for activities that will provide details to help us chose the right expertise for each activity. Please note that under the cooperative agreement with USAID, NARUC will cover costs of travel (economy class), lodging, meals, ground transportation, visa where applicable, and medical insurance for FPSC staff travel.

1101 Vermont Ave, NW, Suite 200, Washington, DC 20005 USA, Tel: 1-202-898-2200, Fax: 1-202-898-2213, www.naruc.org

NARUC is developing a workplan with proposed activities for 2015/2016 to help Jamaica in its efforts to reform the energy sector. As the partnership is still in the early stages, we are still in the process of planning several activities in which we are eager to formally involve FPSC. Currently, the sole activity for the year is summarized below:

Upcoming Activities - Jamaica Partnership

Kickoff Meeting:	Establishing Goals of the Partnership
Location:	Kingston, Jamaica
Dates:	August 3-7 (departing on Sunday, August 2 and returning Saturday, August 8)
Participants:	4 FPSC commissioners or senior staff, 2 NARUC staff, and 4-6 OUR staff
Purpose:	This meeting will provide an opportunity for regulators from the FPSC and the OUR to meet in person and discuss the key issues that energy regulators in Jamaica face. As of December 2013, losses accounted for approximately 25.88% of system net generation on a 12-month running average basis. An estimated 9% was attributed to technical causes. Furthermore, petroleum-based fuel imports accounted for approximately 94.12% of the annual system net generation, while the remainder was attributed to renewable energy sources. As a result of the over-reliance on costly oil imports and increasing losses, electricity sales have declined for the vertically-integrated utility for each of the past five years. This kickoff meeting is designed to help the OUR explore internationally accepted good practices in regulating reliability and quality and to work with partners to develop specific recommendations and next steps for improved standards and enforcement for reliability and quality of service.

We will follow up to set up a conference call with you and Director General Albert Gordon to provide some background on Jamaica, discuss the goals and responsibilities of this partnership as well provide additional information on the upcoming activities. The primary NARUC point of contact for this partnership will be Chris Rogers (crogers@naruc.org; 202-821-1689) and Bevan Flansburg (bflansburg@naruc.org; 202-898-2440).

We look forward to working with you and will keep you updated as things develop. If you have additional questions, please feel contact me at ehammel@naruc.org or by phone at (202) 898-2210.

Sincerely,

Erin B. Hammel

Erin Hammel
Director, International Programs

Cc: Chairman Art Graham, FL PSC
Commissioner Ronald A. Brisé, FL PSC
Commissioner Julie Imanual Brown, FL PSC
Commissioner Lisa Polak Edgar, FL PSC (President, NARUC)
Commissioner Jimmy Patronis, FL PSC
Charles D. Gray, Executive Director, NARUC

1101 Vermont Ave, NW, Suite 200, Washington, DC 20005 USA, Tel: 1-202-898-2200, Fax: 1-202-898-2213, www.naruc.org

Regulatory Partnership Program
Memorandum of Understanding

Among

Jamaica Office of Utilities Regulation,

Florida Public Service Commission,

AND

National Association of Regulatory Utility Commissioners

August 5, 2015
Kingston, Jamaica

MEMORANDUM OF UNDERSTANDING

AMONG

JAMAICA OFFICE OF UTILITIES REGULATION (OUR),

FLORIDA PUBLIC SERVICE COMMISSION (FPSC),

AND

THE NATIONAL ASSOCIATION OF REGULATORY UTILITY COMMISSIONERS (NARUC)

I. INTRODUCTION

Under the auspices of the National Association of Regulatory Utility Commissioners' (NARUC) Cooperative Agreement with the United States Agency for International Development (USAID), NARUC will organize and implement a regulatory partnership between the Florida Public Service Commission (FPSC) and the Jamaica Office of Utilities Regulation (OUR). Multiple NARUC member commissions will participate in this partnership and the FPSC will serve as the lead state commission. This partnership is a part of NARUC's Enhancing Sustainable Utility Regulation (ENSURE) Program and is supported by USAID.

This bilateral partnership will be a vehicle for the exchange of experience and information between U.S. regulatory officials and the OUR, with the goal of strengthening skills and knowledge to enhance the OUR's ability to oversee the country's energy sector. It aims to strengthen regulatory frameworks to encourage private investment, enhance the OUR's institutional governance, and improve regulatory procedures to support security of supply.

II. PURPOSE

The purpose of this Memorandum of Understanding is to illustrate the respective roles of each party in this partnership. Specific partnership activities and topics will be determined by the partnered organizations as the program progresses, and in consultation with USAID. Through exchanges, partners will share experiences, lessons learned, and best practices as Jamaica further develops its capacity to address challenges including the high system losses, the integration of renewable resources, the energy-water nexus, the development of the natural gas sector, and the promotion of efficient electricity consumption, among others. This partnership will be a mutually constructive exchange of ideas and information to the benefit of all parties.

III. RESPONSIBILITIES AND OBLIGATIONS OF PARTIES

The OUR will be expected to provide personnel resources, expertise, pertinent written material, and facilities, as deemed necessary to the success of the partnership. The obligations of the partnering bodies include the following:

1. Consult with and provide information to NARUC in accordance with the logical framework developed in order to capture regulatory progress.

2. With NARUC support, the OUR, the FPSC, and participating U.S. Public Utility Commissions (PUCs), facilitate the development of agendas for individual activities that focus on pressing issues and challenges in Jamaica, as well as the exchange of personnel, technical information, and experience.

3. Participate in planning sessions involving NARUC, USAID, the OUR, the FPSC, and participating U.S. PUCs to identify key issues and program needs for creation of the work plan.

4. Serve as co-hosts and co-planners for partnership programs and assist in publicizing these programs locally to enhance support and participation.

5. Provide speakers on regulatory issues and other personnel (management or technical) as needed to effectively implement the programs.

6. Copy and keep NARUC informed on all relevant correspondence between the OUR and the FPSC.

7. Make available facilities, management, and expert personnel during exchanges and planned activities, as necessary, to achieve partnership objectives.

8. NARUC, the OUR, the FPSC, and participating U.S. PUCs will strive to incorporate USAID's goals to promote gender balance which includes, but is not limited to, sending delegations that include women and men with direct job responsibilities related to the subject areas to participate in activities.

IV. SPONSORSHIP

The OUR and the FPSC shall be reimbursed for all allowable direct and indirect expenses incurred prior to and including the effective date of this Memorandum, provided such expenses are allowed under the terms of this Memorandum and the Cooperative Agreement with USAID, approved by NARUC, and are properly documented and verifiable. Such documentation must be made available for inspection, audit, and approval to NARUC and/or its representatives.

V. TERMINATION/DISSOLUTION

If the Cooperative Agreement between NARUC and USAID or the approval for this particular partnership is cancelled or terminated for any reason, the cancellation or termination of the

partnership shall be deemed to be immediately effective upon notification of the involved partners via direct telephone communication or email between the authorized representatives of the OUR, NARUC and the FPSC. The dissolution or discontinuation of any of the named organizations renders this Memorandum null and void. If any of the named organizations are dissolved or terminated, the terms of this Memorandum will also terminate. All obligations of NARUC under this Memorandum are subject to the availability of continued funding for the program from USAID.

VI. LIABILITY

NARUC, the OUR, and the FPSC mutually release each other from liability for damage and/or injury caused by negligence on the part of their employees, officers, assigns, subsidiaries, agents, and/or any other individuals who may, or may purport to represent NARUC, the OUR, and the FPSC or any of its subsidiaries, as a result of participation in the program. NARUC, the OUR, and the FPSC also agree that in their respective roles in the program, no party will represent, either directly or through conduct, that it has the authority and/or capacity to represent the other, nor will either party seek contribution, in full or in part, from the other for any liability to third parties which may be incurred as a result of its participation in the Program. Any of the parties may terminate this partnership upon a 30 day written notification to the other parties.

The following individuals are the points of contact for this partnership and authorized to represent their respective organizations during the course of the partnership:

- Bevan Flansburg, Deputy Director, International Programs, NARUC
- Ronald Brisé, Commissioner, FPSC
- Albert Gordon, Director General, OUR
- USAID Mission in Jamaica

National Association of Regulatory Utility Commissioners (NARUC)

_____

Bevan Flansburg August 5, 2015
Deputy Director, International Programs, NARUC

Florida Public Service Commission (FPSC)

_____

Ronald Brisé August 5, 2015
Commissioner, FPSC

Jamaica Office of Utilities Regulation (OUR)

_____

Albert Gordon August 5, 2015
Director General, OUR

USAID Mission in Jamaica

_____

Name August 5, 2015
Title

Attachment 3

From:	Braulio Baez
To:	Kate Hamrick
Cc:	Lisa Harvey; Greg Fogleman; Beth Salak
Subject:	RE: Oral Modification Internal Affairs Item 3 - Telecommunications Competition Report
Date:	Monday, July 20, 2015 3:19:07 PM

Approved

From: Kate Hamrick
Sent: Monday, July 20, 2015 3:19 PM
To: Braulio Baez
Cc: Lisa Harvey; Greg Fogleman; Beth Salak
Subject: Oral Modification Internal Affairs Item 3 - Telecommunications Competition Report

Please review and approve the attached oral modification.

Thank you,

Kate Hamrick
Executive Assistant to
Lisa Harvey, Deputy Executive Director - Technical
Florida Public Service Commission
850-413-6304

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 20, 2015

TO: Braulio Baez, Executive Director

FROM: Gregory D. Fogleman, Economic Analyst, Office of Telecommunications

RE: Corrections to 2015 Local Competition Report

Staff requests to provide verbal modifications to the draft 2015 Local Competition Report scheduled for the July 21, 2015 Internal Affairs. These proposed edits include feedback from industry. Staff intends to request editorial privilege to make non-substantive grammatical changes post IA. Attached are the substantive changes in legislative format that staff would like verbally make at IA. The table below summarizes the changes.

Page(s) Affected	Description of Change	Comments
2	Replace "competitive wireline" with "business VoIP"	Correction
2	Replace "93.5" with "94.1"	Corrects telephone penetration rate
5	Add "AT&T also focused on identifying" to third sentence of first full paragraph	Corrects sentence fragment
7	Add "The FCC's order was appealed by both states." to the end of the fourth full paragraph.	Update
41	Replace "energy" with "emergency"	Correction
46	Add "low-income broadband" to first sentence of first full paragraph	Added description

wireline accounts are split about 50/50 in the residential and business markets, over 98 percent of the competitive local exchange carriers' wireline access lines are business accounts.

Intermodal competition from wireless, Voice over Internet Protocol, and broadband continued to drive the telecommunications markets in 2014. There are an estimated 19 million wireless handsets in Florida, and an additional 2 million cable Voice over Internet Protocol subscribers. Over 63 percent of Florida households have a broadband connection with download speeds of at least 3 megabytes per second.

Analysis of the data produced the following conclusions:

- Many competitive local exchange companies reported offering a variety of services and packages comparable to those offered by incumbents. Subscribers to cable, wireless, and ~~competitive wireline~~business VoIP services continued to increase. These factors contribute to the conclusion that competitive providers are able to offer functionally equivalent services to both business and residential customers.

- The continued decrease in both business and residential incumbent local exchange carrier wireline access lines demonstrates customers are finding reasonable pricing packages and functionality with competitive local exchange companies, cable providers, and wireless providers, as well as Voice over Internet Protocol services from the incumbent local exchange carriers.

- Based on the continued growth of interconnected Voice over Internet Protocol services and wireless-only households, network reliability of non-incumbent providers is sufficient to satisfy customers. The Federal Communications Commission-reported telephone penetration rate of 94.1~~3.5~~ percent for Florida suggests that the overwhelming majority of Florida residents are able to afford telephone service. The number and variety of competitive choices among all types of service providers suggests that competition is having a positive impact on the telecommunications market in Florida.

accounts also increased 12 percent. AT&T reported that its network performance of the IP technology was "robust."[6]

AT&T also reported that it conducted significant outreach for both general consumers and special needs groups in the trial. Its work in the West Delray office concentrated on meetings and activities with customers and the general public as well as targeted engagement with seniors and the disability community. AT&T also focused on identifying and connecting with community-based organizations to gain an understanding of the disability community within the trial area. AT&T's reported outreach plans for 2015 include additional senior technology trainings, additional homeowners' association meetings, a vendor fair, and outreach to the public schools. Additionally, AT&T reported that it is proactively working on the challenges presented by the trial and is tracking and responding to each concern.[7]

There have also been some regulatory issues regarding IP interconnection that have been debated. Both Michigan and Massachusetts have examined whether IP interconnection agreements should be filed with the states pursuant to sections 251 and 252 of the Communications Act. The Michigan Public Service Commission reversed an arbitration panel and required AT&T to submit an IP agreement under the Act. The Massachusetts Department of Telecommunications and Cable ordered Verizon to file an IP-to-IP agreement "to determine whether the agreement is an 'Interconnection Agreement' under 47 U.S.C. § 251 requiring the document to be filed for approval in accordance with 47 U.S.C. § 252." This case is still pending.

Nationally, CLECs have requested that the FCC find that IP interconnection for voice services is governed by sections 251 and 252 of the Act. CLECs have argued that without these requirements, ILECs are free to exert their last-mile dominance to impose unfair rates. ILECs have asserted that the technology transition to IP is already occurring fairly without such requirements and therefore there is no need for regulatory action. The FCC has not yet ruled on the requests.

C. Open Internet/Net Neutrality

On January 14, 2014, the U.S. Court of Appeals for the District of Columbia struck down the anti-discrimination and anti-blocking provisions of the FCC's 2010 Open Internet Order (also known as the 2010 Net Neutrality Order) which required Internet service providers (ISPs) to treat all Internet traffic equally.[8] In *Verizon v. FCC* (case 11-1355), Verizon Communications, Inc., challenged the FCC's 2010 Open Internet Order, arguing that the FCC exceeded its jurisdiction. The 2010 Open Internet Order adopted rules that required both fixed and mobile broadband ISPs to be transparent about their service terms, service performance, and network management practices. The rules also contained anti-blocking and anti-discrimination provisions.

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[6] Ibid.
[7] Ibid.
[8] Verizon v. FCC, 740 F.3d 623 (D.C. Cir. 2014), http://www.cadc.uscourts.gov/internet/opinions.nsf/3af8b4d938cdeea685257c6000532062/$file/11-1355-1474943.pdf, accessed on July 9, 2015

to expedite the proceeding.[10] The rules became effective on June 12, 2015. Even with an expedited process, it is expected to take several years for this case to wind its way through the courts.

D. Federal Preemption

Two recent FCC cases have brought federal preemption and the balance of state vs. federal jurisdiction to the forefront. The FCC made clear its intent to limit states' ability to set the parameters for local municipal broadband networks and intrastate inmate calling rates.

In February 2015, the FCC issued an Order preempting state laws in Tennessee and North Carolina that prevented two community broadband providers from providing broadband service.[11] The petitions were filed by the Electric Power Board, a community broadband provider in Chattanooga, Tennessee, and the City of Wilson, North Carolina. In addition to providing electric service, both operate broadband networks providing Gigabit-per-second broadband, voice, and video service.

Tennessee law allows municipal electric systems to provide telecommunications services anywhere in the state, but limits provision of Internet and cable services to the electrical system footprint. By comparison in North Carolina, the state law imposed numerous conditions that effectively precluded Wilson from expanding broadband into neighboring counties, even if requested. One condition, for example, restricted expansion into areas where the private sector delivers service at speeds as slow as 768 kilobits per second (kbps) in the faster direction. The FCC noted that this standard is a fraction of the its 25 Megabits per second (Mbps) download benchmark.

The FCC found that provisions of the laws in North Carolina and Tennessee are barriers to broadband deployment, investment and competition, and conflict with the FCC's mandate to promote these goals. The state laws had effectively prevented the cities from expanding broadband service outside their current footprints despite numerous requests from neighboring unserved and underserved communities. The FCC's order was appealed by both states.

On August 9, 2013, the FCC approved an order to reduce the cost on interstate long distance calls from inmate facilities.[12] The order concluded that some interstate inmate calling service rates are not just and fair. The order required interstate rates to be cost-based. The rates may include security costs and a reasonable return. While the FCC encouraged states to make similar changes to intrastate rates, the FCC also sought comments for legal bases to compel reform of intrastate inmate calling service rates. Other reforms implemented in the order included:

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[10] Order, U.S. Telecom Ass'n v. FCC (D.C. Cir. Jun. 11, 2015), https://www.fcc.gov/document/court-order-denying-stay-usta-v-fcc-usa-dc-cir, accessed on July 9, 2015.

[11] FCC, Memorandum Opinion and Order, WC Docket Nos. 14-115 and 14-116, FCC 15-25, released March 12, 2015, https://apps.fcc.gov/edocs_public/attachmatch/FCC-15-25A1.pdf, accessed on May 22, 2015.

[12] FCC, Report and Order and Further Notice of Proposed Rulemaking, WC Docket No. 12-375, FCC 13-113, released September 26, 2013, http://fjallfoss.fcc.gov/edocs_public/attachmatch/FCC-13-113A1.pdf, accessed on May 14, 2015.

Chapter VIII. Federal Activities

A. 911 Outage

A multistate 911 outage occurred in April 2014 lasting nearly six hours. The states affected by the outage included: Florida, Washington, Minnesota, North Carolina, South Carolina, California, and Pennsylvania. The outage prevented more than 11 million people in seven states from being able to reach ~~energy~~emergency call centers.

The 911 outage was not the result from an extraordinary natural disaster or other unforeseeable catastrophe. Instead the outage was a "sunny day" failure that resulted in over 6,600 missed 911 calls. The reported calls included domestic violence, assault, motor vehicle accidents, a heart attack, an overdose, and an intruder breaking into a residence.

On March 18, 2015, Verizon agreed to the $3.4 million settlement to resolve the FCC's investigation in to the company's failure.[122] The Verizon portion of the outage affected 750,000 California residents who were unable to call 911 to reach a live operator at 13 emergency call centers in northern California. The following month, CenturyLink and Intrado, both agreed to settlements of $16 million and $1.4 million, respectively.[123] The FCC's Consent Decree also required the companies to:

- Identify risks that could result in disruptions to 911 services
- Protect against such risks
- Detect Future 911 outages
- Respond with remedial actions, including prompt notification to affected emergency call centers
- Recover from such outages on a timely basis

In addition, the companies are require to exercise improved oversight of their Next Generation 911 subcontractors and affiliates, maintain up-to-date contact information for emergency call centers, and coordinate with emergency call centers to periodically review their outage notification procedures.

B. Data Breach

In April 2015, AT&T agreed to the pay a $25 million fine as a result of an FCC investigation into whether AT&T failed to properly protect the confidentiality of almost 280,000 customers' proprietary information.[124] The information at issue included sensitive personal information such as customers' names and at least the last four digits of their Social Security numbers, as well as account-related data known as customer propriety network information (CPNI). The data breaches occurred at AT&T call centers in Mexico, Columbia, and the Philippines. At least two

[122] FCC, News Release, Verizon Agrees to $3.4 Million Settlement to Resolve 911 Outage Investigation, released March 18, 2015, https://apps.fcc.gov/edocs_public/attachmatch/DOC-332570A1.pdf, accessed on June 24, 2015.
[123] FCC, News Release, FCC Fines CenturyLink and Intrado $17.4 Million for Multi-State 911 Outage, released April 6, 2015, https://apps.fcc.gov/edocs_public/attachmatch/DOC-332853A1.pdf, accessed on June 24, 2015.
[124] FCC, Order and Consent Decree, File No. EB-TCD-14-00016243, DA 15-399, released April 8, 2015, http://transition.fcc.gov/Daily_Releases/Daily_Business/2015/db0408/DA-15-399A1.pdf, accessed on June 24, 2015.

In December of 2012, the FCC's Wireline Competition Bureau selected 14 low-income broadband pilot projects, spanning 21 states and Puerto Rico. In Florida, Maryland, Texas, Washington, Wisconsin, and Massachusetts, TracFone's pilot project studied the effects of varying subsidy amounts and discounted hardware through mobile smartphone service plans.[135] All of the TracFone's plans included unlimited voice/text and 2 GB of data. The pilots ended in November of 2014, and the Bureau issued a report on the projects in 2015. The Bureau concluded that:

- Consumers respond well to having a choice of plans. Households have different needs for data speeds, usage amounts, service type and devices. The pilots showed low-income consumers do not all want or need the same products.
- While price is not the only barrier to broadband adoption, price matters.
- Carriers are not necessarily the best at addressing other barriers to broadband adoption, such as digital literacy and relevance to one's life.

On June 22, 2015, the FCC released a Notice of Proposed Rulemaking and Order seeking comments on restructuring the program to include access to broadband.[136] The FCC has found that broadband has become essential to participation in modern society, offering access to jobs, education, health care, government services and opportunity. The notice seeks comment on maintaining the same $9.25 a month subsidy, and proposes to use that money as effectively and efficiently as possible to deliver modern communications services. The FCC also seeks consideration of the comment on:

- Adopting minimum service standards for both voice and broadband services
- Whether broadband should be a required offering of Lifeline providers
- How to encourage more competition to improve price and service
- How to encourage more participation by states.

The FCC also suggests streamlining the process of verifying consumer eligibility by taking it out of the hands of providers. Specific ideas for consideration include establishing a third-party "national verifier," coordination with other federal needs-based programs, and consideration of the use of direct subsidies to consumers through vouchers. Finally, the notice seeks comments on a budget for the program. For 2014, the Low Income Program was $1.67 billion, or about 19 percent of the total universal service program.[137] By comparison in 2004, the Low Income Program was only $765 million, or about 13 percent of the total universal service program.

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[135] FCC, Wireline Competition Bureau, Low-Income Broadband Pilot Program, Staff Report, WC Docket No. 11-12, released May 22, 2015, https://apps.fcc.gov/edocs_public/attachmatch/DA-15-624A1.pdf, accessed on May 22, 2015.

[136] FCC, Second Further Notice of Proposed Rulemaking, Order on Reconsideration, Second Report and Order, and Memorandum Opinion and Order, WC Docket Nos. 11-42, 10-90, 09-197, FCC 15-71, released June 22, 2015, http://transition.fcc.gov/Daily_Releases/Daily_Business/2015/db0622/FCC-15-71A1.pdf, accessed on June 24, 2015.

[137] FCC, Contribution Factor & Quarterly Filings - Universal Service Fund Management Support, various quarters, https://www.fcc.gov/encyclopedia/contribution-factor-quarterly-filings-universal-service-fund-usf-management-support, accessed on June 24, 2015.

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 10, 2015

TO: Braulio L. Baez, Executive Director

FROM: Office of Telecommunications (Fogleman, Bates, Curry, Long)

RE: Draft of the Report on the Status of Competition in the Telecommunications Industry
CRITICAL INFORMATION: Please place on the July 21, 2015 Internal Affairs. FPSC approval of draft report is sought. Report due to the Governor and Legislature by August 1, 2015.

Section 364.386, Florida Statutes, requires that the Commission prepare an annual report on the status of competition in the telecommunications industry. The report is to be submitted to the Governor, the Speaker of the House of Representatives, the President of the Senate, and the majority and minority leaders of the Senate and the House of Representatives by August 1st of each year. The attached draft report on the "Status of Competition in the Telecommunications Industry" has been prepared to fulfill the legislative requirement. Staff is seeking approval of the draft report.

Attachment

cc: Lisa Harvey, Deputy Executive Director, Technical
April Lynn, Deputy Executive Director, Administrative
Charlie Beck, General Counsel

Report on the Status of

Competition in the Telecommunications Industry

AS OF DECEMBER 31, 2014

FLORIDA PUBLIC SERVICE COMMISSION
STATE OF FLORIDA

Report on the Status of

Competition in the Telecommunications Industry

AS OF DECEMBER 31, 2014

Office of Telecommunications

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List of Figures and Tables

List of Acronyms

CDC	Centers for Disease Control and Prevention
CLEC	Competitive Local Exchange Company
FCC	Federal Communications Commission
FiOS	Verizon's trademark name for its fiber-to-the-home package of services
FPSC	Florida Public Service Commission, the Commission
FTRI	Florida Telecommunications Relay, Inc.
F.S.	Florida Statutes
ICA	Interconnection agreement
ILEC	Incumbent Local Exchange Company
IP	Internet Protocol
ISP	Internet Service Provider
kbps	kilobits per second
Mbps	Megabits per second
NLAD	National Lifeline Accountability Database
TASA	Telecommunications Access System Act of 1991
TDM	Time Division Multiplexing
USF	Universal Service Fund
USAC	Universal Service Administrative Company
VoIP	Voice over Internet Protocol

Executive Summary

This report fulfills the statutory obligations set forth in Section 364.386, Florida Statutes, which requires the Florida Public Service Commission to report on the status of competition in the telecommunications industry to the Legislature by August 1 of each year. The Commission is required to address specific topic areas within the realm of competition. On February 17, 2015, information requests were sent to the 10 incumbent local exchange companies and 256 competitive local exchange companies certificated by the Commission to operate in Florida, as of December 31, 2014.

In 2014 and early 2015, several national telecommunications issues came to the forefront. AT&T started a trial in West Delray Beach, converting a central office from traditional services to next-generation Internet Protocol technology. The Federal Communications Commission (FCC) issued its highly anticipated Open Internet rules. The FCC preempted state authority in two significant cases. Reformation of the Federal Universal Service Fund continued, resulting in an increase in the fund size of at least $1.9 billion. Also, significant work was conducted by Congress in an effort to rewrite the existing federal Communications Act of 1934, as amended, which would be the first major changes since 1996. The combination of these proceedings will likely have a significant impact on Florida for decades to come.

The economy and several other factors continued their trends in 2014. The national economy continued to improve at a slightly faster rate, and Florida showed economic growth for the fourth consecutive year. AT&T, CenturyLink and Verizon continued to show access line losses in the national wireline market. The market continued to consolidate with several mergers and acquisitions. Several intrastate issues were resolved or initiated in 2014, including a major arbitration request and the implementation of an additional area code in the Keys. The Lifeline subscription rate in Florida increased slightly, from 47 percent of eligible households in 2013 to 49.6 percent in 2014.

The telecommunications market in Florida, as reported by the carriers, continued to show consumers migrating from traditional wireline service to wireless and cable/Voice over Internet Protocol services. In 2014, business customers also migrated to Internet Protocol technology in large numbers. Carriers reported approximately 3.8 million total wireline access lines in Florida for 2014.

For the fourth year in a row, total wireline business access lines exceeded total residential lines. However, wireline business access lines, which had remained fairly stable through the past five years, began to match the precipitous drop residential lines have been experiencing during the same period. While residential lines declined an additional 16 percent in 2014, business line declines were 17 percent. Much of this decline can be attributed to the transition to Voice over Internet Protocol and wireless-only services.

The competitors' market share reflected their focus on the business market. While competitive local exchange companies were able to garner 39 percent of the wireline business market, they accounted for only one percent of the residential market share. While AT&T and Verizon's

wireline accounts are split about 50/50 in the residential and business markets, over 98 percent of the competitive local exchange carriers' wireline access lines are business accounts.

Intermodal competition from wireless, Voice over Internet Protocol, and broadband continued to drive the telecommunications markets in 2014. There are an estimated 19 million wireless handsets in Florida, and an additional 2 million cable Voice over Internet Protocol subscribers. Over 63 percent of Florida households have a broadband connection with download speeds of at least 3 megabytes per second.

Analysis of the data produced the following conclusions:

- Many competitive local exchange companies reported offering a variety of services and packages comparable to those offered by incumbents. Subscribers to cable, wireless, and competitive wireline services continued to increase. These factors contribute to the conclusion that competitive providers are able to offer functionally equivalent services to both business and residential customers.

- The continued decrease in both business and residential incumbent local exchange carrier wireline access lines demonstrates customers are finding reasonable pricing packages and functionality with competitive local exchange companies, cable providers, and wireless providers, as well as Voice over Internet Protocol services from the incumbent local exchange carriers.

- Based on the continued growth of interconnected Voice over Internet Protocol services and wireless-only households, network reliability of non-incumbent providers is sufficient to satisfy customers. The Federal Communications Commission-reported telephone penetration rate of 93.5 percent for Florida suggests that the overwhelming majority of Florida residents are able to afford telephone service. The number and variety of competitive choices among all types of service providers suggests that competition is having a positive impact on the telecommunications market in Florida.

Chapter I. Introduction and Background

In 2011, the Florida Legislature amended Chapter 364, Florida Statutes (F.S.), to account for the continuing development of competition in the state's local telecommunications markets. The Legislature found that "the competitive provision of telecommunications services, including local exchange telecommunications service, is in the public interest and has provided customers with freedom of choice, encouraged the introduction of new telecommunications services, encouraged technological innovation, and encouraged investment in telecommunications infrastructure."

Chapter 364, F.S., requires the Florida Public Service Commission (the Commission or FPSC) to prepare and deliver a report on the status of competition in the telecommunications industry to the President of the Senate, the Speaker of the House of Representatives, and the majority and minority leaders of the Senate and the House of Representatives on August 1 of each year. Section 364.386, F.S., requires that the report address the following four issues:

1. The ability of competitive providers to make functionally equivalent local exchange services available to both residential and business customers at competitive rates, terms, and conditions.

2. The ability of customers to obtain functionally equivalent services at comparable rates, terms, and conditions.

3. The overall impact of competition on the maintenance of reasonably affordable and reliable high-quality telecommunications services.

4. A list and short description of any carrier disputes filed under Section 364.16, F.S.

The Commission is required to make an annual request to local exchange telecommunications providers each year for the data required to complete the report. The data request was mailed on February 17, 2015, and responses were due April 15, 2015. Data requests were mailed to 10 incumbent local exchange companies (ILECs) and 256 competitive local exchange companies (CLECs). The Commission continues its efforts to increase efficiency while gathering the data and information to produce this report. Commission staff is confident that the data presented and the analyses that follow accurately reflect the information provided by the ILECs and the reporting CLECs.

The report also summarizes key events that may have a short term or long term effect on the Florida telecommunications market. National and state telecommunications issues, economic factors, mergers, universal service developments, Federal Communications Commission (FCC) enforcement actions, and state actions are presented to provide a more comprehensive picture of the market in 2014.

Chapter II. Industry Hot Topics

A. Introduction

External events affect how the Florida telecommunications markets react and develop. These effects can occur in a relatively short period of time or take years to filter through the market channels. 2014 was an important year in the development of many significant national issues for telecommunications policymakers. Fundamental technology transitions, open Internet policies, and the beginnings of a complete overhaul of the Communications Act of 1934, as amended (Communications Act), came to the forefront last year. These issues, along with some others described in this chapter, will help create the regulatory foundation for the telecommunications markets for many years.

B. Internet Protocol

The technology transition from Time Division Multiplexing (TDM) to Internet Protocol (IP) continues to accelerate, as do the regulatory issues surrounding it. While the FCC contemplates the regulatory future of IP interconnection, action has begun to occur in the states.

On November 7, 2012, AT&T filed a petition asking the FCC to launch a proceeding to eliminate what AT&T perceived as regulatory barriers affecting investment in Internet Protocol (IP)-based networks.[1] It asked the FCC to approve trials that would allow ILECs to retire their existing TDM services in select exchanges and introduce all-IP services in their place. On January 31, 2014, the FCC invited interested providers to submit detailed proposals to test real-world applications of planned changes in technology likely to have tangible effects on consumers.[2] AT&T submitted its proposal to the FCC on February 27, 2014 to conduct the trials in a rural wire center in Carbon Hill, AL, and in a suburban wire center in Palm Beach County, FL (Kings Point[3]).[4] A few other companies also filed IP trial proposals, including Iowa Network Services and CenturyLink. The FCC did not take official action on AT&T's proposal, nor any of the other trial proposals. Each trial has gone forward based on the company's request.

On April 3, 2015, AT&T filed its first quarterly report with the FCC regarding these trials, encompassing the fourth quarter of 2014.[5] While much of the data was filed confidentially, the report showed that customers are voluntarily migrating to IP-based services in the trial areas. AT&T reported consumer legacy accounts declined by 5 percent, while IP accounts increased 12 percent. On the business side, simple business legacy accounts declined by 3 percent and IP

[1] AT&T, Petition to Launch a Proceeding Concerning the TDM-to-IP Transition, filed with the FCC on November 7, 2012, http://www.att.com/Common/about_us/files/pdf/fcc_filing.pdf, accessed on May 16, 2014.
[2] FCC, Report and Order and Further Notice of Proposed Rulemaking, and Proposal for Ongoing Data Initiative, GN Docket No. 13-5, FCC 14-5, released January 31, 2014, http://fjallfoss.fcc.gov/edocs_public/attachmatch/FCC-14-5A1.pdf, accessed on May 16, 2014.
[3] Kings Point is part of the West Palm Beach metropolitan area and includes approximately 50 thousand living units. Residential consumers in the Kings Point exchange are predominately (about 70 percent) over 50 years old and about 9 percent of households have income below poverty level.
[4] AT&T, Proposal for Wire Center Trials - Redacted, GN Docket No. 13-5, February 27, 2014, http://apps.fcc.gov/ecfs/document/view?id=7521084110, accessed on May 16, 2014.
[5] AT&T Wire Center Trials: Data Collection and Reporting for 4th Quarter - Redacted, 2014, April 3, 2015, http://apps.fcc.gov/ecfs/document/view?id=60001045089, accessed on June 11, 2015.

accounts also increased 12 percent. AT&T reported that its network performance of the IP technology was "robust." [6]

AT&T also reported that it conducted significant outreach for both general consumers and special needs groups in the trial. Its work in the West Delray office concentrated on meetings and activities with customers and the general public as well as targeted engagement with seniors and the disability community. Identifying and connecting with community-based organizations to gain an understanding of the disability community within the trial area. AT&T's reported outreach plans for 2015 include additional senior technology trainings, additional homeowners' association meetings, a vendor fair, and outreach to the public schools. Additionally, AT&T reported that it is proactively working on the challenges presented by the trial and is tracking and responding to each concern.[7]

There have also been some regulatory issues regarding IP interconnection that have been debated. Both Michigan and Massachusetts have examined whether IP interconnection agreements should be filed with the states pursuant to sections 251 and 252 of the Communications Act. The Michigan Public Service Commission reversed an arbitration panel and required AT&T to submit an IP agreement under the Act. The Massachusetts Department of Telecommunications and Cable ordered Verizon to file an IP-to-IP agreement "to determine whether the agreement is an 'Interconnection Agreement' under 47 U.S.C. § 251 requiring the document to be filed for approval in accordance with 47 U.S.C. § 252." This case is still pending.

Nationally, CLECs have requested that the FCC find that IP interconnection for voice services is governed by sections 251 and 252 of the Act. CLECs have argued that without these requirements, ILECs are free to exert their last-mile dominance to impose unfair rates. ILECs have asserted that the technology transition to IP is already occurring fairly without such requirements and therefore there is no need for regulatory action. The FCC has not yet ruled on the requests.

C. Open Internet/Net Neutrality

On January 14, 2014, the U.S. Court of Appeals for the District of Columbia struck down the anti-discrimination and anti-blocking provisions of the FCC's 2010 Open Internet Order (also known as the 2010 Net Neutrality Order) which required Internet service providers (ISPs) to treat all Internet traffic equally.[8] In *Verizon v. FCC* (case 11-1355), Verizon Communications, Inc., challenged the FCC's 2010 Open Internet Order, arguing that the FCC exceeded its jurisdiction. The 2010 Open Internet Order adopted rules that required both fixed and mobile broadband ISPs to be transparent about their service terms, service performance, and network management practices. The rules also contained anti-blocking and anti-discrimination provisions.

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[6] Ibid.
[7] Ibid.
[8] Verizon v. FCC, 740 F.3d 623 (D.C. Cir. 2014), http://www.cadc.uscourts.gov/internet/opinions.nsf/3af8b4d938cdeea685257c6000532062/$file/11-1355-1474943.pdf, accessed on July 9, 2015

The anti-blocking provisions prohibited fixed broadband ISPs from blocking lawful content applications, services, or non-harmful devices, except as required for reasonable network management. Mobile broadband ISPs were also prohibited from blocking lawful websites or applications that compete with their voice and video services. The anti-discrimination rules prohibited fixed broadband ISPs from engaging in unreasonable discrimination with respect to the transmission of Internet traffic. Examples of these behaviors would include charging companies like Google or Netflix higher fees to deliver their traffic or degrading the quality of certain content unless its creators provided additional compensation to the broadband provider.

The Court upheld the FCC's authority to regulate broadband Internet access providers' network management under Section 706 (advanced telecommunications incentives) of the Communications Act. However, it found that the anti-discrimination and anti-blocking rules that the FCC adopted were too similar to the "common carrier" (Title II) obligations and vacated them. Under Title II of the Act, traditional telecommunications carriers must treat all customers equally and cannot block, slow or discriminate among services.

The Court determined that the FCC "has reasonably interpreted section 706 to empower it to promulgate rules governing broadband providers' treatment of Internet traffic." However, even though the FCC has general authority to regulate broadband Internet providers, because the FCC "has chosen to classify broadband providers in a manner that exempts them from being treated as common carriers, the Communications Act expressly prohibits the (FCC) from regulating them as such."

On February 26, 2015, the FCC adopted further rules addressing Open Internet (or Network Neutrality).[9] These new rules were in response to the court decision in *Verizon v. FCC* that struck down the FCC's previous Open Internet rules. These new rules are guided by three principles: America's broadband networks must be fast, fair and open. The 2015 Open Internet Order (Order) establishes the FCC's legal authority by reclassification of broadband Internet access as a telecommunications service under Title II of the Communications Act.

The Order sets three "bright-line" rules of the road for behavior the FCC claims to harm the Open Internet: no blocking, no throttling, and no paid prioritization. The Order also adopts an additional, flexible standard to adress future Internet openness rules, and includes mobile broadband users.

The Order applies some key provisions of Title II, and forbears from most others. The Order ensures that some 27 provisions of Title II and over 700 regulations adopted under Title II will not apply to broadband. The Order applies fewer sections of Title II than apply to mobile voice networks.

Subsequently, several parties appealed the order and requested that implementation of the rules be stayed. On June 11, 2015, the United States Court of Appeals for the District of Columbia Circuit (D.C. Circuit) denied the United States Telecom Association's request for stay but agreed

[9] FCC, Report and Order on Remand, Declaratory Ruling, and Order, FCC 15-24, GN Docket No. 14-28, released March 12, 2015, https://apps.fcc.gov/edocs_public/attachmatch/FCC-15-24A1.pdf, accessed on May 22, 2015.

to expedite the proceeding.[10] The rules became effective on June 12, 2015. Even with an expedited process, it is expected to take several years for this case to wind its way through the courts.

D. Federal Preemption

Two recent FCC cases have brought federal preemption and the balance of state vs. federal jurisdiction to the forefront. The FCC made clear its intent to limit states' ability to set the parameters for local municipal broadband networks and intrastate inmate calling rates.

In February 2015, the FCC issued an Order preempting state laws in Tennessee and North Carolina that prevented two community broadband providers from providing broadband service.[11] The petitions were filed by the Electric Power Board, a community broadband provider in Chattanooga, Tennessee, and the City of Wilson, North Carolina. In addition to providing electric service, both operate broadband networks providing Gigabit-per-second broadband, voice, and video service.

Tennessee law allows municipal electric systems to provide telecommunications services anywhere in the state, but limits provision of Internet and cable services to the electrical system footprint. By comparison in North Carolina, the state law imposed numerous conditions that effectively precluded Wilson from expanding broadband into neighboring counties, even if requested. One condition, for example, restricted expansion into areas where the private sector delivers service at speeds as slow as 768 kilobits per second (kbps) in the faster direction. The FCC noted that this standard is a fraction of the its 25 Megabits per second (Mbps) download benchmark.

The FCC found that provisions of the laws in North Carolina and Tennessee are barriers to broadband deployment, investment and competition, and conflict with the FCC's mandate to promote these goals. The state laws had effectively prevented the cities from expanding broadband service outside their current footprints despite numerous requests from neighboring unserved and underserved communities.

On August 9, 2013, the FCC approved an order to reduce the cost on interstate long distance calls from inmate facilities.[12] The order concluded that some interstate inmate calling service rates are not just and fair. The order required interstate rates to be cost-based. The rates may include security costs and a reasonable return. While the FCC encouraged states to make similar changes to intrastate rates, the FCC also sought comments for legal bases to compel reform of intrastate inmate calling service rates. Other reforms implemented in the order included:

[10] Order, U.S. Telecom Ass'n v. FCC (D.C. Cir. Jun. 11, 2015), https://www.fcc.gov/document/court-order-denying-stay-usta-v-fcc-usa-dc-cir, accessed on July 9, 2015.
[11] FCC, Memorandum Opinion and Order, WC Docket Nos. 14-115 and 14-116, FCC 15-25, released March 12, 2015, https://apps.fcc.gov/edocs_public/attachmatch/FCC-15-25A1.pdf, accessed on May 22, 2015.
[12] FCC, Report and Order and Further Notice of Proposed Rulemaking, WC Docket No. 12-375, FCC 13-113, released September 26, 2013, http://fjallfoss.fcc.gov/edocs_public/attachmatch/FCC-13-113A1.pdf, accessed on May 14, 2015.

- Setting an interim rate-caps based on data submitted by providers
- Adopting a debit/pre-paid calling cap of $0.21 per minute
- Presumption that rates that will be cost based (rebuttable/challengeable) for debit/prepaid cards calls - at or below $0.12/min and for collect-at or below $0.14/min

The D.C. Circuit however issued an Order on January 13, 2014 that stays portions of the FCC's inmate calling rule.[13] The rules that were stayed included rules that required cost-based rates, established an interim safe harbor, and required annual reporting and certification. This case is still pending.

On October 22, 2014, the FCC issued its Second Further Notice of Proposed Rulemaking on inmate calling services.[14] This notice did not order or implement any new rules, but did make several tentative conclusions and sought comment on a wide variety of topics and alternatives regarding interstate and intrastate ICS. The items the FCC sought comment on included the following:

- Prohibiting site commissions as a category for all interstate and intrastate services but permitting facilities to recover any legitimate costs of provisioning inmate calling services
- Permanent rate caps on local, intrastate and interstate calling
- Capping and restricting ancillary fees, such as fees to open and maintain calling card accounts
- Ensuring that inmate calling services are accessible for all Americans, including inmates and families with disabilities
- Effective methods of enforcing inmate calling rate rules and reviewing their effect

These two decisions could have an impact on Florida policymakers. Florida has a municipal broadband statute which some may interpret as restrictive and possibly seek FCC preemption. Also, while Florida's current state-level contracts for inmate calling services include rates below the FCC's proposed caps, several local confinement facilities (such as some county jails) do not. FCC preemption in this area may affect confinement facilities' ability to set their own inmate calling rates.

E. Universal Service Reform

The FCC is also in the process of reforming and expanding the Federal Universal Service Fund. The individual programs are discussed in Chapter VIII. It is important to note here that the reforms have already increased the size of the fund and have the potential to increase it further. Floridians contribute about two dollars for every dollar they receive in benefits from the fund, so an expanding Federal Universal Service Fund as it is currently structured will result in Florida consumers paying twice the additional cost they receive in added benefits.

[13] Order, Securus Technologies, Inc. v. FCC (D.C. Cir. Jan. 13, 2014), https://www.fcc.gov/document/securus-stay-order, accessed on July 9, 2015.
[14] FCC, Second Further Notice of Proposed Rulemaking, , WC Docket No. 12-375, https://www.fcc.gov/document/fcc-continues-push-rein-high-cost-inmate-calling-0, issued October 22, 2014, accessed on May 14, 2015.

F. Communications Act Rewrite

While all of these issues have been flowing through the states and the FCC at differing paces, there has been renewed interest in Congressional intervention. On December 3, 2013, House Energy and Commerce Committee Chairman Fred Upton (R-MI) and Communications and Technology Subcommittee Chairman Greg Walden (R-OR) announced plans for the Committee to examine and update the Communications Act.[15] The plan was to begin the multi-year process through a series of white papers that would solicit public input. These papers would be followed with a bill sometime in 2015.

The Committee has published six separate white papers, entitled:

- Modernizing the Communications Act
- Modernizing U.S. Spectrum Policy
- Competition Policy and the Role of the Federal Communications Commission
- Network Interconnection
- Universal Service Policy and the Role of the Federal Communications Commission
- Regulation of the Market for Video Content and Distribution

While the white papers have collectively generated nearly 600 responses from industry, academia, and other interested parties, no bill has yet been introduced. It is not anticipated that a comprehensive bill will be considered before the end of 2016. With the comprehensive rewrite at an impasse, many bills have been introduced to address telecommunications issues and the structure of the FCC. The bills cover a number of topics such as taxation of the Internet and process reform. The bills show the significant activity currently surrounding the telecommunications market.

The combination of the proceedings described in this chapter will likely have a significant impact on Florida. It is not anticipated that any of these issues will be resolved before the next publication of this report; they will likely take several years to complete and litigate. However, the core issues discussed here will form the basis of the telecommunications markets for the next generation.

[15]Press Release, Upton and Walden Announce Plans to Update the Communications Act, http://energycommerce.house.gov/press-release/upton-and-walden-announce-plans-update-communications-act, released December 3, 2013, accessed on June 11, 2015.

Chapter III. Wireline Market Overview

A. Economy

According to the U.S. Commerce Department, the national economy continued to recover at a slightly faster pace in 2014 compared to 2013. Gross Domestic Product, the best measure of overall economic activity, grew by 2.4 percent in 2014, compared to an increase of 2.2 percent in 2013.[16] Corporate profits were down 0.8 percent, compared to a 4.2 percent increase the previous year. Profits of domestic financial corporations decreased, while profits of domestic nonfinancial corporations increased.[17] Unemployment figures continued their slow and steady drop in 2014, starting at 6.6 percent in January and finishing the year at 5.6 percent.[18] The Consumer Price Index rose 1.6 percent in 2014, compared to a 1.5 percent increase in 2013.[19]

In 2014, Florida's economic growth remained positive for the fourth consecutive year. The state's gross domestic product ranked Florida eleventh in the nation in real growth with a gain of 2.7 percent.[20] Florida's personal income grew 4.6 percent in 2014 over 2013, also ranking Florida eleventh in the country with respect to state personal income growth. The national average was 2.2 percent.[21]

The unemployment rate in Florida closely tracked the national average throughout 2014. Florida's unemployment rate continued to show consistent improvement during each month, falling from a high of 6.5 percent in January to a low of 5.7 percent in December.[22]

With the unemployment picture continuing to improve, but still above the period immediately preceding 2008, along with moderate economic growth during 2014, it is likely that Florida consumers are easing slightly on their discretionary expenditures. Increased competition from CLECs and the continued mass migration from wireline to wireless and cable/Voice over Internet Protocol (VoIP) services are likely the primary contributing factors to Florida ILECs losing approximately 480,000 access lines. This represents about 14 percent decline of the ILEC wireline market in 2014.[23] By comparison, competitive wireline carriers (CLECs) lost approximately 289,000 access lines in 2014, a decline of 25 percent.

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[16] U.S. Department of Commerce, Bureau of Economic Analysis, "Gross Domestic Product, Fourth Quarter and Annual 2014 (Third Estimate), Corporate Profits, Fourth Quarter and Annual 2014," released March 27, 2015, http://www.bea.gov/newsreleases/national/gdp/2015/pdf/gdp4q14_3rd.pdf, accessed on June 11, 2015, Table 7.

[17] Id., Table 11.

[18] U.S. Department of Labor, Bureau of Labor Statistics, "Labor Force Statistics from the Current Population Survey," http://data.bls.gov/timeseries/LNS14000000, accessed on June 11, 2015.

[19] U.S. Department of Labor, Bureau of Labor Statistics, "CPI Detailed Report: Data for December 2014," http://www.bls.gov/cpi/cpid1404 .pdf, accessed on June 11, 2015, Table 24.

[20] U.S. Department of Commerce, Bureau of Economic Analysis, "News Release: Advance 2014 and Revised 1997–2013 Statistics of GDP by State," released June 10, 2015, https://www.bea.gov/newsreleases/regional/gdp_state/2015/pdf/gsp0615.pdf, Table 1, accessed on June 11, 2015.

[21] U.S. Department of Commerce, Bureau of Economic Analysis, "News Release: State Personal Income," released March 25, 2015, http://www.bea.gov/newsreleases/regional/spi/2015/pdf/spi0315.pdf, accessed on June 11, 2015.

[22] U.S. Department of Commerce, Bureau of Labor Statistics, "Local Area Unemployment Statistics," http://data.bls.gov/timeseries/LASST120000000000003?data_tool=XGtable, accessed on June 11, 2015.

[23] Responses to FPSC Local Competition Data Request for 2014 and 2015.

B. Incumbent Carriers

AT&T, CenturyLink, and Verizon are the three largest ILECs in Florida providing wireline services.[24] These providers continued to face access line losses in the national wireline market in 2014. While their traditional wireline access line counts fell, both AT&T and Verizon experienced increased wireless subscriptions as well as subscriptions to digital voice services provided over VoIP as consumers transitioned from traditional circuit switched services.

In 2014, AT&T reported losses of 4.7 million switched access lines nationwide (or 19.2 percent) from the prior year.[25] This represents about the same number of wirelines lost in 2013. AT&T attributes the access line declines to economic pressures and increased competition. Customers have disconnected traditional landline services, or switched to alternative technologies, such as wireless and VoIP. AT&T's strategy continues to be to offset these line losses by marketing its wireless products as well as increasing revenues from customer connections for data and video.[26] For 2014, AT&T's total operating revenues increased by $3.7 billion despite their wireline access line losses.[27] The increase in operating revenue was primarily the result of increases in wireless equipment revenues, reflecting the increasing percentage of wireless subscribers choosing smartphones. AT&T capitalized on its opportunity to increase its wireless segment revenues for customers that choose AT&T Mobility as an alternative provider. In Florida, AT&T's wireline residential access lines decreased by 24 percent and business access lines decreased 14 percent for 2014.[28]

Verizon also lost switched access lines nationally while experiencing an increase in operating revenue of $6.5 billion.[29] Verizon reported a decline of 1.3 million in total voice connections (or 6.1 percent) in 2014. Total voice connections include traditional wireline access lines as well as FiOS digital voice connections. This represents a slower rate of loss than in 2013 when Verizon lost 6.3 percent of its total voice connections. By comparison, Verizon reported growth of 9 and 7 percent in its FiOS Internet and video services from last year, respectively.[30] In Florida, Verizon experienced wireline reductions of 16 percent in residential access lines and 8 percent in business access lines in 2014.[31]

While currently the third largest wireline telecommunications company in the U.S., CenturyLink continued to experience declines in its traditional wireline access lines from 2013 (from 13.0 million in 2013 to 12.4 million in 2014).[32] This represents an approximately 4.4 percent loss of CenturyLink's access lines nationwide. By comparison, CenturyLink experienced a 1.6 percent increase in broadband subscribers. By the end of 2014, CenturyLink's operating revenues

[24] AT&T and Verizon are also the largest wireless carriers nationwide and increased subscribership by 10.2 million and 10.8 million, respectively; according to their 2014 Form 10-K reports (exhibit 13).
[25] AT&T Inc., Form 10-K, December 31, 2014, Exhibit 13, p. 1, http://www.sec.gov/Archives/edgar/data/732717/000073271715000016/ex13.htm, accessed on May18, 2015.
[26] Ibid., pp 14-17.
[27] Ibid., page 1.
[28] Responses to Local Competition Data Request for 2014 and 2015.
[29] Verizon, Form 10-K, December 31, 2013, Exhibit 13, http://www.sec.gov/Archives/edgar/data/732712/000119312515057710/d820819dex13.htm, accessed on May 18, 2015.
[30] Ibid.
[31] Responses to Local Competition Data Request for 2014 and 2015.
[32] CenturyLink Form 10-K, December 31, 2013, http://www.sec.gov/Archives/edgar/data/18926/000001892615000008/ctl-2014123110k.htm,, p. 4, accessed on May 18, 2015.

decreased $64 million, or 0.4 percent from 2013. CenturyLink's wireline access line loss in Florida was 4 and 8 percent for the residential and business sectors respectively for 2014.[33]

The seven remaining smaller Florida carriers also experienced contraction in the number of switched access lines in their respective wireline service areas. Rural carriers in Florida saw their total access lines fall by approximately eleven percent in 2014.[34] Most of these declines were related to declines in business lines relating to one company, Smart City. Smart City reported that it had changed how its data is being processed for the FCC's form 477 and it had not seen a significant change in customers. A review of the company's regulatory assessment fees, which is based on the carrier's telecommunications revenues, supports the assertion that it experienced little change from the prior year (about 2.4 percent). A representative from Smart City indicated that it would be looking closer at its reporting methodology.

In Florida, Windstream is the largest of the "rural" ILECs and operates in northeast Florida. Nationally, Windstream has 1.6 million consumer voice lines in service.[35] In the first quarter of 2015, Windstream completed the spin-off of copper and fiber network assets into a separate real estate investment trust.[36] The trust will lease use of the assets to Windstream through an exclusive long-term lease. According to Windstream, the tax-free spin-off should provide financial flexibility by lowering long-term debt and potentially allowing Windstream to accelerate broadband investments, transition faster to an IP network or pursue additional growth opportunities. Windstream has committed to the FCC to make 10 Mbps Internet available to at least 80% of its customer base by 2018.[37]

Even with the decline in wireline access lines, wireline telecommunications carriers continue to play a role with an evolving telecommunications market. For example, wireless carriers continue to be dependent on the wireline network. The majority of wireless call transport occurs over the wireline network, not over wireless facilities, a function commonly referred to as "backhaul." While the economic sustainability of the wireline network appears to be tenuous as access lines continue to decline, it remains a crucial element in the mix of communications technologies.

C. Mergers/Acquisitions

Approval of merger and acquisition petitions for telecommunications carriers peaked nationally in 2006 with more than 90 communications companies consolidating their operations.[38] By comparison, 54 mergers and acquisitions occurred in 2014.[39] This figure represents an increase

[33] Responses to FPSC Local Competition Data Request for 2014 and 2015.
[34] Ibid.
[35] Windstream, 10-K, December 31, 2014, http://www.sec.gov/Archives/edgar/data/1282266/000128226615000010/a201410k.htm , p. F-6, accessed on May 21, 2015.
[36] Windstream News Release, Windstream Completes Tax-Free Spinoff of CS&L, released April 24, 2015, http://abea-43pvyw.client.shareholder.com/investors/releasedetail.cfm?ReleaseID=908571 , accessed on May 21, 2015.
[37] Windstream, 8-K, July 29, 2014, http://investor.windstream.com/investors/secfiling.cfm?filingid=1282266-14-39&cik=1282266, accessed on May 21, 2015.
[38] FCC, "2006 Completed Domestic Section 214 Transfer of Control Transactions," http://www.fcc.gov/wcb/cpd/214Transfer/214completed2006.html, accessed on May 5, 2015.
[39] FCC, "2014 Completed Domestic Section 214 Transfer of Control Transactions," http://www.fcc.gov/encyclopedia/2014-completed-domestic-section-214-transfer-control-transactions, accessed on May 5, 2015.

of 13 percent from the previous year. Recent transactions of interest to Florida are described below.

1. Frontier/Verizon

Frontier Communications and Verizon Communications have filed a series of applications with the FCC seeking approval for the transfer of control to Frontier of Verizon's landline licenses and authorizations in California, Florida, and Texas.[40] Frontier provides telecommunications and broadband services to approximately 4 million customers in 28 states in predominantly rural areas and small and medium sized cities. Verizon, a nationwide telecommunications company, has approximately 3.7 million voice connections, 2.2 million broadband (DSL and FiOS) connections, and 1.2 million FiOS video connections in California, Florida and Texas, which Frontier will acquire if the applications are approved. Subject to regulatory approval, the transaction is expected to close in the first half of 2016.[41]

2. Level 3/tw telecom

Level 3 Communications announced it completed its acquisition of tw telecom in October 2014. The combined company owns 200,000 miles of fiber-optic network that connects more than 50,000 business customers worldwide.[42] It boasts that eight out of the largest ten U.S. banks and six of the world's top ten financial exchanges use its services.[43] As a result of the acquisition, Level 3 becomes one of the larger competitive carriers in the Florida market place.

3. Comcast/Time Warner Cable

Comcast and Time Warner Cable announced their planned merger in the first quarter of 2014. The Federal Communications Commission (FCC) and the Department of Justice began their formal regulatory approval process of this transaction. Consumers expressed opposition to the merger, noting that Comcast has raised its basic cable rates in some of its markets by nearly 70 percent.[44] In general, consumer groups argue that the cable and broadband markets will not be as competitive as they should be and this merger will continue to consolidate market power. After mounting pressure to forestall the merger, Comcast and Time Warner Cable filed a letter on April 24, 2015 with the FCC announcing that they had terminated their merger plan and requested the FCC close its docket.[45]

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[40] Application for Consent to Partially Assign and Transfer Control of Domestic and International Authorizations Pursuant to Section 214 of the Communications Act of 1934, As Amended by Verizon Communications and Frontier Communications, http://apps.fcc.gov/ecfs/document/view?id=60001034031, filed on February 24, 2015, accessed on May 5, 2015.

[41] Frontier Communications, Press Release, "Frontier Communications to Acquire Verizon's Wireline Operations in California, Florida and Texas, Doubling Frontier's Size and Driving Shareholder Value," released February 5, 2015, http://investor.frontier.com/releasedetail.cfm?ReleaseID=895055, accessed on June 16, 2015.

[42] Level 3 Completes Acquisition of tw telecom, http://level3.mediaroom.com/2014-10-31-Level-3-Completes-Acquisition-of-tw-telecom, released October 31, 2014, accessed on May 5, 2015.

[43] Level 3 Financial Service Solutions, http://www.level3.com/en/solutions/financial-services/, accessed on May 5, 2015.

[44] Free Press, et al, Comments in Opposition, http://apps.fcc.gov/ecfs/document/view?id=7521097394, filed April 8, 2014, accessed on May 5, 2015.

[45] FCC, Order, DA 15-511, https://www.fcc.gov/document/comcast-time-warner-cable-charter-merger-docket-closed, released April 29, 2015, accessed on May 5, 2015.

4. Charter Communications / Time Warner Cable / Bright House Networks

On May 26, 2015, Charter Communications and Time Warner Cable announced that they had entered into an agreement for Charter to merge with Time Warner Cable.[46] In addition, Charter and Bright House Networks announced that the two companies had amended the agreement which the parties announced on March 31, 2015. The amendment addressed that the New Charter will own between approximately 86 to 87 percent of the consolidated companies. The combined companies will provide video, broadband services, and voice services to 23.9 million customers in 41 states, including Florida.[47] The combined New Charter's size would continue to be less than that of Comcast. By way of comparison in 2014, Comcast had 22 million broadband consumers, while the New Charter would have approximately 19.4 million broadband customers. The three companies expect to close the announced transactions by the end of 2015.[48]

5. AT&T / DirecTV

On May 18, 2014, AT&T and DirecTV announced they had entered into a definitive agreement under which AT&T will acquire DirecTV.[49] The merger is subject to approval by DirecTV shareholders and review by the FCC, the Department of Justice, a few states and some Latin American countries. AT&T already markets DirecTV's satellite video service to customers where its own U-verse video offering is not available. It is expected that this merger would give the combined company greater leverage in negotiations with content providers. In March 2015, the FCC issued a public notice stopping its 180-day review clock while the availability of confidential material is decided by the D.C. Circuit Court of Appeals.[50] As a result, it is not clear when this acquisition will be finalized.

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[46] Charter Communications, Press Release released May 26, 2015, http://phx.corporate-ir.net/External.File?item=UGFyZW50SUQ9Mjg4NDc2fENoaWxkSUQ9LTF8VHlwZT0z&t=1, accessed on June 16, 2015.

[47] Charter Communications, Charter Merger Presentation, released May 26, 2015, http://phx.corporate-ir.net/External.File?item=UGFyZW50SUQ9Mjg4NDc3fENoaWxkSUQ9LTF8VHlwZT0z&t=1, accessed on June 16, 2015.

[48] Time Warner Cable, Charter Communications to Merge with Time Warner Cable and Acquire Bright House Networks, released May 26, 2015, http://ir.timewarnercable.com/investor-relations/investor-news/financial-release-details/2015/Charter-Communications-to-Merge-with-Time-Warner-Cable-and-Acquire-Bright-House-Networks/default.aspx, accessed on June 16, 2015.

[49] AT&T, "AT&T to Acquire DIRECTTV," http://about.att.com/story/att_to_acquire_directv.html, released May 18, 2014, accessed on May 5, 2015.

[50] FCC, Public Notice, DA 15-327, https://www.fcc.gov/document/mb-issues-public-notice-pausing-180-day-clock, released March 13, 2015, accessed on May 5, 2015.

Chapter IV. Status of Wireline Competition in Florida

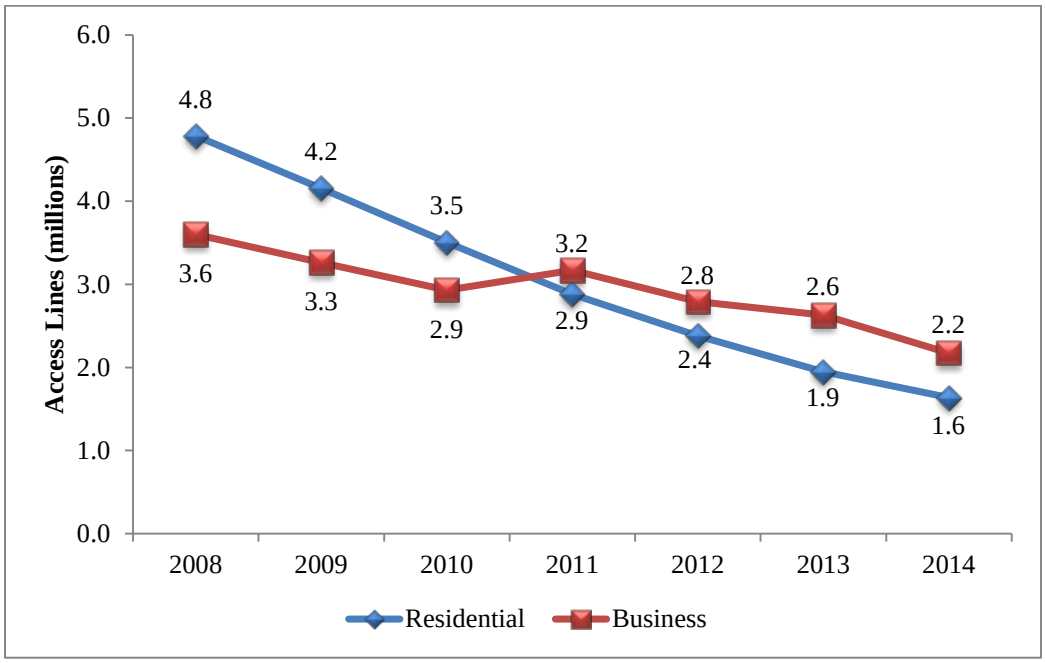
A. Wireline Trends in Florida

During 2014, total traditional wireline access lines for ILECs and CLECs combined declined 17 percent, to 3.8 million as of December 2014, from 4.5 million in December 2013. VoIP lines reported by CLECs and cable companies are not included in wireline CLEC market share analyses. Unlike last year, most of the lost access lines resulted from lower demand by business customers.

Residential access lines, which totaled 1.6 million as of 2014, fell by 16 percent from the previous year. From 2004 through 2014, wireline residential access lines have declined by 78 percent, or about 6 million lines. By comparison, total wireline business access lines for ILECs and CLECs were 2.2 million, a decrease of 17 percent from 2013 to 2014.

The net decrease was comprised of a decrease of 184,000 ILEC business lines and a decrease of 272,000 CLEC business access lines. Of the incumbent carriers, AT&T and CenturyLink experienced the largest business line losses of about 130,000 and 24,000 business lines from last year, respectively. Historical data from 2011 through 2013 were corrected for CLEC business line data misreported to the FCC and FPSC. Figure 3-1 illustrates the overall trend in Florida for both residential and business lines (and does not include VoIP connections). Based on the revised data, both residential and business lines appear to be declining at a similar rate.

Figure 3-1
Florida Wireline Access Line Trends



Source: Responses to FPSC data requests (2009-2015)

B. Wireline Market Mix, Market Share, and Access Lines

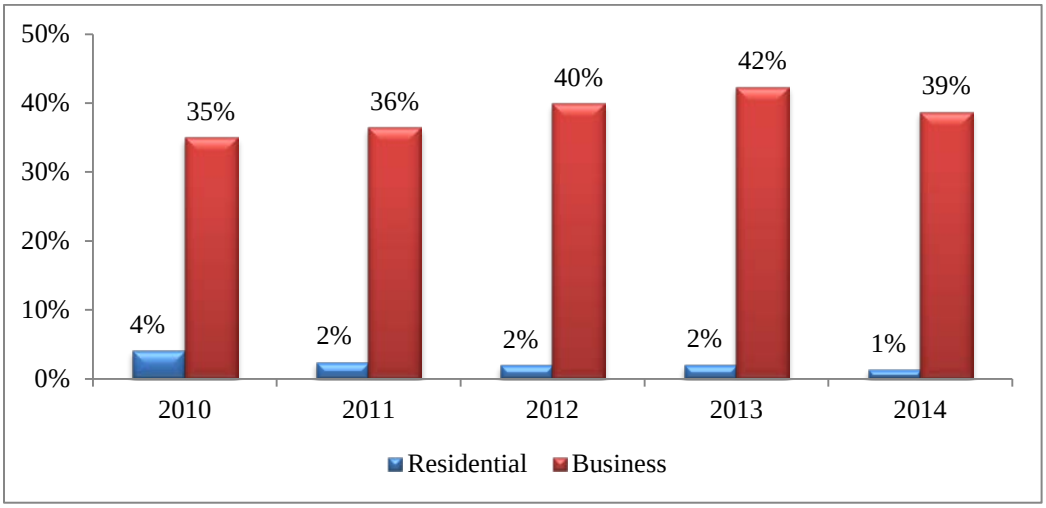
1. Market Mix

The composition of customers served by ILECs and CLECs has shifted over time. In general, both ILECs and CLECs have seen increased concentration of business customers as residential customers migrate to wireless and VoIP services. The business-to-residential customer mix for ILECs was about 30 percent business and 70 percent residential in 2004. By 2014, the mix for ILECs was 45 percent business and 55 percent residential. By comparison, the business to residential customer mix for CLECs was about 63 percent business and 37 percent residential in 2004. The CLEC customer mix has seen significant changes since then. In 2014, the business-to-residential customer mix was 98 percent business and 2 percent residential.

2. Market Share

CLECs have traditionally focused on business customers. Figure 3-2 illustrates the CLEC market share by business and residential customer classes. The inverse of this percentage would be market share for the ILECs in Florida. Overall, the CLEC residential market share has remained at about 2 percent over the last four years, while ILECs retain 98 percent of the residential wireline market. This percentage excludes VoIP services, which cable companies have made significant inroads into over the past several years. The CLEC business market share, however, has begun to experience similar declines to that of the residential market. Last year's report noted that for the first time the CLEC's market share of business lines was greater than that of ILEC's. The revisions to historical data recast the success of the CLEC business market in Florida. Based on the revised data it appears that CLECs had only captured 42 percent of the wireline business market in Florida and have experienced declines in that shrinking market.

Figure 3-2
Florida Residential & Business CLEC Market Share



Source: Responses to FPSC data requests (2011-2015)

The FCC also reports CLEC market share by state and for residential and business lines. For December 2013, the FCC reported that CLECs have 49 percent of the total residential market

share and 51 percent of the business market share; however, these percentages include VoIP subscriber lines.[51]

The inclusion of VoIP subscriber lines accounts for the majority of the difference in market share totals calculated by the FPSC compared to those reported by the FCC for 2013.[52] Specifically, removing the associated VoIP lines from the FCC's market data results in a CLEC residential and business market share of 2 percent and 44 percent, respectively. This compares favorably with the data based on the FPSC's data collection in Figure 3-2.

3. Access Lines

Local exchange companies were serving approximately 3.8 million lines in Florida as of December 31, 2014, a decline of 17 percent from 2013. The first time that total (ILEC and CLEC) business access lines exceed total ILEC and CLEC residential access lines was in 2011. The gap between the number of residential and business access lines has become relatively stable since then as illustrated in Table 3-1 and Figure 3-1.

In 2014, residential access lines provided by ILECs decreased by 15 percent, while ILEC business lines declined by 12 percent. Most of the business line losses were experienced by AT&T with declines of 14 percent from last year. While the rural ILECs also experienced business line losses, one carrier's reported losses significantly eclipsed all other carriers' losses from last year as noted in Chapter III.

After removing the one outlier's data from the rest of the rural ILEC data, the percent decline for 2014 was 4.7 percent. This compares to only a 2.2 percent decline from the prior year for rural ILECs. CLEC business access lines, however, saw a decrease by approximately 272,000 from 2013 to 2014, a loss of 24 percent. Based on revised data, CLEC business lines also experienced a decline of 19 percent from 2012 to 2013.

Table 3-1
Florida Wireline Access Line Comparison[53]

	2012			2013			2014			Change from 2013
	Res	**Bus**	**Total**	**Res**	**Bus**	**Total**	**Res**	**Bus**	**Total**	
ILECs	2,334,184	1,675,328	4,009,512	1,909,401	1,515,261	3,424,662	1,613,516	1,331,481	2,944,997	(14%)
CLECs	44,667	1,378,547	1,425,214	38,711	1,113,762	1,152,473	21,651	841,880	863,531	(25%)
Total	2,380,851	3,053,875	5,434,726	1,948,112	2,629,023	4,577,135	1,635,167	2,173,361	3,808,528	(17%)

Source: Responses to FPSC data requests (2013-2015)

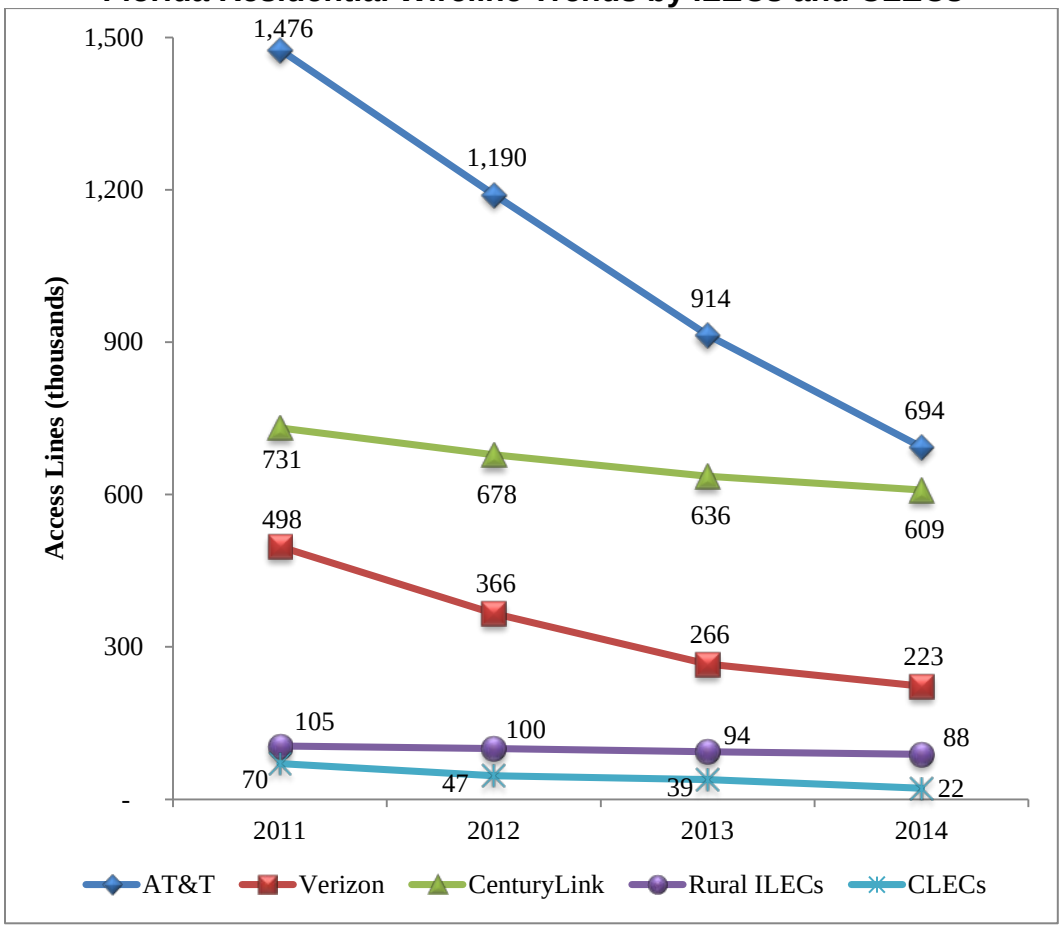
[51] FCC, "Local Telephone Competition: Status as of December 31, 2013," released October, 16 2014, https://apps.fcc.gov/edocs_public/attachmatch/DOC-329975A1.pdf, Tables 10 and 11, accessed on June 8, 2015.
[52] Ibid.
[53] Data for 2012 corrected for error in CLEC residential calculation.

C. Competitive Market Trends

1. Residential Wireline Access Line Trends

Figure 3-3 displays the wireline residential access line trends separately for AT&T, Verizon, CenturyLink, the rural aggregate ILECs, and aggregate CLECs. All but one ILEC and the CLECs in aggregate reported a decline in residential access lines from December 2013 to December 2014. The one rural ILEC that did report an actual residential access line gain experienced a gain of about 1 percent.

Figure 3-3
Florida Residential Wireline Trends by ILECs and CLECs



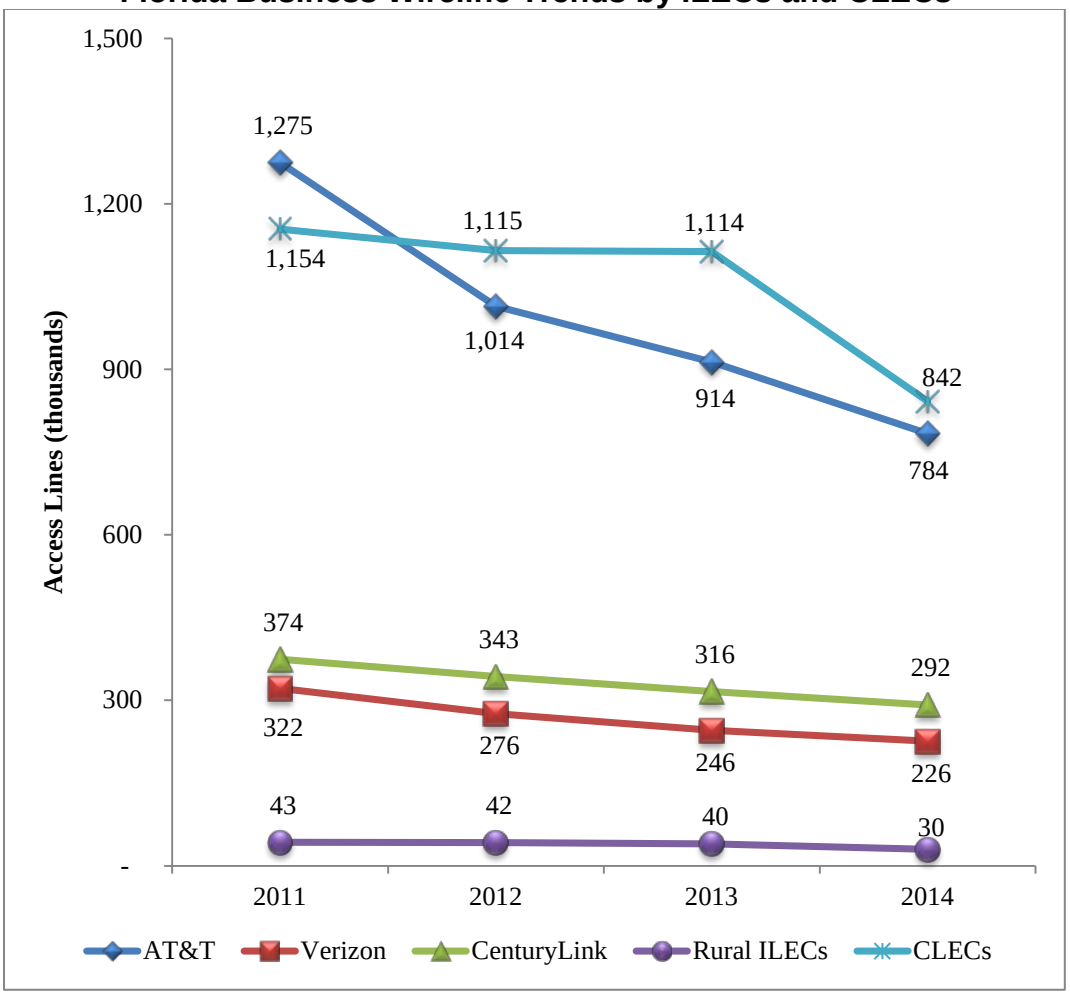
Source: Responses to FPSC data requests (2012-2015)

Residential access lines declined for Verizon and CenturyLink at a slower rate than last year. By comparison, AT&T experienced a slight increase in the rate of residential access line loss for the last two years. CLECs also faced residential access lines decline in 2014, significantly higher than that of the last two years at over forty percent.

2. Business Wireline Access Line Trends

Figure 3-4 displays the business wireline trends for AT&T, Verizon, CenturyLink, the aggregate rural ILECs, and aggregate CLECs. Both ILECs and CLECs business access lines are trending downward. CLEC business access lines have been revised significantly from last year's report. Most of these changes are the result from reporting errors from a relatively few large CLECs. For 2014, AT&T and Verizon continue to have about a 50 percent split between residential lines and business lines as it did in 2013.

Figure 3-4
Florida Business Wireline Trends by ILECs and CLECs



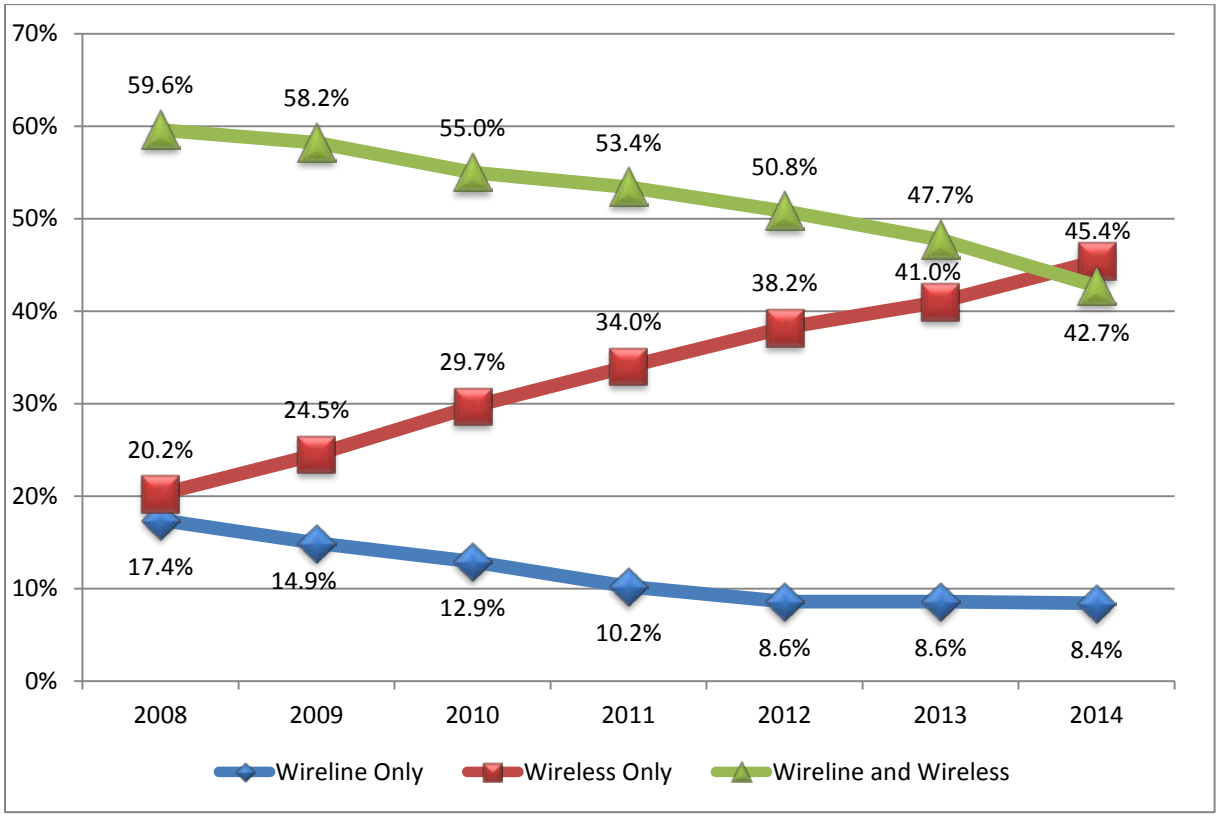
Source: Responses to FPSC data requests (2012-2015)

Chapter V. Wireless, VoIP, and Broadband

A. Wireless

Subscribership to wireless devices continues to grow throughout the United States. According to CTIA – The Wireless Association (CTIA), wireless penetration in the U.S. now exceeds 110 percent of the U.S. population, thus implying that some consumers own more than one device.[54] Figure 4-1 shows national trends in the percentage of households with wireless only, wireline only, and dual household usage. In 2014, 45.4 percent of Americans lived in wireless-only homes, up 4.4 percent from 41.0 percent in 2013.[55] During the same period, the percentage of households with both wireline and wireless service declined 5.0 percent, to 42.7 percent.[56]

Figure 4-1
U.S. Wireless Substitution Rates



Source: United States Centers for Disease Control and Prevention

[54] CTIA-The Wireless Association, Survey Shows Americans Used 26 Percent More Wireless Data in 2014, released June 17, 2015, http://www.ctia.org/resource-library/press-releases/archive/ctia-survey-shows-americans-used-26-percent-more-wireless-data-in-2014, accessed on June 18, 2015.

[55] Stephen J. Blumberg, Ph.D., Julian V. Luke, "Wireless substitution: Early release of estimates from the National Health Interview Survey, July–December 2014. National Center for Health Statistics, Centers for Disease Control and Prevention, released June 2015, http://www.cdc.gov/nchs/nhis/releases.htm#wireless, accessed on June 23, 2015.

[56] Ibid

By the end of 2014, wireless only households surpassed the number of households with both wireline and wireless service for the first time.[57] Poor indoor reception may be a reason some households are not unsubscribing their home landlines as a recent study may suggest.[58] Among households with both landline and wireless telephones, 34.8 percent received all or almost all calls on wireless telephones.[59] These wireless-mostly households make up 14.9 percent of all U.S. households in 2014.[60]

In 2014, most demographic groups have seen a slight increase in wireless usage and subscribership.[61] More than two-thirds of adults between the ages of 25 to 34 live in households with only wireless telephones.[62] The percentage of wireless only households decreased as age increased.

1. Devices, Networks, and Usage

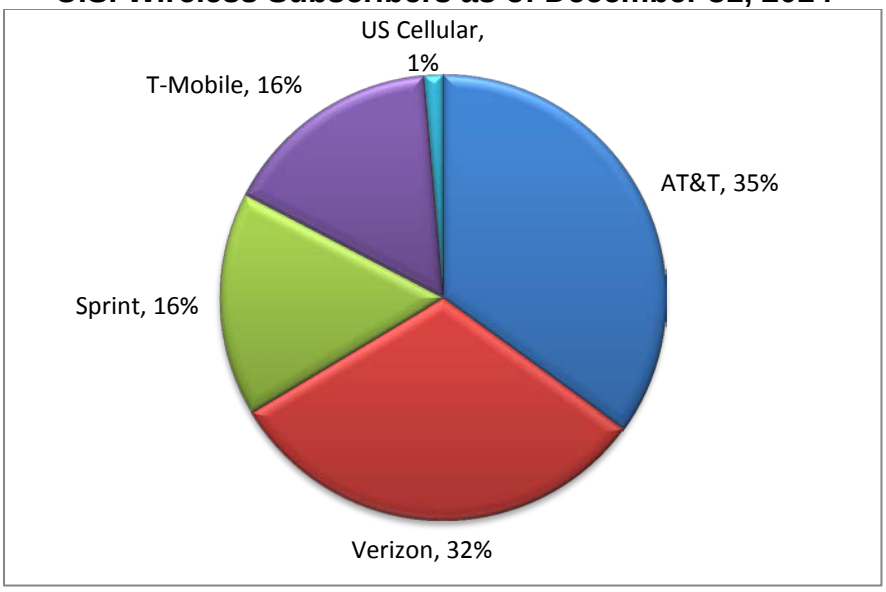
Since 2009, U.S. smartphone ownership has grown about 10 percentage points every year. By the end of 2014, it reached 75 percent of wireless users.[63] At the same time, ComScore reported modest evidence of deceleration in further smartphone ownership.[64] This could suggest a saturation point. Among equipment manufacturers, Apple and Samsung remain the leaders maintaining 41.6 percent and 29.7 percent of the market share, respectively.[65]

To meet the increase in demand for mobile services, wireless carriers invested more than $32 billion into the U.S. economy in 2014 capital expenditures.[66] Among wireless network providers, AT&T Mobility (120.5 million subscribers)[67], Verizon Wireless (108.2 million subscribers)[68], Sprint Corporation (55.9 million subscribers)[69], and T-Mobile US (55.0 million subscribers)[70] are the four largest wireless service providers in the United States. Figure 4-2 shows the relative market share of the top five providers. AT&T increased its dominance of the wireless market in

[57] Ibid.
[58] Burger, Andrew "Report: Poor Indoor Cellphone Reception Keeps Landlines Alive," January 7, 2014, available from http://www.telecompetitor.com/report-poor-indoor-cellphone-reception-keeps-landlines-alive/, accessed on May 12, 2015.
[59] Stephen J. Blumberg, Ph.D., Julian V. Luke, "Wireless substitution: Early release of estimates from the National Health Interview Survey, January–June 2014. National Center for Health Statistics, Centers for Disease Control and Prevention, released June 2015, http://www.cdc.gov/nchs/nhis/releases.htm#wireless, accessed on June 23, 2015.
[60] Ibid.
[61] Ibid.
[62] Ibid.
[63] ComScore, "2015 U.S. Digital Future in Focus," March 26, 2015, http://www.comscore.com/USFutureinFocus2015, accessed on May 8, 2015, p. 8.
[64] Ibid, p. 8.
[65] Ibid, p. 9.
[66] CTIA-The Wireless Association, Survey Shows Americans Used 26 Percent More Wireless Data in 2014, released June 17, 2015, http://www.ctia.org/resource-library/press-releases/archive/ctia-survey-shows-americans-used-26-percent-more-wireless-data-in-2014, accessed on June 18, 2015.
[67] AT&T Financial & Operational Results, April 22, 2015, http://www.att.com/Investor/Earnings/1q15/master_1q15.pdf, accessed on May 11, 2015, p. 8.
[68] Verizon Financial and Operating Information as of March 31, 2015, http://www.verizon.com/about/file/6673/download?token=PPM1owZM, accessed on May 11, 2015, p. 13.
[69] Sprint Quarterly Investor Update, Fiscal 4Q14, May 5, 2015, http://investors.sprint.com/Cache/1500071434.PDF, accessed on May 11, 2015, p. 13.
[70] T-Mobile 1st Quarter 2015 Financial Results, http://investor.t-mobile.com/file.aspx?iid=4091145&fid=1001197522, accessed on May 11, 2015, p. 3.

2014 (35 percent), while Verizon market share declined slightly (32 percent). By comparison, Verizon served more of the wireless market (35 percent) last year, than AT&T (32 percent).

Figure 4-2
U.S. Wireless Subscribers as of December 31, 2014



Source: Individual Company Quarterly/Annual Reports

For 2014, the Pew Research Internet Project reported on predominant smartphone activities in the U.S. [71] According to its data, 97 percent of respondents reported using their smartphones to send or receive text messages. Ninety-three percent of respondents use their phone to make and receive voice or video calls. Eighty-eight percent of respondents also indicate that they use their phone to send or receive email. By comparison, 89 percent use their phone to access the Internet. Approximately 41 percent of respondents also use their phone to download software applications, get directions, or to listen to music. In terms of aggregate use of wireless data, CTIA – The Wireless Association reports that consumers used 26 percent more data in 2014 than in the preceding year.[72]

2. Florida Trends

Florida's total population grew from an estimated 19,552,860 at the end of 2013 to 19,893,297 by the end of 2014.[73] By comparison, the number of wireless subscribers in Florida reached a total of 18,985,000 by the end of 2013.[74] This means that there are nearly as many wireless handsets in Florida as there are people.

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[71] Pew Research Center, April, 2015, "The Smartphone Difference" Available at: http://www.pewinternet.org/2015/04/01/us-smartphone-use-in-2015/, Page 8, accessed on May 11, 2015.

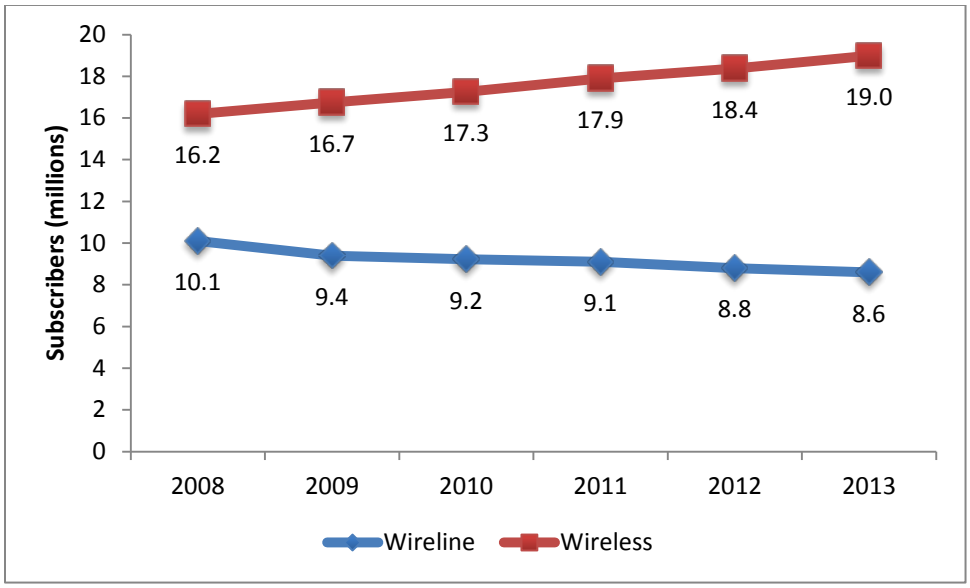
[72] CTIA-The Wireless Association, Survey Shows Americans Used 26 Percent More Wireless Data in 2014, released June 17, 2015, http://www.ctia.org/resource-library/press-releases/archive/ctia-survey-shows-americans-used-26-percent-more-wireless-data-in-2014, accessed on June 18, 2015.

[73] Florida QuickFacts from the US Census Bureau: http://quickfacts.census.gov/qfd/states/12000.html, accessed on May 8, 2015.

[74] FCC, "Local Telephone Competition: Status as of December 31, 2013", released October 2014, Table 18, https://apps.fcc.gov/edocs_public/attachmatch/DOC-329975A1.pdf, accessed on May 8, 2015.

Florida-specific data for wireless ownership is not available for 2014; however if previous trends continue, Florida will likely see a decline in wireline ownership and a corresponding increase in wireless subscribership. Between 2010 and 2013, Florida's adoption rate of wireless handsets tracked the national trend. There is no reason to believe the substitution rate will be changing appreciably. Figure 4-3, illustrates that ILECs continued to lose wireline subscribers to competitors and affiliated wireless companies. The wireline data below includes both traditional circuit switched access lines and interconnected VoIP lines.

Figure 4-3
Florida Wireline/Wireless Handsets



Source: FCC, Local Competition Report

B. Voice over Internet Protocol (VoIP)

Interconnected VoIP services represent a growing sector of the voice services market. Nationally, the number of residential and business customers who subscribe to interconnected VoIP services has increased each year. Florida has also experienced a significant increase in VoIP subscribership. The use of VoIP is expected to grow over the next five years to become the underlying technology for delivering voice over telecommunications infrastructure.[75]

According to the FCC's most recent data, there were approximately 37.7 million interconnected residential VoIP subscribers and 10.3 million business subscribers nationwide as of December 2013.[76] This represents an increase of roughly 13 percent of total interconnected VoIP subscribers nationally since December 2012.[77] To date, the FCC has not released any data regarding subscribership of interconnected VoIP services for 2014. However, data collected by

[75] Erik Heinrich, "Telecom Companies Count $386 Billion in Lost Revenue to Skype, WhatsApp, Others," Fortune.com, June 23, 2014, http://fortune.com/2014/06/23/telecom-companies-count-386-billion-in-lost-revenue-to-skype-whatsapp-others/, accessed on May 21, 2015.
[76] FCC, "Local Telephone Competition: Status as of December 31, 2013, released October 2014, Table 10 and Table 11, https://apps.fcc.gov/edocs_public/attachmatch/DOC-329975A1.pdf, accessed on May 14, 2015.
[77] FCC, "Local Telephone Competition: Status as of December 31, 2012," Table 10 and Table 11, November 2013, http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-324413A1.pdf, accessed on May 14, 2015.

the FPSC shows an estimated 2.8 million residential interconnected VoIP service subscribers in Florida as of December 2014.[78]

1. National Market Analysis

Nearly half of all residential wireline customers in the U.S. use VoIP services. However, roughly 38 percent of VoIP subscribers do not purchase VoIP services from an ILEC.[79] Instead, most VoIP customers often opt to purchase services through their cable providers as part of a bundled service package. As a result, cable companies have continued to maintain their dominance in the residential VoIP market.

Despite the cable providers' large presence in the VoIP market, traditional wireline carriers, such as AT&T and Verizon, have been able to gain some market share as more consumers take advantage of their fiber-based services. Other ILECs and CLECs have also experienced an increase in VoIP subscribership.

a. Facilities-Based VoIP Providers

ILECs, CLECs, and cable companies all provide interconnected VoIP services. However, cable companies dominate the facilities-based residential VoIP market with an estimated 29.7 million VoIP subscribers as of December 2013.[80] More recent data is available from publicly traded carriers. Comcast, the largest cable provider, had an estimated 11.2 million VoIP subscribers at year-end in 2014.[81] This represents a 5 percent increase from year-end 2013. Time Warner Cable, the nation's second largest cable provider had an estimated 5.6 million subscribers.[82]

While all of the large cable companies continue to experience growth in VoIP subscribership, the rate of growth has decreased. Between 2007 and 2009 the number of residential VoIP subscribers more than doubled. However, in 2010 cable VoIP providers began reporting slower yearly subscriber growth rates. This decrease can be partially attributed to consumers choosing wireless phone service rather than home phones.[83]

Another contributing factor is the loss of market share concentration. For years, the largest cable VoIP providers lead the market and earned the vast majority of the revenue within the industry. However, over the last few years their market share concentration has declined due to an increase in competition from the emergence of free and low cost VoIP providers.

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[78] Responses to FPSC Local Competition Data Request 2015.

[79] David Hamilton, "US Phone Customers Move from Incumbent Carriers to VoIP: FCC Report," Thewhir.com, July 21, 2014, http://www.thewhir.com/web-hosting-news/phone-customers-move-incumbent-carriers-voip-us-fcc-report, accessed, on May 15, 2015.

[80] FCC, "Local Telephone Competition: Status as of December 31, 2013, released October 2014, Table 10 and Table 11, https://apps.fcc.gov/edocs_public/attachmatch/DOC-329975A1.pdf, accessed on May 14, 2015.

[81] Comcast Corporation, Comcast Reports 4th Quarter and Year End 2014 Results, February 24, 2015, http://files.shareholder.com/downloads/CMCSA/194750371x0x811341/22C69859-325E-4CC1-BEBA-5DF99416DDB5/CMCSA_News_2015_2_24_General_Releases.pdf, accessed on May 20, 2015.

[82] Time Warner Cable Reports 2014 Fourth-Quarter and Full-Year Results, January 29, 2015, http://ir.timewarnercable.com/files/2014%20Earnings/4Q14/Q4-2014-TWC-Earnings-Release-FINAL_v001_l4nw06.pdf, accessed on May 20, 2015.

[83] PRWeb.com, "VoIP in the US Industry Market Research Report from IBISWorld," December 24, 2012, http://www.prweb.com/pdfdownload/10267567.pdf, accessed on May 20, 2015.

Wireline telephone companies continue to deploy facilities-based VoIP services over fiber-based facilities. While AT&T and Verizon continue to show losses in traditional voice access lines, both companies reported gains with their other services offerings. AT&T reported approximately 4.8 million U-verse voice subscribers at year-end 2014.[84] This represents a 24 percent increase from the previous year. Verizon reported approximately 4.6 million FiOS Digital Voice subscribers as of December 2014, an increase of roughly 8 percent from the previous year.[85]

b. Over-the-Top VoIP Providers

Over-the-top providers offer low-priced stand-alone interconnected VoIP service.[86] The service quality of these VoIP Providers varies because calls are transmitted over the public Internet rather than privately managed IP-based networks. The price advantage over the bundled services offered by facilities-based VoIP providers has allowed the over-the-top VoIP providers to attract customers. As a result, over-the-top VoIP is expected to grow at a compound rate of 20 percent between 2012 and 2018.[87]

Vonage, 8x8, Inc., Skype, Google, and magicJack are a few of the leading over-the-top VoIP providers. Some of these companies have also introduced mobile VoIP services that take advantage of consumers' mobile broadband connections to offer service.[88] The adoption of mobile VoIP services is rapidly increasing. It is anticipated that by 2015, the number of mobile VoIP subscribers will have increased 10-fold from 2010.[89]

Reliable information on subscribership is not widely available for over-the-top providers. Some available data suggest that certain market segments are performing better than others. The data also suggests that the market may be maturing due to slower growth rates. For instance, 8x8, Inc., which almost exclusively focuses on the business market, reported an increase in subscribership of roughly 18 percent for 2014 compared to a 14 percent increase in 2013 and a 17 percent increase in 2012.[90]

Prior to 2008, Vonage reported yearly increases in subscriber lines. However, each year between 2008 and 2012 Vonage reported a decline in subscribership. The total number of subscriber lines

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[84] AT&T, Inc. 2014 Annual Report, http://www.att.com/Investor/ATT_Annual/2013/downloads/ar2013_annual_report.pdf, accessed on May 20, 2015.

[85] Verizon 2014 Investor Quarterly Fourth Quarter Report, January 22, 2015, http://www.verizon.com/about/investors/quarterly-reports/4q-2014-quarter-earnings-conference-call-webcast, accessed on May 20, 2015.

[86] The phrase "over-the-top VoIP" refers to a VoIP service that requires a consumer to obtain broadband access from another company.

[87] Erik Heinrich, "Telecom Companies Count $386 Billion in Lost Revenue to Skype, WhatsApp, Others," Fortune.com, June 23, 2014, http://fortune.com/2014/06/23/telecom-companies-count-386-billion-in-lost-revenue-to-skype-whatsapp-others/, accessed on May 21, 2015.

[88] Mobile VoIP or mVoip is a communication technology platform that allows you to send and receive voice calls on a mobile device as digital signals over the Internet using voice over IP technology.

[89] Andrew Burger, "Report: Mobile VoIP Growing Exponentially, but Revenues Remain Small," *Telecompetitor*, October 20, 2011, http://www.telecompetitor.com/report-mobile-voip-growing-exponentially-but-revenues-remain-small/, accessed on May 6, 2014.

[90] 8x8, Inc. Form 10-K Annual Report 2014, http://files.shareholder.com/downloads/EGHT/206406818x0xS1136261-14-239/1023731/filing.pdf, accessed on May 21, 2015.

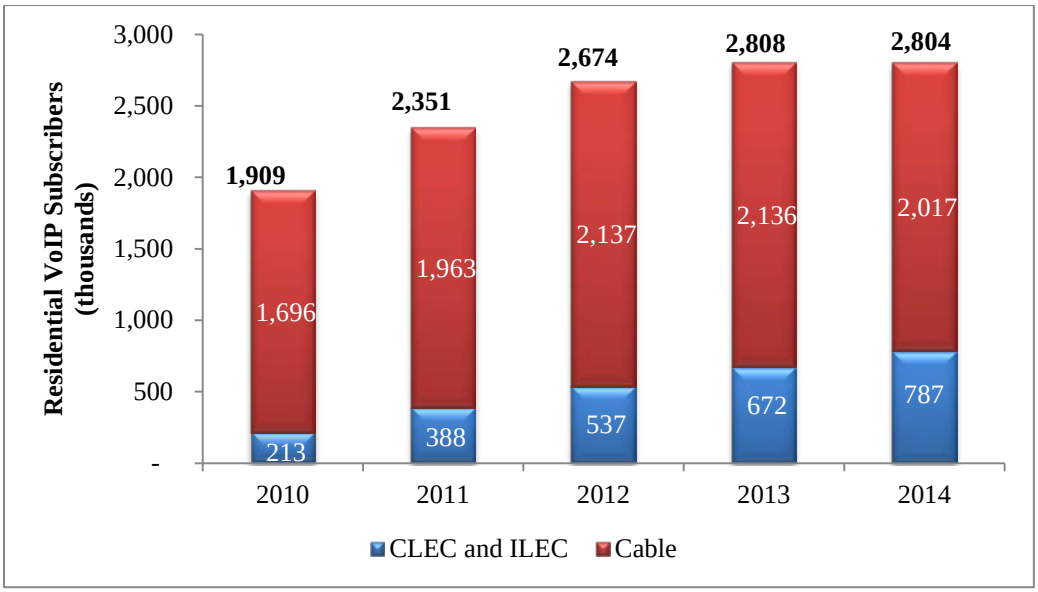
declined by 247,340 during this time period. At year-end 2013 Vonage reported approximately 2.5 million subscribers, an increase of roughly 8 percent from 2012.[91] However, subscriber lines decrease by approximately 3 percent in 2014.[92]

2. Florida Market

The Commission does not have jurisdiction over VoIP services. As a result, the ability to determine an accurate estimate of the total number of VoIP subscribers in Florida is limited. However, several ILECs and CLECs in Florida voluntarily responded to the Commission's data request and provided information on the number of residential VoIP subscribers. The Florida Cable Telecommunications Association also reported residential VoIP line data for its six largest member providers.

Based on the analysis of the available data, there are an estimated 2.8 million residential interconnected VoIP subscribers in Florida. While this represents roughly the same number of residential VoIP lines as last year, the share of residential VoIP services provided by telecommunications carriers has increased at the expense of cable companies. Figure 4-4, shows the number of residential interconnected VoIP subscribers in Florida by provider type.

Figure 4-4
Florida Residential Interconnected VoIP Subscribers



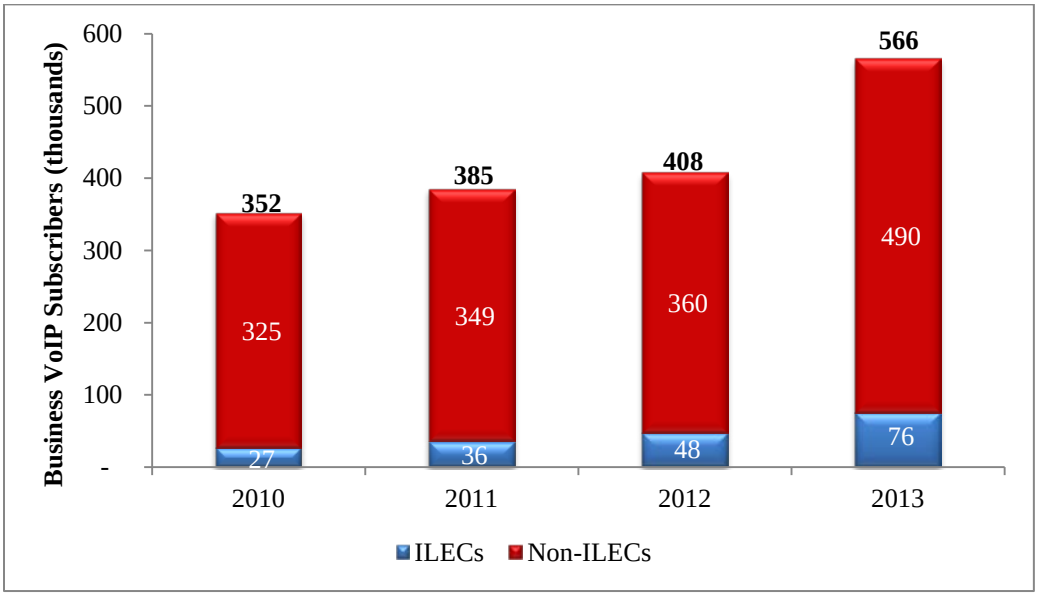
Source: Responses to FPSC data request (2011-2015)

While the FPSC received business VoIP data from telecommunications carriers, corresponding data was not made available from most certificated cable companies as requested. Data is

[91] Vonage Form 10-K Annual Report 2013, http://files.shareholder.com/downloads/VAGE/3151879113x0x747676/246bd883-5c1a-4b26-8cda-f86d88a99a6f/2013FORM10K_SEC-VAGE-1272830-14-20.pdf., accessed on May 21, 2015.
[92] Vonage Form 10-K Annual Report 2014, http://files.shareholder.com/downloads/VAGE/206468775x0xS1272830-15-25/1272830/filing.pdf, accessed on May 21, 2015.

however available from the FCC that provides VoIP business lines. Figure 4-5 identifies the number of interconnected VoIP business lines by ILEC and Non-ILEC carriers. Such Non-ILEC carriers would include cable companies. While non-ILECs have seen a 51 percent increase in the number of business VoIP lines between 2010 and 2013, ILEC growth was 181 percent for the same period.

Figure 4-5
Florida Business Interconnected VoIP Subscribers



Source: FCC, Local Telephone Competition: Status as of December (2010-2013)

C. Broadband

1. National Broadband Trends

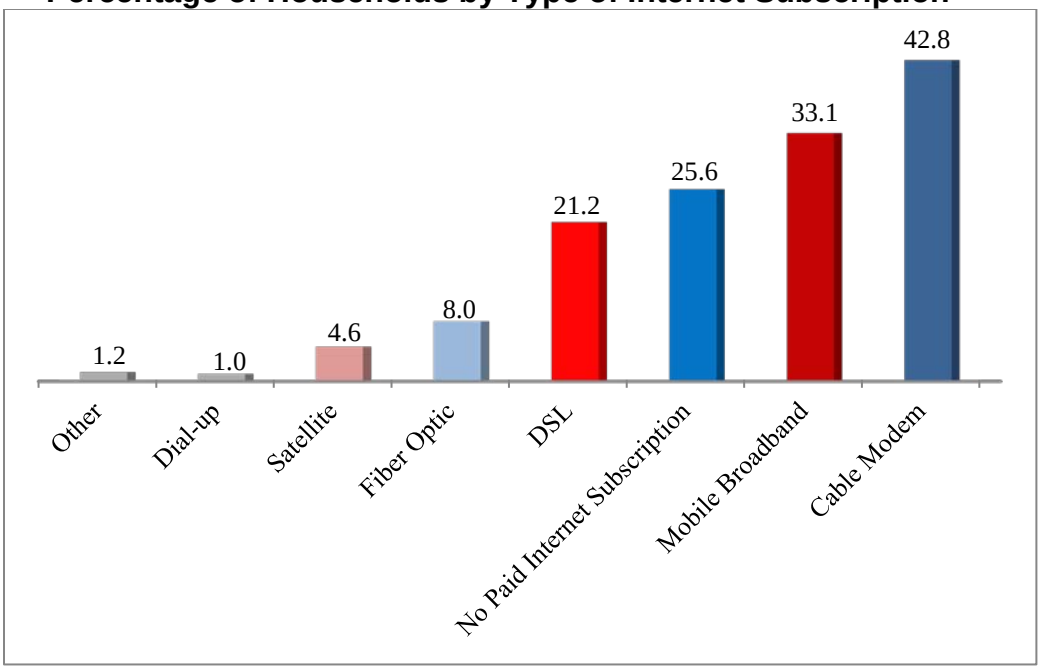
Having access to a high speed Internet connection has become extremely important in our society as more people rely on the Internet to complete daily tasks and for entertainment purposes. For instance, many people now use the Internet to access health care information, look for employment, complete schoolwork, and to stream movies. As a result, high speed access to the Internet at home has risen steadily in recent years. According to the Census Bureau's most recent report on computer and Internet usage, approximately 73 percent of U.S. households have a high speed Internet connection.[93]

Not only is the Internet used for various purposes, the method by which individuals access the Internet also varies. Roughly 43 percent of households with a broadband connection connect via a cable modem while 33 percent use mobile broadband connections. Twenty-one percent of U.S. households connect via DSL and 1 percent of households use dial-up to connect to the Internet. The report also indicated that approximately 25 percent of U.S. household do not subscribe to any type of paid Internet subscription at all. Figure 4-6, displays the percentage of households by type of high speed Internet connection subscribership. The category of "No Paid Internet

[93] U.S. Census Bureau, "Computer and Internet Use in the United States: 2013," issued November 2014, http://www.census.gov/content/dam/Census/library/publications/2014/acs/acs-28.pdf, accessed on May 12, 2015.

Subscription" includes households without any Internet use at home and households connecting without a paid subscription.

Figure 4-6
Percentage of Households by Type of Internet Subscription



Source: U.S. Census Bureau, Computer and Internet Use in the United States: 2013

The most recent report published by the FCC, indicates that 50 percent of U.S. households have fixed broadband connections with download speeds of at least 3 Mbps. By comparison, 72 percent have fixed broadband connections with download speeds of at least 200 kbps or greater.[94]

Demographic groups that are more likely to have broadband connections within their homes include households with relatively young members, Asian and White households, and households that are affluent and highly educated. Households located within metropolitan areas are also more likely to have broadband connections. Other minority households, low income individuals, and those without a college education are less likely to have high speed internet connections within their homes.[95]

2. Florida Broadband Trends

According to the FCC's most recent report, 63 percent of households in Florida have fixed broadband connections with download speeds of at least 3 Mbps and 78 percent have fixed

[94] FCC, "Internet Access Services: As of December 31, 2013," released October 2014, Table 13 and Table 14, https://transition.fcc.gov/Daily_Releases/Daily_Business/2014/db1016/DOC-329973A1.pdf, accessed on May 12, 2015.
[95] U.S. Census Bureau, "Computer and Internet Use in the United States: 2013," issued November 2014, http://www.census.gov/content/dam/Census/library/publications/2014/acs/acs-28.pdf, accessed on May 12, 2015.

broadband connections of 200 kbps or greater.[96] Cable modem services accounted for approximately 63 percent of non-mobile broadband connections in Florida with download speeds greater than 200 kbps. Mobile broadband connections accounted for 65 percent of all broadband connections in Florida with download speeds greater than 200 kbps.

Reflecting advances in technology, market offerings by broadband providers, and consumer demand, the FCC updated its broadband benchmark speeds to 25 Mbps for downloads and 3 Mbps for uploads. The FCC found that its 4 Mbps standard set in 2010 was dated and inadequate for evaluating whether advanced broadband is being deployed to all Americans in a timely way.

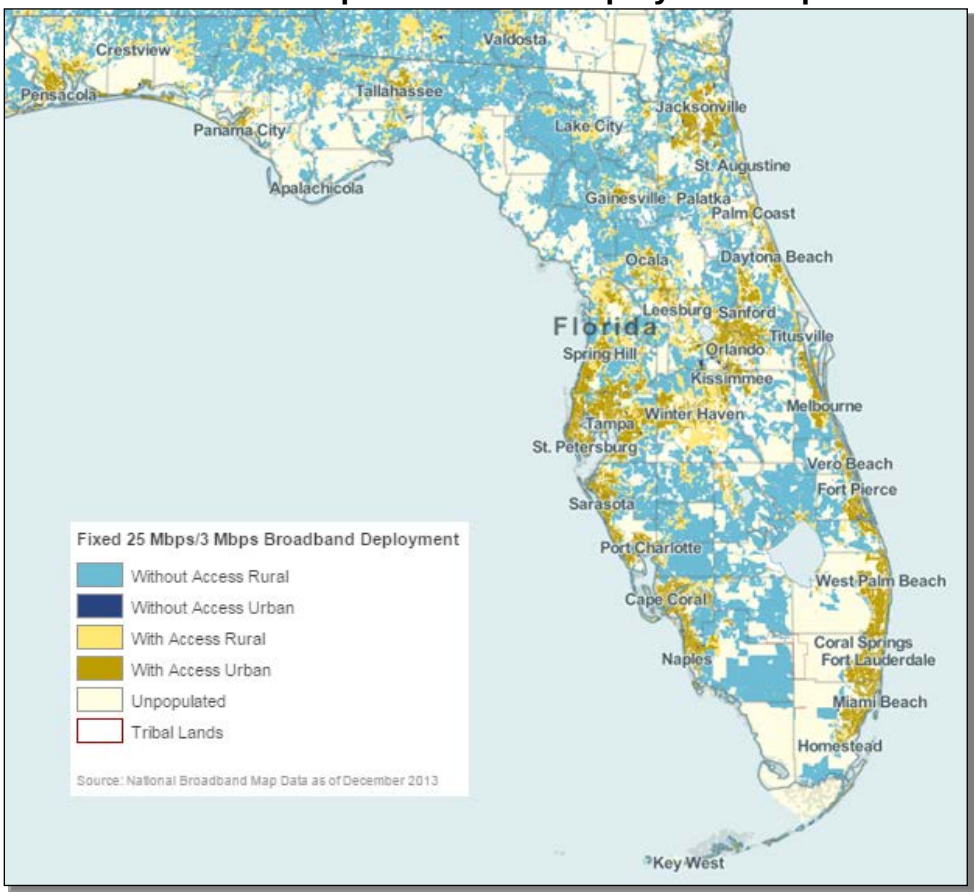
Figure 4-7 illustrates the FCC's fixed broadband deployment results described in the 2015 Broadband Progress Report. It relies on data from the National Broadband Map, as of December 31, 2013. It shows which areas in Florida have access to fixed broadband services of at least 25 Mbps download and 3 Mbps upload. The map also distinguishes between urban and rural areas.

Companies continue to invest in network improvements to provide greater Internet connectivity. For example, AT&T has expanded its U-verse High Speed Internet 75 to nine new markets.[97] The service offers download speeds at up to 75 Mbps in more than 70 markets across all or parts of 100 cities in 21 states. Two cities in Florida, Gainesville and Panama City, are part of the latest expansion taking place this summer. Introductory prices have been set at $39.95 per month when bundled with other U-verse services.

[96] FCC, "Internet Access Services: As of December 31, 2013," released October 2014, Table 13 and Table 14, https://transition.fcc.gov/Daily_Releases/Daily_Business/2014/db1016/DOC-329973A1.pdf, accessed on May 12, 2015.

[97] AT&T, AT&T Consumer Blog, "New High-Speed Internet Option Heats up with 9 More Markets," released June 9, 2015, http://blogs.att.net/consumerblog/story/a7798683, accessed on June 16, 2015.

Figure 4-7
Fixed 25 Mbps Broadband Deployment Map



Source: FCC, National Broadband Map

Chapter VI. Competitive Market Analysis & Statutory Issues

The Commission is required to address four specific issues in its annual report on telecommunications competition as stated in Section 364.386, F.S. These issues emphasize analysis of the impact of competition and regulatory changes on the telecommunications market.

A. Statutory Issue - Competitive Providers

The ability of competitive providers to make functionally equivalent local exchange services available to both residential and business customers at competitive rates, terms, and conditions.

In Florida, the total number of access lines decreased by 17 percent in 2014. CLEC lines decreased 25 percent between December 2013 and December 2014 due to declines in business lines. Based on revised data, CLEC business line losses began in 2012. Total CLEC wireline market share in Florida decreased to 23 percent in 2014 from 25 percent in 2013.

Wireless carriers experienced growth in the number of wireless subscribers in Florida. In October 2014, the FCC reported that there were 19 million handsets in service.[98] In addition, residential VoIP subscribership accounted for nearly 2.8 million connections by December 2014.[99] Business VoIP subscribership in Florida has grown a little over 60 percent from 2010 through 2013 and represents a growing segment of the industry with 566 thousand connections.[100]

In general, the ILECs and CLECs face a declining wireline residential and business market. Residential VoIP did not experience any growth from last year. By comparison, there appears to be significant growth in the business VoIP segment of the market. Wireless subscribership continues to grow both nationally and in Florida, impacting the wireline residential market.

This data suggests that CLECs, VoIP, and wireless carriers are able to provide functionally equivalent services to residential and business customers at rates, terms and conditions acceptable to consumers. The number of CLECs offering a variety of services also indicates the availability of functionally equivalent services at comparable terms. Other services offered by CLECs that reported providing local service include:

- Bundles including services other than local voice (54 CLECs)
- VoIP (64 CLECs)
- Broadband Internet access (54 CLECs)
- Video service (7 CLECs)

[98] FCC, "Local Telephone Competition: Status as of December 31, 2013", released October 2014, Table 18, https://apps.fcc.gov/edocs_public/attachmatch/DOC-329975A1.pdf, accessed on June 11, 2015.
[99] Responses to FPSC data requests 2014.
[100] FCC, Local Telephone Competition Report, various years, https://transition.fcc.gov/wcb/iatd/comp.html, accessed on June 11, 2015.

The majority of CLECs reported no barriers to competition or elected not to respond in the comment portion of the survey. Those carriers that did provide comments to the Commission regarding barriers, however, represent approximately 50 percent of CLEC business market in Florida. Those companies expressed concern regarding:

1. The actions of some ILECs to unilaterally decide that a contract is not an interconnection agreement and, therefore, remove the Commission from its statutory role. Such actions impede competition because it forecloses the opportunity for CLECs to either opt into such agreements or for the Commission to review them for discriminatory terms.
2. The transition to an all IP network could have anticompetitive outcomes if left unchecked. Specifically, CLECs are concerned that the transition will be used as a means to eliminate or significantly limit the availability of last mile facilities. Thus, thoughtful consideration of the impact of the IP transition is needed.
3. The large ILECs are seeking to use the IP transition as an excuse to construct new barriers to competition in Florida's local exchange markets and thereby increase prices for non-residential customers. AT&T charges 8 times more for a basic connection in IP versus TDM in its Kings Point, Florida Trial site ($1,075 for 2 Mbps in IP vs. $126 for 1.5 Mbps in TDM). Competitors often must employ ILEC infrastructure to reach customers in the last mile preceding individual locations. Competitive carriers do not become magically “unimpaired” when the mode of transmission changes to IP.
4. The continuation of concurrent jurisdiction and cooperation between the Commission and the FCC is critical to maintaining an industry structure that prohibits anticompetitive behavior and the detrimental use of market power. Regarding the IP transition, a key concern for carriers is the identification of replacement services which the FCC has said must be comparable in price and quality to the services being discontinued.
5. In the areas where the ILEC is required to pass credits onto CLECs for the promotions that it runs for retail, ILECs have added products to those promotions so that CLECs are not allowed to offer the promotion. This creates an unfair competitive advantage.

Conclusion: Subscribers to VoIP and wireless services continued to increase in 2014, reflecting the opportunity for customers to seek out services from providers other than traditional ILECs. Many CLECs reported offering a variety of services and packages comparable to those offered by ILECs. All of these factors contribute to the conclusion that competitive providers are able to offer functionally equivalent services to both business and residential customers. We note that the CLECs have not filed a petition with the FPSC to address the issues above. Some of these issues may be addressed by the FCC.

B. Statutory Issue – Consumers

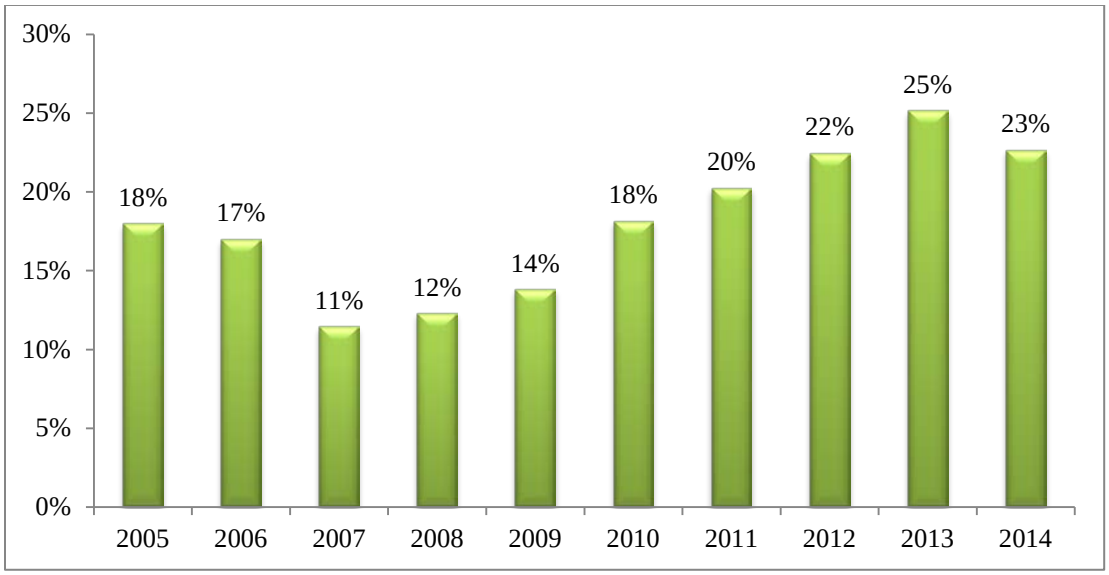
The ability of consumers to obtain functionally equivalent services at comparable rates, terms, and conditions.

Customers may obtain functionally equivalent services via wireline telephony, wireless telephony, or VoIP. The primary focus of this report is the provision of wireline telecommunications by ILECs and CLECs, which submit responses to the FPSC’s annual data request. As of December 31, 2014, 72 CLECs provided data indicating that they provide local

voice service in Florida. In contrast, last year 87 CLECs responded, continuing the gradual decline in the number of CLECs providing service.

CLECs can offer service through resale of an ILEC's or a CLEC's wholesale services, by using its own facilities, by leasing portions of its network from an ILEC, or a combination of any of these methods. According to the data collected for this report, 23 percent of the total Florida lines are provided by companies other than ILECs as of December 2014.

Figure 5-1
Florida CLEC Market Share



Source: Responses to FPSC data requests

ILEC business lines fell 12 percent in 2014, while CLEC business lines fell 24 percent. While the Commission does not have data for 2014, Non-ILEC VoIP business lines grew 154 percent from 2012 to 2013. This suggests that business customers have the ability to find reasonable pricing packages with CLECs and are taking advantage of these options. These options include CLEC cable companies and in some cases, wireless providers. Residential ILEC lines decreased 15 percent in Florida in 2014, while nationally, wireless-only households continued to grow, reaching 45.4 percent through December 2014.[101]

As reported in Chapter IV of this report, there are approximately 2.8 million interconnected residential VoIP subscribers in Florida.[102] These and other factors demonstrate that customers are able to find comparable services at reasonable prices through wireless, CLEC, and VoIP providers.

[101] Stephen J. Blumberg, Ph.D., Julian V. Luke, "Wireless substitution: Early release of estimates from the National Health Interview Survey, July–December 2014. National Center for Health Statistics, Centers for Disease Control and Prevention, released June 2015, http://www.cdc.gov/nchs/nhis/releases.htm#wireless, accessed on June 23, 2015.
[102] Responses to FPSC Local Competition Data Request for 2014.

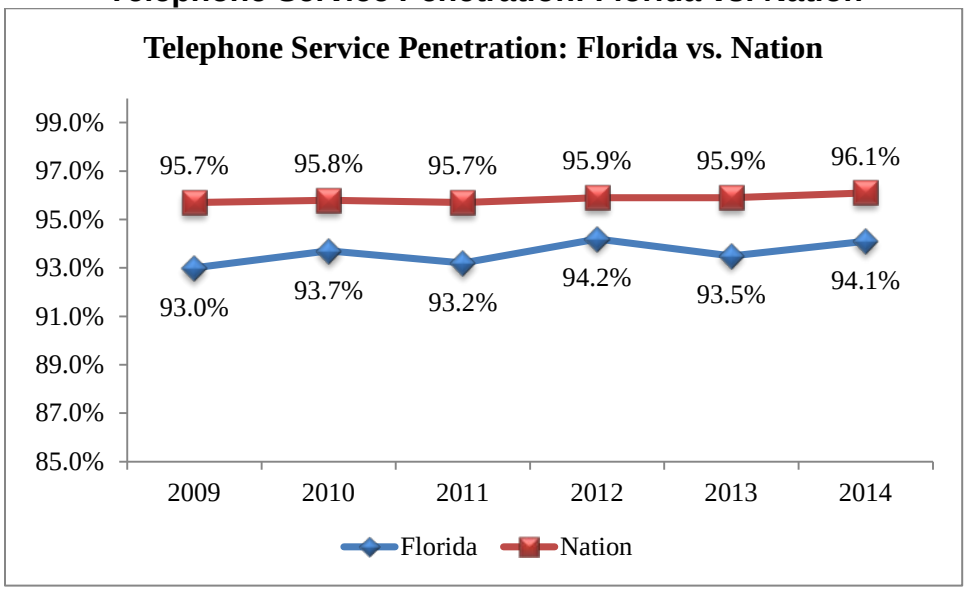
Conclusion: Residential and business lines have maintained a steady decline over the past several years (see Figure 3-1). By comparison, wireless-only households continue to grow consistent with the trend over the past several years. While declines have occurred in the business market, they are partially offset by significant growth in business VoIP lines. Providers are managing the changes in market conditions by bundling services and providing a variety of pricing plans in an attempt to meet consumer demand.

C. Statutory Issue – Affordability & Service Quality

The overall impact of competition on the maintenance of reasonably affordable and reliable high-quality telecommunications services.

The FCC reported that 94.1 percent of Florida households had telephone service in 2014, lower than the national penetration rate of 96.1 percent.[103] As shown in Figure 5-1, the Florida telephone penetration rate has consistently been below the national penetration rate and the gap has varied little between 2009 and 2014. This gap persists despite successful efforts in recent years by Florida carriers and the FPSC to make Lifeline benefits more accessible to eligible low-income consumers.

Figure 5-2
Telephone Service Penetration: Florida vs. Nation



Source: FCC, Telephone Subscribership & USF Monitoring Report

The Centers for Disease Control and Prevention (CDC) released a report on wireless substitution for the period July-December 2014 and found that 45.4 percent of adults live in wireless-only households.[104] While state-specific data on wireless-only households was not provided in the

[103] FCC, "Telephone Subscribership in the United States as of July 2011," released December 2011, http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-311523A1.pdf, accessed on May 19, 2013, Table 3; "Universal Service Monitoring Report," released December 2014, https://apps.fcc.gov/edocs_public/attachmatch/DOC-330829A1.pdf , accessed on June 11, 2015, Table 6.7.

[104] Stephen J. Blumberg, Ph.D., Julian V. Luke, "Wireless substitution: Early release of estimates from the National Health Interview Survey, July–December 2014. National Center for Health Statistics, Centers for Disease Control

most recent CDC report, a December 2014 report containing state-level data noted that 42.6 percent of Florida's households are wireless only households in 2013.[105] The same report found 7.3 percent of Florida adults living in households with only a wireline phone. It also found that 3.3 percent of Florida adults living without any form of telephone service.[106] Data from both the FCC and the CDC suggests that most Florida households are able to afford telephone service and have access to a variety of service providers, including ILECs, CLECs, VoIP, and wireless. This data also supports the fact that many consumers choose to subscribe to more than one type of telephone service.

Historically, regulatory reliability standards have applied to landline telecommunications service making it the most reliable telecommunications service. Reliability in landline networks is no longer insured as many states, including Florida, eliminated service quality standards. Given the continued growth of interconnected VoIP and wireless-only households, and the continued erosion of landline access lines, it appears that the reliability of these alternatives is acceptable to consumers. Moreover, mobility, pricing, and the demand for data-based services are consumer preference factors that may be changing how consumers view reliability.

Conclusion: Based on the continued growth of interconnected VoIP and wireless-only households and the ongoing erosion of wireline access lines, network reliability of non-ILEC providers appears to be sufficient. The telephone penetration rate of 94.1 percent supports the conclusion that the vast majority Florida residents are able to afford telephone service. The number and variety of competitive choices among all types of service providers suggest that competition is having a positive impact on the telecommunications market in Florida.

D. Statutory Issue – Carrier Disputes

A listing and short description of any carrier disputes filed under Section 364.16, F.S.

Conclusion: The number of docketed and informal intercarrier complaints remained relatively stable in 2014. This information can be found in Appendix B.

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and Prevention, released June 2015, http://www.cdc.gov/nchs/nhis/releases.htm#wireless, accessed on June 23, 2015.

[105] Stephen J. Blumberg, Ph.D., et al., "Wireless substitution: State-level estimates from the National Health Interview Survey, 2013," National Center for Health Statistics, Centers for Disease Control and Prevention, released December 16, 2014, http://www.cdc.gov/nchs/data/nhis/earlyrelease/wireless_state_201412.pdf, accessed on June 11, 2015.

[106] Ibid.

Chapter VII. State Activities

The Commission dealt with several intercarrier and compliance issues during the past year. The following is a summary of activities affecting local telecommunications competition in 2014.

A. Intercarrier Matters

1. CompSouth Petition for Rulemaking on Expedited Complaints

On July 31, 2012, the Competitive Carriers of the South, Inc. (CompSouth) filed a Petition to Initiate Rulemaking to Revise and Amend Portions of Rule 25-22.0365, F.A.C.[107] Specifically, CompSouth sought to revise portions of the Expedited Dispute Resolution Rule to "enable quicker resolution of cases where a consumer is without service or suffers impaired service as a result of a dispute between telecommunications carriers."[108] Rule development workshops were held on November 15, 2012, and August 20, 2013. CompSouth requested additional time to work out compromise language with other carriers. The Commission approved rule language on May 9, 2014, adopting a combination of language from CompSouth, other carriers, and Commission staff.

2. FLATEL v. AT&T Billing/Promotional Credit Complaint

On December 10, 2013, FLATEL, Inc. initiated an informal request to renew billing and promotional credit disputes from a complaint the Commission previously dismissed without prejudice.[109] FLATEL filed a Motion to Amend its previous case on December 30, 2013. FLATEL claimed that it was unlawfully billed for promotional credits, claiming "AT&T offers immediate relief via Promotions to its End Users without parity to instantly offer the same exact relief to FLATEL's End Users."[110] The Commission dismissed FLATEL's complaint, with prejudice, on June 5, 2014, due to continuing rule violation infirmities.

3. Communications Authority v. AT&T

On August 20, 2014, Communications Authority, Inc. (CA) filed an arbitration petition between it and AT&T Florida.[111] CA seeks resolution of certain issues arising with AT&T Florida in the negotiation of an interconnection agreement pursuant to Section 252(b) of the Communications Act. The Commission held a two-day hearing beginning on May 6, 2015. Although the parties have resolved a number of issues that were initially presented in this arbitration, there remain 74 open issues, including subparts, for the Commission to resolve.

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[107] Docket No. 120208-TX – Petition of the Competitive Carriers of the South, Inc., to initiate rulemaking to revise and amend portions of Rule 25-22.0365, Florida Administrative Code.
[108] *Petition* at p. 1.
[109] Docket No. 140055-TP – Complaint of FLATEL, Inc. against BellSouth Telecom., Inc. d/b/a AT&T Florida; Docket No. 110306-TP – Request for emergency relief and complaint of FLATEL, Inc. against BellSouth Telecommunications, Inc. d/b/a AT&T Florida to resolve interconnection agreement dispute.
[110] *Complaint* at p. 1.
[111] Docket No. 140156-TP – Petition by Communications Authority, Inc. for arbitration of Section 252(b) interconnection agreement with BellSouth Telecommunications, LLC d/b/a AT&T Florida.

4. New Area Code for the Florida Keys

On May 27, 2014, the FPSC received notice from Neustar Inc., the North American Numbering Plan Administrator (NANPA),[112] that the 305 area code covering the Florida Keys (Keys) will be exhausted[113] in the second quarter of 2015. The FPSC completed the initial work for area code relief for the Keys in 2000. Through pro-active number conservation measures, the FPSC was able to delay the addition of another area code over the Keys for 14 years.

The only remaining issues which needed to be acted on were to set the mandatory dialing date for 10-digit dialing in the Keys, and extend the 786 area code over the Keys in addition to the 305 area code. When there are two area codes covering the same area, 10-digit dialing is required to route calls to the proper area code. On July 18, 2014, the Commission ordered that extension of the 786 (or SUN) overlay area code over the Florida Keys to be implemented on June 1, 2015, and that mandatory 10-digit dialing will commence for the Florida Keys on April 18, 2015.[114]

5. Wholesale Performance Measurement Plans

Wholesale performance measurement plans provide a standard against which the Commission can monitor performance over time to detect and correct any degradation in the quality of service ILECs provide to CLECs. The Commission adopted performance measurements for AT&T in August 2001 (revised in 2010), for CenturyLink in January 2003 (revised in 2013), and for Verizon in June 2003 (revised in 2007). Trending analysis is applied to monthly performance measurement data provided by each ILEC.

AT&T is the only ILEC that is required to make payments to CLECs when certain performance measures do not comply with established standards and benchmarks. AT&T's approved Performance Assessment Plan consists of 47 measurements, of which 24 measurements have remedies applied to them. For the calendar year 2014, AT&T paid approximately $559,283 in remedies to CLECs, an increase of 61 percent from 2013.

On February 1, 2013, CenturyLink filed proposed revisions to its Performance Measurement Plan as a result of a negotiated settlement in Nevada. The revisions included eliminating three measures (leaving a net of 33 measures) and revising several others. The Commission approved these revisions on May 14, 2013, and they went into effect in July 2013. For the 2014 calendar year, CenturyLink's monthly compliance with established standards ranged from 97.7 percent to 100 percent. CenturyLink's measure with the most noncompliant instances was its average time to restore service.

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[112] NANPA is a neutral third-party administrator responsible for forecasting the exhaust of geographic area codes and initiating the process known as area code relief planning. NANPA publishes its forecasted exhaust of all of the area codes on a semi-annual basis. The forecast is used in determining when to start the process of adding another area code.

[113] Area code exhaust occurs when all the prefixes (also known as central office codes) are assigned. Each area code contains 1,000 prefixes containing 10,000 numbers each, but those prefixes beginning with a "zero" or "one" (a total of 200 prefixes) are not permitted. Further, prefixes such as 411, 911 and other "N11" codes (a total of eight codes) are used for special purposes, leaving 792 prefixes available in each area code. When all of these prefixes are assigned, another area code is needed.

[114] FPSC Order No. PSC-14-0375-PAA-TP, Docket No. 140116-TP, Implementation of the 786 overlay area code and mandatory 10-digit dialing in the Florida Keys, issued July 18, 2014.

Verizon's current Performance Measurement Plan contains 29 measures. For the calendar year 2014, Verizon's monthly compliance with approved standards ranged from 85.0 percent to 91.9 percent. The previous year, Verizon's compliance ranged from 84.0 percent to 90.7 percent. Verizon's customer trouble report rate was its most troublesome measure.

6. Other Matters

In addition these proceedings, the Commission processed a number of other telecommunications-related items in 2014. The Commission processed 143 service schedule and tariff filings, 64 interconnection agreements and amendments, 20 carrier certifications, 22 certificate cancellations, and over 429 general inquiries/informal complaints.

B. Lifeline

In order to comply with FCC requirements and keep the Lifeline application process uncomplicated, the FPSC created an on-line Lifeline application for consumers participating in Supplemental Nutrition Assistance Program (SNAP), Medicaid, or Temporary Cash Assistance (TCA).[115] When the applicant completes the application making all the necessary attestations, certifications, and provides the electronic signature, the FPSC computer automatically makes a query to a Florida Department of Children and Families (DCF) Web services interface to confirm current participation in SNAP, Medicaid, or TCA. The real-time response verifies participation in at least one of the programs, but does not identify the program. A positive response will generate an automatic e-mail to the appropriate Lifeline provider advising it that an approved Lifeline application is available for retrieval on the FPSC Web site. A negative response will cause a letter to be sent to the applicant stating his/her participation in SNAP, Medicaid, or TCA could not be confirmed and offering staff assistance with any questions. Based upon June 2014 SNAP participants, the Lifeline eligible households decreased by 1.2 percent compared to 2013 data.[116]

Table 7-1
Lifeline Participation Rate in Eligible Florida Households

Year	Lifeline Enrollment	Eligible Households	Participation Rate
June 2011	943,854	1,690,512	55.8%
June 2012	1,035,858	1,864,183	55.6%
June 2013	918,245	1,952,890	47.0%
June 2014	957,792	1,930,106	49.6%

Sources: U.S. Department of Agriculture data figures are as of June 2014

If a program other than Medicaid, SNAP, or TCA, is used for certification, the customer must provide documentation of participation from the administering agency, which could be the Florida Department of Education (free school lunch program), the Social Security Administration (Supplemental Security Income), a county-level agency (Low-Income Home Energy Assistance Plan or Section Eight Housing), or the Bureau of Indian Affairs for documentation. Current data shows that over ninety-five percent of Florida applicants using the

[115] Nationally known as Temporary Assistance for Needy Families (TANF).
[116] According to the US Department of Agriculture Report, "*Supplemental Nutrition Assistance Program: Number of Households Participating, ending June 30, 2014*," over 1,930,106 Florida households participated SNAP.

Lifeline Coordinated Enrollment Process use Medicaid, SNAP, or TCA for eligibility. If a Lifeline applicant chooses to apply for Lifeline directly with an eligible telecommunications carrier (ETC), the ETC can access the DCF web services to confirm program participation for Medicaid, SNAP, and TCA. In Florida, certification and verification can be accomplished using this process if the applicant or existing Lifeline customer participates in the Medicaid, SNAP, or TCA programs which are administered by the DCF.

The National Lifeline Accountability Database (NLAD), which is maintained by the Universal Service Administrative Company (USAC), is designed to help carriers identify and resolve duplicate claims for Lifeline Program supported service and prevent future duplicates. This database provides a means for carriers to check, on a real-time and nationwide basis, if the household is already receiving a Lifeline Program supported service. USAC activated the NLAD for Florida Lifeline participants on March 6, 2014. By March 2014, ETCs in all states were participating in the NLAD.

The FCC Lifeline Reform Order required state Lifeline administrators that are responsible for the initial determination of a subscriber's eligibility for Lifeline to provide each eligible telecommunications carrier with a hard-copy of each of the Lifeline certification forms completed by applicants.[117] The Florida Lifeline Electronic Coordinated Enrollment process is a technically advanced process initiated to eliminate the need for paperwork. It does not have the capability of printing out a hard-copy Lifeline application as required by the new FCC Rules. The Florida Lifeline Electronic Coordinated Enrollment process does allow eligible telecommunications carriers to adhere to the requirements of the Lifeline Reform Order without the need to require or maintain hard-copy Lifeline certification applications. On October 25, 2013, the FPSC filed a petition with the FCC for permanent waiver of the hard-copy Lifeline application obligation.[118] On June 6, 2014, the FCC released an Order granting Florida a permanent waiver of the FCC requirements to provide hard-copy Lifeline applications to eligible telecommunications carriers.[119] In the Order, the FCC stated a permanent waiver is appropriate because Florida's screening system fulfills the underlying purpose of the rules to limit Lifeline benefits to eligible consumers.

[117] FCC, Report and Order and Further Notice of Proposed Rulemaking, WC Docket No. 12-23, FCC 12-11, released February 6, 2012, https://apps.fcc.gov/edocs_public/attachmatch/FCC-12-11A1.pdf, accessed on June 29, 2015.
[118] FPSC, Petition for Permanent Waiver of Federal Communications Rules 47 C.F.R. § 54.407(d), 47 C.F.R. § 54.410(b)(2)(ii), 47 C.F.R. § 54.410(c)(2)(ii), 47 C.F.R. § 54.410(e), filed October 25, 2013, http://apps.fcc.gov/ecfs/document/view?id=7520952016, accessed on June 29, 2015.
[119] FCC, Order, WC Docket No. 11-42, DA 14-785, released June 6, 2014, https://apps.fcc.gov/edocs_public/attachmatch/DA-14-785A1.pdf, accessed on June 29, 2015.

C. Telephone Relay Service

According to the Florida Coordinating Council for the Deaf and Hard of Hearing, nearly three million deaf, hard-of-hearing, deaf-blind, and speech-impaired citizens live in Florida.[120] Florida is the fourth largest state in the U.S. and has the second highest percentage of population who are deaf, hard of hearing, or deaf-blind.[121]

Chapter 427, Part II of the Florida Statutes, established the Telecommunications Access System Act of 1991 (TASA). TASA provides funding for the distribution of specialized telecommunications devices and intrastate relay service through the imposition of a surcharge of up to $0.25 per landline access line per month, for up to 25 access lines per account. The surcharge billed per month per landline access line was $0.11 in the 2014-2015 budget year.

Pursuant to TASA, the FPSC is responsible for establishing, implementing, promoting, and overseeing the administration of a statewide telecommunications access system to provide access to telecommunications relay services by people who are deaf, hard of hearing, or speech impaired. In accordance with TASA, the FPSC directed the local exchange companies (LECs) to form a not-for-profit corporation, known as Florida Telecommunications Relay, Inc. (FTRI) to directly administer basic relay service in Florida.

Basic relay service is provisioned in Florida under contract by a single service provider. Through a competitive bid evaluation process, the FPSC awarded the current relay provider contract to Sprint, effective March 1, 2015, for a period of three years. The contract contains options to extend the contract for four additional one-year periods, and requires mutual consent by both parties to extend the contract.

On November 26, 2014, AT&T and Sprint filed a Joint Motion for Expedited Approval of Early Transition of Relay Service Providers from AT&T to Sprint effective March 3, 2015. On December 18, 2014, the FPSC approved the early transition of relay service providers from AT&T to Sprint effective March 3, 2015.

On May 18, 2015, the FPSC approved FTRI's 2015-2016 budget, directing FTRI to reduce its proposed budget by $164,284. Specifically, the FPSC approved FTRI's proposed operating revenue of $8,752,580 and proposed expenses of $8,751,932. The TASA surcharge increased $0.01 to $0.12 beginning July 1, 2015.

[120] 2013 Florida Coordinating Council for the Deaf and Hard of Hearing Report to the Governor and Legislature of the State of Florida.
[121] 2007 Florida Coordinating Council for the Deaf and Hard of Hearing Report to the Governor and Legislature of the State of Florida.

Chapter VIII. Federal Activities

A. 911 Outage

A multistate 911 outage occurred in April 2014 lasting nearly six hours. The states affected by the outage included: Florida, Washington, Minnesota, North Carolina, South Carolina, California, and Pennsylvania. The outage prevented more than 11 million people in seven states from being able to reach energy call centers.

The 911 outage was not the result from an extraordinary natural disaster or other unforeseeable catastrophe. Instead the outage was a "sunny day" failure that resulted in over 6,600 missed 911 calls. The reported calls included domestic violence, assault, motor vehicle accidents, a heart attack, an overdose, and an intruder breaking into a residence.

On March 18, 2015, Verizon agreed to the $3.4 million settlement to resolve the FCC's investigation in to the company's failure.[122] The Verizon portion of the outage affected 750,000 California residents who were unable to call 911 to reach a live operator at 13 emergency call centers in northern California. The following month, CenturyLink and Intrado, both agreed to settlements of $16 million and $1.4 million, respectively.[123] The FCC's Consent Decree also required the companies to:

- Identify risks that could result in disruptions to 911 services
- Protect against such risks
- Detect Future 911 outages
- Respond with remedial actions, including prompt notification to affected emergency call centers
- Recover from such outages on a timely basis

In addition, the companies are require to exercise improved oversight of their Next Generation 911 subcontractors and affiliates, maintain up-to-date contact information for emergency call centers, and coordinate with emergency call centers to periodically review their outage notification procedures.

B. Data Breach

In April 2015, AT&T agreed to the pay a $25 million fine as a result of an FCC investigation into whether AT&T failed to properly protect the confidentiality of almost 280,000 customers' proprietary information.[124] The information at issue included sensitive personal information such as customers' names and at least the last four digits of their Social Security numbers, as well as account-related data known as customer propriety network information (CPNI). The data breaches occurred at AT&T call centers in Mexico, Columbia, and the Philippines. At least two

[122] FCC, News Release, Verizon Agrees to $3.4 Million Settlement to Resolve 911 Outage Investigation, released March 18, 2015, https://apps.fcc.gov/edocs_public/attachmatch/DOC-332570A1.pdf, accessed on June 24, 2015.
[123] FCC, News Release, FCC Fines CenturyLink and Intrado $17.4 Million for Multi-State 911 Outage, released April 6, 2015, https://apps.fcc.gov/edocs_public/attachmatch/DOC-332853A1.pdf, accessed on June 24, 2015.
[124] FCC, Order and Consent Decree, File No. EB-TCD-14-00016243, DA 15-399, released April 8, 2015, http://transition.fcc.gov/Daily_Releases/Daily_Business/2015/db0408/DA-15-399A1.pdf, accessed on June 24, 2015.

employees believed to have engaged in the unauthorized access confessed that they sold the information. As part of the Consent Decree, AT&T will also hire a compliance officer who shall be privacy certified by an industry certifying organization, create a compliance plan that will be submitted to the FCC and then file compliance reports.

C. Robocall Protections

On June 18, 2015, the FCC approved an Order to protect consumers against unwanted robocalls and spam texts.[125] This Order was the result of a request initiated by the National Association of Attorneys General and thirty-nine state Attorneys General (including Florida's Attorney General) asking the FCC for an opinion on what actions telephone providers could legally take to block unwanted telemarketing calls.[126] Complaints related to unwanted calls are the largest category of complaints received by the FCC, numbering more than 215,000 in 2014. The FCC affirmed consumers' rights to control the calls they received, but also made clear that telephone companies face no legal barriers to allowing consumers to choose to use robocall-blocking technology. The actions address almost two dozen petition and other requests that sought clarity on how the FCC interprets the Telephone Consumer Protection Act. Highlights of the Order include:

- Service providers can offer robocall-blocking technologies to consumers and implement market-based solutions that consumers can use to stop unwanted robocalls
- Consumers have the right to revoke their consent to receive robocalls and robotexts in any reasonable way at any time
- If a phone number has been reassigned, companies must stop calling the number after one call
- A consumer whose name is in the contact list of an acquaintance's phone does not consent to receive robocalls from third-party applications downloaded by the acquaintance

The Order also includes very limited and specific exemptions for urgent circumstances. Free calls or texts to alert consumers to possible fraud on their bank accounts or remind them of important medication refills, among other financial alerts or healthcare messages, are allowed without prior consent. Other types of financial or healthcare calls, such as marketing or debt collections calls are not allowed under the FCC's exemptions. Consumers have the right to opt out from these permitted calls and text at any time.

D. Universal Service

Florida consumers pay more into the federal Universal Service Fund (USF) than what is returned to eligible service providers in Florida.[127] For 2013, only California and New York were larger net contributors. The FPSC monitors and participates in ongoing proceedings at the FCC and

[125] FCC, News Release, CG Docket No. 02-278; WC Docket No. 07-135, released June 18, 2015, http://transition.fcc.gov/Daily_Releases/Daily_Business/2015/db0619/DOC-333993A1.pdf, accessed on June 24, 2015.
[126] FCC, Public Notice, DA 14-1700, released November 24, 2014, https://apps.fcc.gov/edocs_public/attachmatch/DA-14-1700A1.pdf, accessed on June 26, 2015.
[127] FCC, "Universal Service Monitoring Report," CC Docket No. 98-202, released December 2014, Table 1.13, https://apps.fcc.gov/edocs_public/attachmatch/DOC-330829A1.pdf, accessed on May 21, 2015.

with the Federal-State Joint Board on Universal Service (Joint Board). Table 8-1 shows Florida's estimated contribution and receipts for 2013 and provides a comparison of net contributions for 2011 and 2012.

Table 8-1
2013 Federal Universal Service Programs in Florida
(Annual Payments and Contributions in Thousands of Dollars)

	2011	2012	2013		
	Estimated Net	Estimated Net	Payments to Service Providers	Estimated Consumers Contributions	Estimated Net
High-Cost	($206,311)	($209,239)	$65,341	$265,968	($200,627)
Low Income	(1,007)	(23,613)	101,373	141,791	(13,418)
Schools & Libraries	(67,626)	(63,175)	89,269	140,752	(51,483)
Rural Health Care	(8,558)	(9,607)	282	10,151	(9,869)
Total[128]	($290,437)	($312,806)	$256,265	$538,543	($282,278)

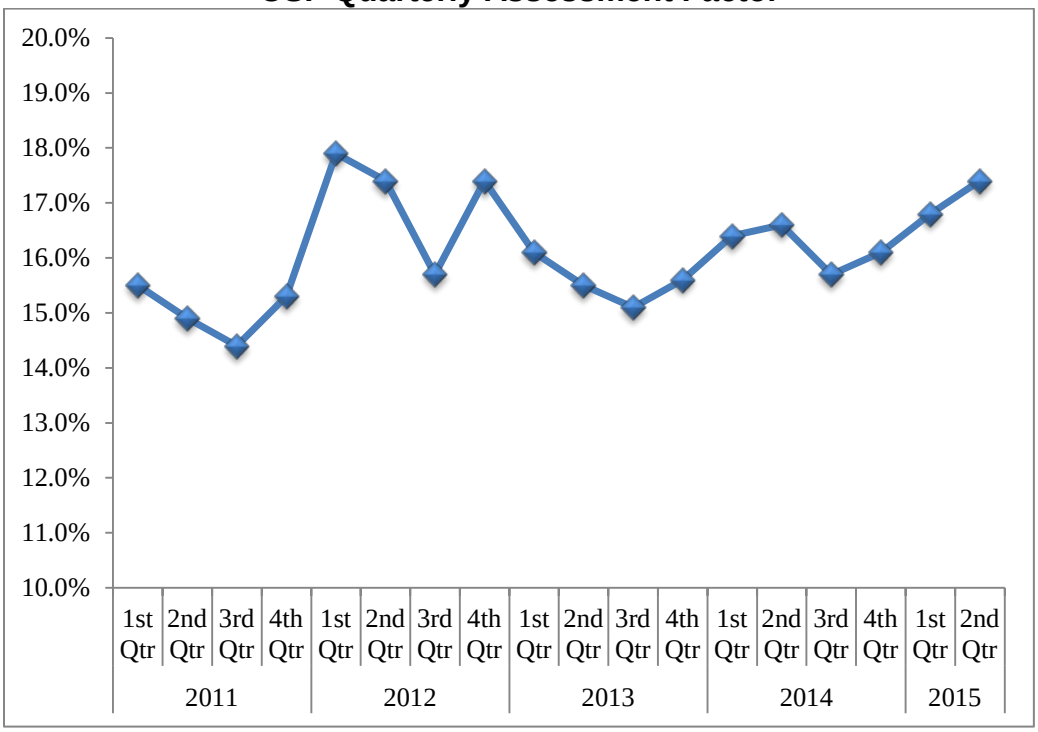
Source: FCC Universal Service Monitoring Report, various years, Tables 1.13and 1.9.

1. Contribution System Reform

Funding for USF is collected from telecommunications service providers. The amount they contribute is based on a quarterly FCC assessment factor and the amount of telecommunications revenues service providers collect from end-users. Specifically, the assessment factor is applied to interstate and international telecommunications revenues. Mobile wireless carriers and interconnected VoIP providers are also required to contribute.[129] In 2014 the assessment factor, ranged from a high of 16.6 percent in the second quarter to a low of 15.7 percent in the third quarter.[130] Figure 8-1 below illustrates the general increase of the assessment factor over the last four years.

[128] The total contribution for 2013 includes approximately $108 million in administrative expenses for the Universal Service Administrative Company.
[129] Wireless carriers and interconnected VoIP providers may use the interim safe harbor percentages to estimate the interstate portion of their revenues.
[130] FCC, Contribution Factor & Quarterly Filings - Universal Service Fund (USF) - Management Support, http://www.fcc.gov/encyclopedia/contribution-factor-quarterly-filings-universal-service-fund-usf-management-support, accessed on May 21, 2015.

Figure 8-1
USF Quarterly Assessment Factor



Source: FCC, Public Notices on Proposed Contribution Factors, various quarters.

In 2012, the FCC initiated a proceeding to consider modernizing how Universal Service fund contributions are assessed and recovered.[131] The FCC has acknowledged that the current contribution system has given rise to uncertainty, inefficiency, and market distortions. Outdated rules and loopholes mean that services that compete directly against each other may face different treatment.

Among the options the FCC is considering is a change to assess contributions based on either total revenues (i.e., interstate and intrastate), connections, numbers, or a hybrid approach (of connections and revenues). The FCC sought comment on expanding the types of providers that should be required to contribute. Such providers include enterprise communications service providers, text messaging providers, and broadband Internet service providers.

On August 7, 2014, the FCC referred these issues to the Federal-State Universal Service Joint Board.[132] While the Joint Board was asked to file its recommendation with the FCC by April 7, 2015, that deadline has been extended.

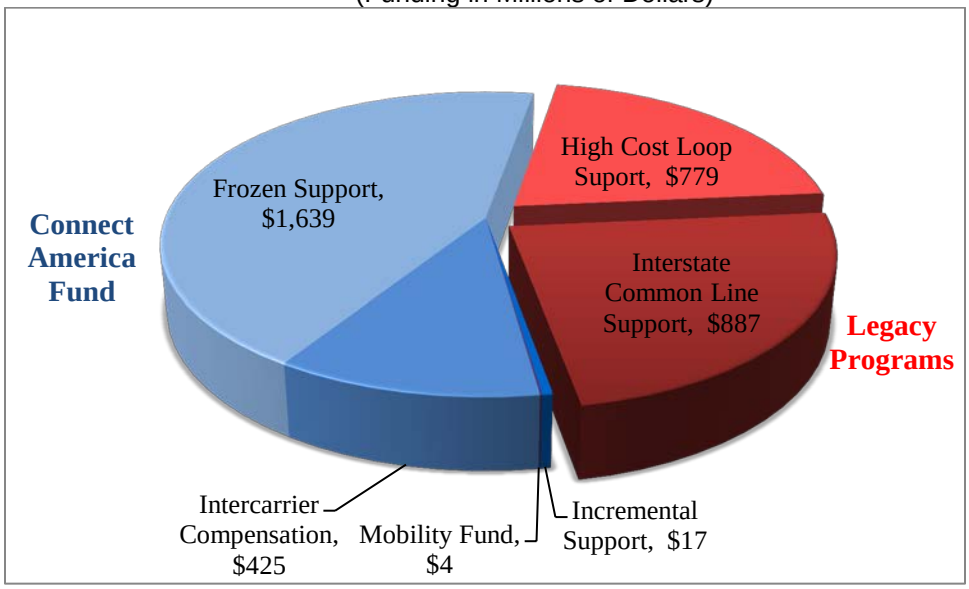
2. High-Cost

The FCC modernized its existing high-cost fund in 2011 to explicitly support deployment of broadband to unserved areas.[133] As part of this reform, the FCC began to phase out the existing

[131] FCC, Further Notice of Proposed Rulemaking, FCC 12-46, released April 30, 2012, WC Docket No. 06-122, GN Docket No. 09-51, https://apps.fcc.gov/edocs_public/attachmatch/FCC-12-46A1.pdf, accessed on May 21, 2015.
[132] Florida Public Service Commissioner Ronald Brisé serves on the Federal-State Universal Service Joint Board.

high-cost support programs and began funding through the Connect America Fund. The Connect America Fund focuses on supporting and expanding fixed broadband availability and voice service. Figure 8-2 identifies 2014 authorized support by high-cost program.

Figure 8-2
2014 Authorized Support
(Funding in Millions of Dollars)



Source: USAC 2014 Annual Report

At its December Open Meeting, the FCC approved an Order that modified prior reforms to accommodate the higher speed requirement and target Connect America Funds to expand broadband into rural areas that would not otherwise be served.[134] Specifically, the FCC will now require companies receiving Connect America funding for fixed broadband to serve consumers with speeds of at least 10 Mbps for downloads and 1 Mbps for uploads. The prior broadband requirements were 4 Mbps for downloads and 1 Mbps for uploads.

While increasing the broadband speed requirements that carriers have to provide, the FCC rejected arguments that it should increase the high-cost universal service budget, as a means of advancing its broadband goals. It noted that the ratepayer impact from its universal service programs have persuaded it "to proceed cautiously when weighing the benefits from increased support against the burden on ratepayers."

3. Low Income

The Lifeline program provides a $9.25 discount on phone service for qualifying low-income consumers to ensure that all Americans have the opportunities and security that phone service brings, including being able to connect to jobs, family and emergency services..

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[133] FCC, Report and Order and Further Notice of Proposed Rulemaking, WC Docket No. 10-90, et all, FCC 11-161, released November 18, 2011, http://hraunfoss.fcc.gov/edocs_public/attachmatch/FCC-11-161A1.pdf, accessed on May 22, 2015.

[134] FCC, Report and Order, WC Docket Nos. 10-90, 14-58, 14-192, FCC 14-190, released December 18, 2014, https://apps.fcc.gov/edocs_public/attachmatch/FCC-14-190A1.pdf, accessed on May 22, 2015.

In December of 2012, the FCC's Wireline Competition Bureau selected 14 pilot projects, spanning 21 states and Puerto Rico. In Florida, Maryland, Texas, Washington, Wisconsin, and Massachusetts, TracFone's pilot project studied the effects of varying subsidy amounts and discounted hardware through mobile smartphone service plans.[135] All of the TracFone's plans included unlimited voice/text and 2 GB of data. The pilots ended in November of 2014, and the Bureau issued a report on the projects in 2015. The Bureau concluded that:

- Consumers respond well to having a choice of plans. Households have different needs for data speeds, usage amounts, service type and devices. The pilots showed low-income consumers do not all want or need the same products.
- While price is not the only barrier to broadband adoption, price matters.
- Carriers are not necessarily the best at addressing other barriers to broadband adoption, such as digital literacy and relevance to one's life.

On June 22, 2015, the FCC released a Notice of Proposed Rulemaking and Order seeking comments on restructuring the program to include access to broadband.[136] The FCC has found that broadband has become essential to participation in modern society, offering access to jobs, education, health care, government services and opportunity. The notice seeks comment on maintaining the same $9.25 a month subsidy, and proposes to use that money as effectively and efficiently as possible to deliver modern communications services. The FCC also seeks consideration of the comment on:

- Adopting minimum service standards for both voice and broadband services
- Whether broadband should be a required offering of Lifeline providers
- How to encourage more competition to improve price and service
- How to encourage more participation by states.

The FCC also suggests streamlining the process of verifying consumer eligibility by taking it out of the hands of providers. Specific ideas for consideration include establishing a third-party "national verifier," coordination with other federal needs-based programs, and consideration of the use of direct subsidies to consumers through vouchers. Finally, the notice seeks comments on a budget for the program. For 2014, the Low Income Program was $1.67 billion, or about 19 percent of the total universal service program.[137] By comparison in 2004, the Low Income Program was only $765 million, or about 13 percent of the total universal service program.

[135] FCC, Wireline Competition Bureau, Low-Income Broadband Pilot Program, Staff Report, WC Docket No. 11-12, released May 22, 2015, https://apps.fcc.gov/edocs_public/attachmatch/DA-15-624A1.pdf, accessed on May 22, 2015.

[136] FCC, Second Further Notice of Proposed Rulemaking, Order on Reconsideration, Second Report and Order, and Memorandum Opinion and Order, WC Docket Nos. 11-42, 10-90, 09-197, FCC 15-71, released June 22, 2015, http://transition.fcc.gov/Daily_Releases/Daily_Business/2015/db0622/FCC-15-71A1.pdf, accessed on June 24, 2015.

[137] FCC, Contribution Factor & Quarterly Filings - Universal Service Fund Management Support, various quarters, https://www.fcc.gov/encyclopedia/contribution-factor-quarterly-filings-universal-service-fund-usf-management-support, accessed on June 24, 2015.

4. Schools and Libraries

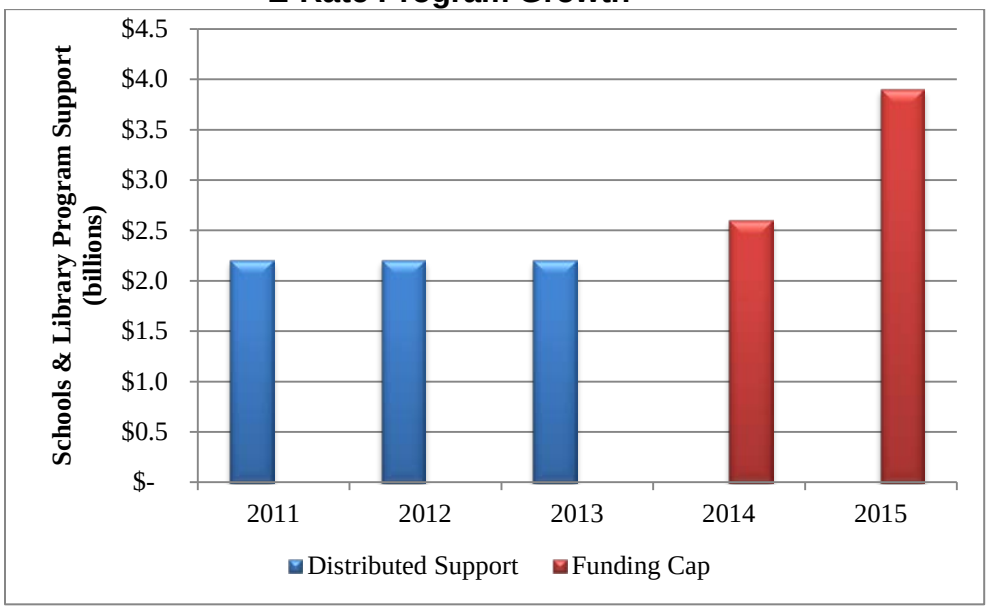
The schools and libraries support program, commonly known as the E-rate Program, provides financial assistance for eligible schools and libraries. The program provides support to reduce the cost associated with telecommunications services, Internet access, and eligible equipment, along with repair and upkeep of eligible equipment. The discounts range from 20 percent to 90 percent of the costs of eligible services depending on the level of poverty and whether the school or library is located in an urban or rural area.

On July 23, 2014, the FCC adopted an Order that will expand Wi-Fi networks in schools and libraries.[138] The new rules are intended to comprehensively modernize the E-rate Program. According to the FCC, this reform will expand Wi-Fi to more than 10 million students in 2015.

At its December 2014 Open Meeting, the FCC approved further changes, increasing the size of the fund from the current $2.4 billion to $3.9 billion.[139] According the to the FCC, if demand for E-rate funds from schools and libraries reaches the full $3.9 billion cap, the estimated additional cost to an individual ratepayer would be approximately 16 cents per month.

Figure 8-3 reflects the new cap relative to the amount of support distributed in prior years. On an annual basis, Florida consumers can expect to pay about $96 million more per year into the federal program based on 2013 estimated contribution data.

Figure 8-3
E-Rate Program Growth



Source: USAC 2014 Annual Report

[138] FCC, Report and Order and Further Notice of Proposed Rulemaking, released July 23, 2014, https://apps.fcc.gov/edocs_public/attachmatch/FCC-14-99A1.pdf, accessed on May 22, 2015.
[139] FCC, Second Report and Order and Order on Reconsideration, WC Docket Nos. 13-184 and 10-90, released December 19, 2014, https://apps.fcc.gov/edocs_public/attachmatch/FCC-14-189A1.pdf, accessed on May 21, 2015.

In addition to increases to the fund size, the Order provides schools and libraries increased flexibility and options for purchasing broadband services to enable schools and libraries to meet their Internet capacity needs in the most cost-effective way possible.

E. Numbering Rules for VoIP Providers

On June 18, 2015, the FCC unanimously adopted a Report and Order modernizing its rules governing the distribution of phone number for interconnected VoIP providers.[140] Prior to this Order, Interconnected VoIP providers were required to get phone numbers from third-party carriers. The FCC found that allowing these providers to go directly to numbering administrators for phone numbers will benefit consumers by reducing costs. In addition, giving VoIP providers direct access to number will promote competitive choice for consumers by speeding the transfer of a customer's existing number to or from an interconnected VoIP provider, known as "porting" a number.

F. Fines

In September 2014, the FCC's Enforcement Bureau reached a $7.4 million settlement with Verizon to resolve an investigation into the company's use of personal consumer information for marketing purposes.[141] The Enforcement Bureau's investigation uncovered that Verizon failed to notify approximately two million new customers, on their first invoices or in welcome letters, of their privacy rights, including how to opt out from having their personal information used in marketing campaigns, before the company accessed their personal information to market services to them. In addition to the $7.4 million payment, Verizon has agreed to notify customers of their opt-out rights on every bill for the next three years.

In October 2014, AT&T Mobility agreed to pay $80 million to the Federal Trade Commission to provide refunds to consumers that the company unlawfully billed for unauthorized third-party charges as part of a $105 million settlement. The refunds are part of a multi-agency settlement that also includes $20 million in penalties and fees paid to 50 states and the District of Columbia, as well as a $5 million penalty to the FCC.

On December 19, 2014, the FCC announced a settlement of at least $90 million with T-Mobile to resolve an investigation into allegations that the company billed customers millions of dollars in unauthorized third-party subscriptions and premium text messaging services.[142] The FCC's Enforcement Bureau launched its investigation after receiving consumer complaints alleging that T-Mobile customers were billed for unauthorized charges for subscriptions to third-party services that they did not request or authorize. These subscription charges were typically $9.99 per month.

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[140] FCC, Report and Order, WC Docket Nos. 13-97, 10-90, 07-243, 04-36, etc., FCC 15-17, released June 22, 2015, http://transition.fcc.gov/Daily_Releases/Daily_Business/2015/db0622/FCC-15-70A1.pdf, accessed on June 24, 2015.

[141] FCC, News Release, Verizon to Pay $7.4 Million to settle consumer privacy investigation, released September 3, 2014, https://apps.fcc.gov/edocs_public/attachmatch/DOC-329127A1.pdf, accessed on June 26, 2015.

[142] FCC, News Release, T-Mobile to pay $90 Million to settle investigation into mobile cramming and Truth-In-Billing practices, released December 19, 2014, https://apps.fcc.gov/edocs_public/attachmatch/DOC-331156A1.pdf, accessed on June 26, 2015.

The FCC also indicated in January 2015 that it intends to fine AT&T for unauthorized wireless operations for $640,000.[143] The FCC alleges that AT&T operated numerous wireless stations throughout the U.S. without authorization over a multiyear period and failed to provide required license modification notices to it. AT&T apparently operated numerous common carrier fixed point-to-point microwave stations at variance from the stations' authorization for periods as long as five years. The FCC noted that AT&T's action greatly increases the risk of harmful interference. In a similar incident in 2013, AT&T agreed pay the FCC $600,000 to settle an investigation of unauthorized operations based on the company's failure to file modification applications regarding its cellular service areas.

On May 12, 2015, the FCC announced that Verizon Wireless will pay $90 million and Sprint Corporation will pay $68 million to settle investigations into unauthorized third-party billings, similar to the AT&T Mobility and T-Mobile cases.[144] Verizon's $90 million settlement will include a minimum of $70 million to fund a consumer redress program, $16 million for state governments participating in the settlement, and $4 million as a fine paid to the U.S. Treasury. Sprint's $68 million settlement will include a minimum of $50 million to fund a consumer redress program, $12 million for state governments participating in the settlement, and $6 million as a fine paid to the U.S. Treasury. The settlements were negotiated in coordination with the Consumer Financial Protection Bureau and the attorneys general of all 50 states and the District of Columbia.

The FCC announced on June 17, 2015 that it plans to fine AT&T Mobility $100 million for misleading its consumers about unlimited mobile data plans.[145] The FCC's investigation contends that AT&T severely reduced the data speeds of customers with unlimited data plans. Specifically, the Commission charges AT&T with violating the 2010 Open Internet Transparency Rule by falsely labeling these plans as "unlimited" and by failing to sufficiently inform customers of the maximum speed they would receive under the Maximum Bit Rate Policy. The Transparency Rule went into effect in 2011 and was upheld by the D.C. Circuit in its opinion in *Verizon v. FCC*.

G. Fraud Indictment

The U.S. Department of Justice indicted three men from Florida for allegedly defrauding the FCC's Lifeline program of approximately $32 million.[146] The three men who were indicted are Thomas E. Biddix, Kevin Brian Cox, and Leonard I. Solt. The indictment alleges the defendants engaged in a scheme to submit false claims to the federal Lifeline program administered by the Universal Service Administrative Company. The defendants were charged with one count of

[143] FCC, News Release, FCC Plans $640,000 Fine against AT&T For Unauthorized Wireless Operations, released January 29, 2015, https://apps.fcc.gov/edocs_public/attachmatch/DOC-331733A1.pdf, accessed on June 24, 2015.
[144] FCC, News Release, Verizon, Sprint to Pay $158M to Settle Illegal Billing Investigations, released May 12, 2015, https://www.fcc.gov/document/verizon-sprint-pay-158m-settle-illegal-billing-investigations-0, accessed on June 30, 2015.
[145] FCC, Notice of Apparent Liability for Forfeiture and Order, File No. EB-IHD-14-00017504, FCC 15-63, released June 17, 2015, http://transition.fcc.gov/Daily_Releases/Daily_Business/2015/db0617/FCC-15-63A1.pdf, accessed on June 24, 2015.
[146] U.S. Dept. of Justice, News Release, Three Men Charged with Allegedly Defrauding the FCC of Approximately $32 Million, released April 10, 2014, http://www.justice.gov/opa/pr/three-men-charged-allegedly-defrauding-fcc-approximately-32-million, accessed on June 26, 2015.

conspiracy to commit wire fraud and 15 substantive counts of wire fraud, false claims, and money laundering. The court also authorized a seizure warrant seeking the defendants' gains, including the contents of multiple bank accounts, a yacht and several luxury automobiles.

Four former FPSC certificated companies were named in the indictment. Following a FPSC investigation in 2011, the certificates of three of the named companies were voluntarily surrendered and the fourth certificate was cancelled effective November 30, 2011 for failure to abide by the terms of a settlement agreement approved by the FPSC.

Appendix A. List of Certificated CLECs as of 12/31/14

** Indicates that the company did not respond to the Commission's data request.

365 Wireless, LLC
382 Networks, Inc.
4IT, Inc.
A.SUR Net, Inc.
Access Media 3, Inc.
Access One, Inc.
Access Point, Inc.
ACN Communication Services, Inc.
Advanced Communications Southeast, Inc.
Aero Communications, LLC
Affordable Phone Services, Inc.
Airespring, Inc.
Airus, Inc.
ALEC, LLC
Alternative Phone, Inc.
American Telephone Company LLC
American Utility Systems, Inc.
Americatel Corporation
ANEW Broadband, Inc.
ANPI Business, LLC
AT&T Corp.
AT&T Florida
**ATC Outdoor DAS, LLC
Atlantic Broadband Enterprise, LLC
Atlantis Communications LLC
ATN, Inc.
Backbone Communications Inc.
**Baldwin County Internet/DSSI Service, L.L.C.
Bandwidth.com CLEC, LLC
Barr Tell USA, Inc.
Bayfront Health System, Inc.
**BCN Telecom, Inc.
**BeCruising Telecom
Benchmark Communications, LLC
BetterWorld Telecom
Birch Communications, Inc.
Birch Telecom of the South, Inc.
Bright House Networks Information Services (Florida), LLC
Broadband Dynamics, L.L.C.
BroadRiver Communication Corporation
Broadview Networks, Inc.
Broadvox-CLEC, LLC
Broadwing Communications, LLC
BT Communications Sales LLC
Budget Phone
BudgeTel Systems, Inc.
BullsEye Telecom, Inc.
C Spire Business Solutions
C3
Callis Communications, Inc.
Campus Communications Group, Inc.
Cbeyond Communications, LLC
Cincinnati Bell Any Distance Inc.
Citrix Communications LLC
City of Bartow
City of Daytona Beach
City of Lakeland
City of Leesburg
City of Ocala
Clarity Communications Group
Clear Choice Communications
Clear Rate Communications, Inc.
Cogent Communications of Florida LHC, Inc.
Comcast Long Distance
Comcast Phone of Florida, LLC d/b/a
Comcast Digital Phone
Comity Communications, LLC
Communications Authority, Inc
ComNet (USA) LLC
Comtech21, LLC
Conterra Ultra Broadband, LLC
Convergia, Inc.
CoreTel Florida, Inc.
Cox Florida Telcom, L.P.
Crexendo Business Solutions, Inc.
Crosstel Tandem, Inc.
Crown Castle NG East LCC
Crown Castle NG East LLC
Custom Network Solutions, Inc.
Custom Tel, LLC
Dais Communications

Dedicated Fiber Systems, Inc.
Dialtone Telecom, LLC
DIGITALIPVOICE, INC.
dishNET Wireline L.L.C.
DRS Training & Control Systems, LLC.
DSCI Corporation
EarthLink Business
EarthLink Business
EarthLink Business, LLC
Easy Telephone Services Company
Electronet Broadband Communications, Inc.
Embarq Communications
ENA Services, LLC
ENGAGE COMMUNICATIONS
Enhanced Communications Network, Inc.
Entelegent Solutions, Inc.
ExteNet Systems, Inc.
FiberLight, LLC
First Choice Technology, Inc.
First Communications, LLC
**FLATEL, Inc.
Florida Hearing and Telephone
Florida Phone Systems, Inc.
Florida Telephone Services, LLC
FPL FiberNet, LLC
FPUAnet Communications
France Telecom Corporate Solutions L.L.C.
**Freedom Communications USA LLC
Frontier Communications of America, Inc.
Georgia Public Web, Inc.
Global Capacity
Global Connection Inc. of America (of Georgia)
Global Crossing Local Services, Inc.
Granite Telecommunications, LLC
Great America Networks, Inc.
GRU Communication Services/GRUCom/GRU
GRUCom
GTC Communications, Inc.
Harbor Communications, LLC
Hayes E-Government Resources, Inc.
Hillsborough County Aviation Authority
Home Town Telephone, LLC
Hotwire Communications, Ltd.
HQ Global Workplaces LLC
Hypercube Telecom, LLC
I Packet Networks, LLC
IDT America, Corp.
inContact, Inc.
iNetworks Group, Inc.
**Infotelecom, LLC
Integrated Path Communications, LLC
IntelaCloud, LLC
Intelletrace, Inc.
Intellicall Operator Services, Inc.
Intellifiber Networks, Inc.
InterGlobe Communications, Inc.
InterMetro Fiber, LLC
Internet & Telephone, LLC
Intrado Communications Inc.
IPC Network Services, Inc.
IPFone
ITS Fiber
ITS Telecommunications Systems, Inc.
J C Telecommunication Co., LLC
Keys Energy Services
Lake Wellington Professional Centre
Latin American Nautilus U.S.A. Inc.
Level 3 Communications, LLC
Lightspeed CLEC, Inc.
**Linkup Telecom, Inc.
Litestream Holdings, LLC
**Local Access LLC
Local Telecommunications Services - FL, LLC
Marco Island Cable, Inc.
Marcus Centre
Maryland TeleCommunication Systems, Inc.
Mass Communications
MCC Telephony of Florida, LLC
McGraw Communications, Inc.
McLeodUSA Telecommunications Services, L.L.C.
MetTel
Miami-Dade Broadband Coalition I LLC
**Micro-Comm, Inc.
Mitel NetSolutions, Inc.
Mobilitie, LLC
Momentum Telecom, Inc.
MOSAIC NETWORX LLC
MULTIPHONE LATIN AMERICA, INC.

Nebula Telecommunications of Florida LLC
**NET TALK.COM, INC.
**Network Billing Systems, L.L.C.
Network Innovations, Inc.
Network Operator Services, Inc.
Network Telephone Corporation
Neutral Tandem-Florida, LLC
New Horizons Communications Corp.
**NewPhone, Inc.
Nexus Communications TSI, Inc.
**NMG Telecom, LLC
Norstar Telecommunications, LLC
North American Telecommunications Corporation
North County Communications Corporation
NOS Communications, Inc.
O1 Communications East, LLC
One Park Place Executive Suites
One Voice Communications, Inc.
**OneStar Long Distance, Inc.
OneTone Telecom, Inc.
Onvoy, LLC
Opextel LLC d/b/a Alodiga
**Pac-West Telecomm, Inc.
PAETEC Business Services
PaeTec Communications, Inc.
**Pathway Communications
Peerless Network of Florida, LLC
Phone Club Corporation
Pioneer Telephone
PowerNet Global Communications, Inc.
Preferred Long Distance, Inc.
Premier Executive Center
**Primus Telecommunications, Inc.
PS Executive Centers, Inc.
Public Wireless, Inc.
QuantumShift Communications, Inc.
RCLEC, Inc.
Reliance Globalcom Services, Inc.
ReTel Communications, Inc.
Rightlink USA, Inc.
Rosebud Telephone, LLC
Royal American Hospitality. Inc.
Sage Telecom Communications, LLC
Sago Broadband, LLC
**Sandhills Telecommunications Group, Inc.
SanTel Communications
Sarasota Memorial Health Care System
Seminole Telecom of Florida, LLC
**Semnac Technologies, LLC
SH Services LLC
Shands Teaching Hospital and Clinics, Inc.
SKYNET360, LLC
Smart City Communications
Smart City Networks, Limited Partnership
**SNC Communications, LLC
Southeastern Services, Inc.
Southern Light, LLC
Southern Light, LLC
Southern Telecom
Sprint Communications Company Limited Partnership
Stratus Networks, Inc.
Summit Broadband
Sunesys, LLC
**Sun-Tel USA, Inc.
T3 Communications, Inc.
Talk America Inc.
Talk America Services, LLC
TCG South Florida
**Telapex Long Distance, Inc.
TelCentris Communications, LLC
Telco Experts, LLC
TelCove Operations, LLC
Tele Circuit Network Corporation
TeleDias Communications, Inc.
Telepak Networks, Inc.
Telovations Inc.
Telrite Corporation
Telscape Communications, Inc.
Terra Nova Telecom, Inc.
4TerraNovaNet, Inc.
The Centers of Westshore
The Other Phone Company, Inc.
Time Warner Cable Business LLC
TNCI Operating Company LLC
Total Marketing Concepts, LLC
Touch Base Communications
Touchtone Communications Inc. of Delaware

*TQC Communications, Corp.
**Trans National Communications International, Inc.
**Tristar Communications Corp.
tw telecom of florida l.p.
U.S. Metropolitan Telecom, LLC
**Universal Local Exchange Carrier of Florida, LLC
US Signal Company, L.L.C.
US Telesis, Inc.
Vanco US, LLC
Velocity The Greatest Phone Company Ever, Inc.
Verizon Access Transmission Services
Verizon Florida LLC
Verizon Select Services Inc.
Vitcom, LLC
VoDa Networks, Inc.
Vodafone US Inc.
**Voice Stream Network, Inc.
VOX3COM
Voxbeam Telecommunications Inc.
Wholesale Carrier Services, Inc.
Wide Voice, LLC
WiMacTel, Inc.
Windstream KDL, Inc.
Windstream Norlight, Inc.
Windstream NTI, Inc.
Windstream NuVox, Inc.
WonderLink Communications, LLC
WOW! Internet, Cable and Phone
WTI Communications, Inc.
www.netquincy.com
XO Communications Services, LLC
YMax Communications Corp.
Zayo Group, LLC

Appendix B. Summary of Complaints by Carriers

Carrier		Docket Number	Description
Terra Nova Telecom	AT&T	N/A	ICA adoption request
Terra Nova Telecom	AT&T	N/A	Late payment charges
Terra Nova Telecom	AT&T	N/A	911 fees
Terra Nova Telecom	AT&T	N/A	Relay surcharge
Terra Nova Telecom	AT&T	N/A	LNP charges
FLATEL	Birch	N/A	Disconnection
Terra Nova Telecom	AT&T	N/A	Trunk outage
Terra Nova Telecom	AT&T	N/A	Local interconnection
Communications Authority	AT&T	140156-TP	Arbitration
Terra Nova Telecom	AT&T	N/A	Number portability

Glossary

Access Line	The circuit or channel between the demarcation point at the customer's premises and the serving end or class 5 central office.
Backhaul	In wireless networks, the connection from an individual base station (tower) to the central network (backbone). Typical backhaul connections are wired high-speed data connections (T1 line, etc.), but they can be wireless as well (using point-to-point microwave or WiMax, etc.).
Broadband	A term describing evolving digital technologies offering consumers integrated access to voice, high-speed data services, video on demand services, and interactive information delivery services.
Circuit	A fully operational two-way communications path.
CLEC	*Competitive Local Exchange Company*. Any company certificated by the Florida Public Service Commission to provide local exchange telecommunications service in Florida on or after July 1, 1995.
Communications Act	The federal Communications Act of 1934, as amended by the Telecommunications Act of 1996, established a national framework to enable CLECs to enter the local telecommunications marketplace.
Facilities-based VoIP service	This term refers to VoIP service provided by the same company that provides the customer's broadband connection. Facilities-based VoIP services are generally provided over private managed networks and are capable of being provided according to most telephone standards. While this service uses Internet Protocol for its transmission, it is not generally provided over the public Internet.
FiOS	FiOS is Verizon's suite of voice, video, and broadband services provisioned over fiber optic cable directly to the customer premises. FiOS can currently provide Internet access with maximum download speed of 300 Mbps and upload speed of 65 Mbps.
ICA	*Interconnection Agreement.* An interconnection agreement is a contract that establishes the rates, terms and conditions that govern the business relationship between telecommunications companies.
ILEC	*Incumbent Local Exchange Company*. Any company certificated by the FPSC to provide local exchange telecommunications service in Florida on or before June 30, 1995.

Interconnected VoIP service	According to the FCC, it is a VoIP service that (1) enables real-time, two-way voice communications; (2) requires a broadband connection from the user's location; (3) requires Internet protocol-compatible customer premises equipment; and (4) permits users generally to receive calls that originate and terminate on the public switched telephone network.
Intermodal	The use of more than one type of technology or carrier to transport telecommunications services from origination to termination. When referring to local competition, intermodal refers to nonwireline voice communications such as wireless or VoIP.
Internet Protocol (IP)	The term refers to all the standards that keep the Internet functioning. It describes software that tracks the Internet address of nodes, routes outgoing messages, and recognizes incoming messages.
Over-the-Top VoIP service	This term refers to VoIP service that is provided independently from a particular broadband connection and is transmitted via the public Internet. Examples of this service include Vonage and Skype.
Switched Access	Local exchange telecommunications company-provided exchange access services that offer switched interconnections between local telephone subscribers and long distance or other companies. Long distance companies use switched access for origination and termination of user-dialed calls.
TDM	Time Division Multiplexing is a method of transmitting and receiving independent signals over a common signal path by means of synchronized switches at each end of the transmission line so that each signal appears on the line only a fraction of the time in an alternating pattern. TDM circuit switched lines represent the traditional wireline access line data within this report and do not include VoIP connections.
U-verse	U-verse is the brand name of AT&T for a group of services provided via Internet Protocol (IP), including television service, Internet access, and voice telephone service. Similar to Verizon's FiOS service, AT&T's U-verse is deployed using fiber optic cable.
Universal Service	This term describes the financial support mechanisms that constitute the national universal service fund. This fund provides compensation to telephone companies or other communications entities for providing access to telecommunications services at reasonable and affordable rates throughout the country, including rural, insular, high-cost areas, and public institutions.
Universal Service Administrative Company (USAC)	USAC is an independent American nonprofit corporation designated as the administrator of the federal Universal Service Fund by the Federal Communications Commission. USAC is a subsidiary of the National Exchange Carrier Association.

VoIP	*Voice over Internet Protocol*. The technology used to transmit voice conversations over a data network using Internet Protocol.
Wireline	A term used to describe the technology used by a company to provide telecommunications services. Wireline is synonymous with “landline” or land-based technology.

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

OUTSIDE PERSONS WHO WISH
TO ADDRESS THE COMMISSION AT

INTERNAL AFFAIRS
July 21, 2015

Speaker	**Representing**	**Item #**
Matthew Feil	Gunster Law Firm	3

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

PROCEEDINGS:	INTERNAL AFFAIRS
COMMISSIONERS PARTICIPATING:	CHAIRMAN ART GRAHAM COMMISSIONER LISA POLAK EDGAR COMMISSIONER RONALD A. BRISÉ COMMISSIONER JULIE I. BROWN COMMISSIONER JIMMY PATRONIS
DATE:	Tuesday, July 21, 2015
TIME:	Commenced at 11:46 a.m. Concluded at 11:59 a.m.
PLACE:	Betty Easley Conference Center Room 148 4075 Esplanade Way Tallahassee, Florida
REPORTED BY:	LINDA BOLES, CRR, RPR Official FPSC Reporter (850) 413-6734

P R O C E E D I N G S

CHAIRMAN GRAHAM: Okay. Let the record show it is Tuesday, July 21st, and this is the Internal Affairs meeting.

So let's just start off at the top, Item No. 1.

MR. HINTON: Commissioners, Item No. 1 is a draft letter of support for the Learning Systems Institute of Florida State University. The Learning Systems Institute is applying for a grant award from the Department of Energy's Solar Training and Education for Professionals, or STEP, Funding Opportunity Announcement.

If awarded the grant, the Learning Systems Institute intends to develop a web-based interactive training and support system primarily for the benefit of state regulators and policymakers. And we are seeking your approval of the draft letter.

CHAIRMAN GRAHAM: Do we have anybody here from Florida State?

MR. HINTON: No.

CHAIRMAN GRAHAM: Oh, really? Huh.

Do we know anybody from Florida State?

(Laughter.)

Commissioner Patronis.

COMMISSIONER PATRONIS: I, Mr. Chairman, wholeheartedly support this letter as a -- as a graduate of that fine institution. And, you know, the irony of it is -- is there was, like, three different people -- I'm a little -- I've got a weird gene, but there was, like, three different people in the audience today that were wearing orange ties and blue shirts, and I just -- they stand out like a sore thumb.

(Laughter.)

So if you need that made in a motion, I move that we support this.

CHAIRMAN GRAHAM: Okay. Commissioner Edgar.

COMMISSIONER EDGAR: And as a proud holder of two separate degrees from Florida State, I second the motion.

CHAIRMAN GRAHAM: Okay. I hope you can get three votes.

(Laughter.)

All in favor, say aye.

(Vote taken.)

Any opposed?

All right. Staff, thank you very much.

Item No. 2.

MR. FUTRELL: Mr. Chairman, Commissioners, Mark Futrell with staff. In this item staff is seeking your approval of a draft Memorandum of Understanding between the Commission, NARUC, and the Jamaica Office of Utilities Regulation.

The MOU memorializes an electricity regulatory partnership between the three entities for the upcoming year to essentially be -- facilitate information exchange between the agencies to achieve some of the goals that the Jamaica OUR have sought. And staff is here to answer your questions.

CHAIRMAN GRAHAM: Does this mean that we get to have one of our agenda meetings in Jamaica?

MR. FUTRELL: We'll make sure -- put that on the list of talking points.

(Laughter.)

CHAIRMAN GRAHAM: Good answer. I like that.

Okay. Commissioner Brown.

COMMISSIONER BROWN: Thank you. This is such an exciting opportunity for our state, and I'm grateful that we have Commissioner Brisé going down there in August, and other staff, I assume, will be

going down there, keeping us updated. But this is just such a great program. Delighted that we have this opportunity. Commissioner Brisé, glad that you get to go down there. Please tell us how it is.

CHAIRMAN GRAHAM: Commissioner Edgar.

COMMISSIONER EDGAR: Thank you, Mr. Chairman. I also am very enthusiastic about this project. USAID clearly is the motivator and funder -- funder and is very supportive of states working with developing nations and helping them move forward with professional regulatory best practices.

I had the opportunity to meet one of the Commissioners from Jamaica last week, and he is very, very enthusiastic about it. So I'm very pleased for the support of my colleagues and of our staff. International outreach and information sharing I think is a very important part of public service.

CHAIRMAN GRAHAM: Well, I can tell you guys as Chair, you know, it was a difficult decision on who was going to be the Commissioner who made this trip. But I -- I figured since Commissioner Brisé was the one that -- he started

this and went down that path, and, I mean, I think single-handedly did a lot of this. I applaud him for his efforts. And -- and anything that we, the Commission or staff, can do to help, let us know.

Commissioner Brisé.

COMMISSIONER BRISÉ: Thank you, Mr. Chairman. I think this is another aspect of Team Florida, recognizing that we, too, have a lot to share as -- as a Commission and as a state, and this is a great opportunity for us to learn as well from our international partners.

I, too, had the opportunity to meet with three of the individuals -- one of them, one of them is called the Ambassador for Energy and so forth -- so we had an opportunity to meet last week in New York, and we had a great conversation about our -- our partnership moving forward. So I'm excited about what this will bring both to Florida and to Jamaica.

CHAIRMAN GRAHAM: Okay. Do I get a motion to approve this memo?

COMMISSIONER BRISÉ: So move.

COMMISSIONER EDGAR: Second.

CHAIRMAN GRAHAM: It's been moved and seconded. All in favor, say aye.

(Vote taken.)

Okay. No. 3.

MR. FOGLEMAN: Commissioners, Item 3 is the 2015 report on competition in the telecommunications industry. This report is due to the Legislature by August 1st.

In this report, we continue to see the decline of circuit-switched access lines. But based on available data, it appears that many of these lines are moving either to VOIP or wireless services.

Staff has a few modifications that we would like to make to the draft. I believe you should have copies of that already. Okay. Very good. And we -- these edits also include comments that we've gotten back from -- from industry.

Staff would also like to request editorial privileges to make any non-substantive grammatical changes post-IA. Staff is available for your questions.

CHAIRMAN GRAHAM: Okay. Commissioners, any questions of staff?

Commissioner Brisé.

COMMISSIONER BRISÉ: No questions, just a comment. I wanted to commend staff on putting such

a fine report together. This provides sort of a -- the full spectrum of -- of the telecom industry here in Florida. And I think anyone who is in the policy side of this can use this report to help them understand the make-up of the industry and what are some of the driving factors and the changes that are happening within the industry.

I do want to note that on page 38 when we talk about Lifeline participation rates, the participation rate trend is -- is on -- is downward. And I know that, you know, the Commission does what it can to ensure that we get the word out there, but we need to ensure that the word gets out there because we are a significant donor state, and we need to make sure that those who are eligible to receive the service are receiving the service, recognizing that it is truly a lifeline. So whatever we can do to ensure that we help people in that -- in that facet, we should.

CHAIRMAN GRAHAM: Well, doesn't that downward trending line mean that the economy in the State of Florida is moving in the better direction?

COMMISSIONER BRISÉ: Well, absolutely to -- I mean, if you want to make that argument; right? But there are still individuals who, who

can benefit from the program, and some of them may not be aware that the program exists. And -- and with the growing economy, having access to telecom services will help them get part of those new jobs that have come into the state and that are making themselves available so that they go ahead and join the economy and not need to be eligible for Lifeline.

CHAIRMAN GRAHAM: Very good, Commissioner Brisé.

Commissioner Patronis.

COMMISSIONER PATRONIS: Thank you, Mr. Chairman.

Question. Typically this report, is it just delivered, or is it actually presented to one of the committees?

MR. FOGLEMAN: Just delivered.

MS. SALAK: We have presented them to the committees before upon request.

COMMISSIONER PATRONIS: Okay. And just a follow-up, Mr. Chairman.

Just don't -- don't forget, if you do get to make a presentation, some of these guys are laymen, and, you know, they -- they don't even know that Lifeline exists, they don't know that these

programs exist. And, anyway, as much as you can to help educate them by spoonfeeding them some, I think it's helpful; as much of a third grade level you can put it and no words over six letters makes -- makes it more comprehendible. Being a former legislator, I just can attest to that.

CHAIRMAN GRAHAM: I'm glad you added that -- I'm glad you added that little end.

Matt, did you have anything to add?

MR. FEIL: I was just here to answer questions. I did want to mention, though, that not only did staff do good work on the report, but when I had questions, they were very helpful and responsive, and I wanted to commend them for that. So thank you, Mr. Chairman.

CHAIRMAN GRAHAM: Okay. Do we have a motion to accept the report?

COMMISSIONER BROWN: So moved.

CHAIRMAN GRAHAM: It's been moved and seconded. Any further discussion?

COMMISSIONER EDGAR: Mr. Chairman, I would just add that that, I know, would include the modifications. And also I would, if I may, include that we do give staff the authority to make whatever minor typo type corrections. Often those

are found in the production process.

CHAIRMAN GRAHAM: Okay. That motion was seconded. Any further discussion?

Seeing none, all in favor, say aye.

(Vote taken.)

Any opposed? By your action, you've approved. Thank you very much.

Okay. General Counsel, anything from you today?

MR. BECK: Nothing to report, Mr. Chairman.

CHAIRMAN GRAHAM: Okay. Executive Director.

MR. BAEZ: Thank you, Mr. Chairman.

Commissioners, you will recall that we had presented for the fiscal year '15/'16 an LBR that deleted two vacant positions. You also know that this past, I guess, mid-June after the special session was when the budget actually became final and moved on to the, to the Governor's desk, which he subsequently signed.

At the conclusion of that session, the LBR or the budget that was approved actually deleted six vacant positions at the agency, and that was a reduction of 283,000 and change. We also had a

small technical adjustment of about 5,000 in expenses. And all of these adjustments became -- were effective on July 1st, this past July 1st.

We're right now in the process of closing our books. We should be completed very soon. And we're more than likely going to be trying to block time with each of you individually to go over the specifics of the LBR and -- and to discuss any -- any forward-looking measures as well with you, so be on the lookout for that. If you don't have questions on the -- on this past budget, I'll move on.

And lastly, on the lighter side and the better news, we want to recognize Living Well Lodges. They are the June Triple E Award winner. As you know, each month we recognize a small business for its energy efficiency efforts. Living Well Lodges worked with their local provider, Duke Energy, to install lighting and insulation upgrades, and also used hi-tech Packaged Terminal Heat pumps and efficient unitary HVAC systems. The key point in this is they were able to save more than 360,000 kilowatt-hours of energy on an annual basis.

The Chairman recognized the managing partner, Tom Hofmeister, for implementing these

conservation programs in a prior News Release. So we want to congratulate them and Duke, the local provider, for working with their client to achieve these savings. And if you have no questions, I don't have anything further.

CHAIRMAN GRAHAM: Thank you very much.

MR. BAEZ: Thank you, Mr. Chairman.

CHAIRMAN GRAHAM: Other matters? Anybody? Okay. Seeing none, we are adjourned. Everybody please travel safely, and we'll see you next meeting.

(Internal Affairs adjourned at 11:59 a.m.)

STATE OF FLORIDA)
: CERTIFICATE OF REPORTER
COUNTY OF LEON)

I, LINDA BOLES, CRR, RPR, Official Commission 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 31st day of July, 2015.

Linda Boles

LINDA BOLES, CRR, RPR
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