I. Meeting Packet

State of Florida

Public Service Commission

INTERNAL AFFAIRS AGENDA

Thursday - August 27, 2015
Immediately Following Agenda Conference
Room 105 - Gerald L. Gunter Building

REVISED

1. Comments to Second Notice of Proposed Rulemaking on Lifeline Modernization Reform. (Attachment 1)

2. Executive Director's Report (No attachment)

3. 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: August 18, 2015

TO: Braulio L. Baez, Executive Director

FROM: Robert J. Casey, Public Utilities Supervisor, Office of Telecommunications
Keino Young, Attorney Supervisor, Office of the General Counsel

RE: Draft Comments in response to Federal Communications Commission Second Further Notice of Proposed Rulemaking, Order on Reconsideration, Second Report and Order, and Memorandum Opinion and Order FCC 15-71 seeking comment on Lifeline program issues.
CRITICAL INFORMATION: Please place on the August 27, 2015 Internal Affairs. **COMMISSION APPROVAL OF DRAFT COMMENTS IS SOUGHT.**

On June 22, 2015, the Federal Communications Commission (FCC) released a Second Further Notice of Proposed Rulemaking (FNPRM), Order on Reconsideration, Second Report and Order, and Memorandum Opinion and Order (FCC 15-71) regarding Lifeline which seeks to rebuild the current framework of the Lifeline program and continue its efforts to modernize the Lifeline program to utilize advanced networks. **Initial comments are due August 31, 2015, with reply comments due September 30, 2015. Staff is submitting draft comments for approval to be filed on or before August 31, 2015.**

Among other issues, the FCC is seeking comment on whether to set a budget for the Lifeline program, whether to limit the number of programs through which consumers qualify for Lifeline, whether the eligible telecommunications carrier (ETC) designation process should be streamlined by having only the FCC designate companies as ETCs instead of states and the FCC, how best to ensure that the FCC has sufficient checks and safeguards to address potential waste, fraud and abuse, how the FCC may best facilitate coordinated enrollment, whether and to what extent to include state database consumer privacy protections, whether the non-usage period of Lifeline subscribers should be changed from 60 days to 30 days, and whether the $9.25 interim reimbursement rate should be made permanent.

Staff's draft comments encourage the FCC to consider the following:

1. A budget or cap for Lifeline would help curb the excessive growth of the low-income program as broadband is introduced into it. If necessary, the budget could be tied to the growth or decrease in federal Supplemental Nutrition Assistance Program (SNAP) program participants.

2. The Florida Public Service Commission (FPSC) would support limiting the number of qualifying Lifeline programs to SNAP, Medicaid, and Temporary Assistance for Needy Families (TANF).

3. The FPSC believes that before any preemption of authority of states to designate ETCs takes place, the FCC should refer the matter to the Federal-State Universal Service Joint Board for consideration and input.

4. The FPSC believes agents should not be paid on commission for each Lifeline application submitted. Until such time as the FCC decides whether a third party should conduct Lifeline eligibility, ETCs, rather than their agents or representatives, should review and approve consumer's documentation of eligibility before the ETC activates Lifeline service or seeks reimbursement from the Fund. In addition, any agents or third-parties acting on behalf of ETCs should receive training before taking part in the enrollment process and again every twelve months thereafter in order to ensure that every person involved in enrolling and verifying consumers for Lifeline has been adequately educated about the program and its requirements. To assist in the Federal-State partnership goal of eliminating fraud, waste, and abuse in the universal service fund (USF) low-income program, the FPSC also suggests that the FCC include language in future ETC designation orders that if a state has a state Lifeline program, the ETC must follow it.

5. If an agency administers Lifeline eligible programs such as SNAP and Medicaid and participates in Lifeline coordinated enrollment, there should also be a process whereby Lifeline participants who are determined to be no longer eligible for these programs are automatically de-enrolled.

6. The FPSC believes that a "yes" or "no" response indicating whether the person is currently participating in SNAP, Medicaid, or TANF is appropriate for queries into state eligibility databases.

7. The FPSC supports changing the 60-day non-usage requirement to 30 days in order to eliminate any unnecessary reimbursement from the USF Fund.

8. The FPSC believes that any new Lifeline broadband rules implemented as a result of the FCC's FNPRM, should be reassessed after a period of one year to determine if the $9.25 reimbursement rate is sufficient. The FPSC also believes that an end-user charge would be a barrier to enrollment, and should not be imposed if broadband is added to Lifeline.

9. Ideally, the FCC should refer all the Lifeline issues to the Universal Service Joint Board that jointly involve the FCC and states, before implementation. However, if it is determined that this procedure might delay the process beyond the timeframe of the FCC, then only the issues that require the FCC and state partnership should be referred to the Joint Board. The FCC should also refer those issues to the Universal Service Joint Board after new rules have been in effect for one year in order to assess the outcome of the new rules and enable some of them to be tweaked, if necessary.

Staff is seeking Commission approval to file the draft comments with the FCC by August 31, 2015.

Attachment

cc: Lisa Harvey

DRAFT

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

In the Matter of:	)	
	)	
Lifeline and Link Up Reform and Modernization	))	WC Docket No. 11-42
	)	
Telecommunication Carriers Eligible for Universal Service Support	))	WC Docket No. 09-197
	)	
Connect America Fund	)	WC Docket No. 10-90

COMMENTS OF

THE FLORIDA PUBLIC SERVICE COMMISSION

CHAIRMAN ART GRAHAM

COMMISSIONER LISA POLAK EDGAR

COMMISSIONER RONALD A. BRISÉ

COMMISSIONER JULIE I. BROWN

COMMISSIONER JIMMY PATRONIS

August 31, 2015

INTRODUCTION AND SUMMARY

On June 22, 2015, the Federal Communications Commission (FCC) released a Second Further Notice of Proposed Rulemaking (FNPRM), Order on Reconsideration, Second Report and Order, and Memorandum Opinion and Order (FCC 15-71) regarding Lifeline which seeks to rebuild the current framework of the Lifeline program and continue its efforts to modernize the Lifeline program to utilize advanced networks. Among other issues, the FCC is seeking comment on whether to set a budget for the Lifeline program, whether to limit the number of programs through which consumers qualify for Lifeline, whether the eligible telecommunications carrier (ETC) designation process should be streamlined by having only the FCC designate companies as ETCs instead of states and the FCC, how best to ensure that the FCC has sufficient checks and safeguards to address potential waste, fraud and abuse, how the FCC may best facilitate coordinated enrollment with other Federal benefit programs such as the United States Department of Agriculture and its state agency counterparts, whether and to what extent to include state database consumer privacy protections in any opt-out standard it adopts, whether the non-usage period of Lifeline subscribers should be changed from 60-days to 30 days, and whether the $9.25 interim reimbursement rate should be made permanent.

The Florida Public Service Commission (FPSC) encourages the FCC to consider the following:

1. A budget or cap for Lifeline would help curb the excessive growth of the low-income program as broadband is introduced into it. If necessary, the budget could be tied to the growth or decrease in federal Supplemental Nutrition Assistance Program (SNAP) program participants.

2. The Florida Public Service Commission (FPSC) would support limiting the number of qualifying Lifeline programs to SNAP, Medicaid, and Temporary Assistance for Needy Families (TANF).
3. The FPSC believes that before any preemption of authority of states to designate ETCs takes place, the FCC should refer the matter to the Federal-State Universal Service Joint Board for consideration and input.
4. The FPSC believes agents should not be paid on commission for each Lifeline application submitted. Until such time as the FCC decides whether a third party should conduct Lifeline eligibility, ETCs, rather than their agents or representatives, should review and approve consumer documentation of eligibility before the ETC activates Lifeline service or seeks reimbursement from the Fund. In addition, any agents or third-parties acting on behalf of ETCs should receive training before taking part in the enrollment process and again every twelve months thereafter in order to ensure that every person involved in enrolling and verifying consumers for Lifeline has been adequately educated about the program and its requirements. To assist in the Federal-State partnership goal of eliminating fraud, waste, and abuse in the universal service fund (USF) low-income program, the FPSC also suggests that the FCC include language in future ETC designation orders that if a state has a state Lifeline program, the ETC must follow it.
5. If an agency administers Lifeline eligible programs such as SNAP and Medicaid and participates in Lifeline coordinated enrollment, there should also be a process whereby Lifeline participants who are determined to be no longer eligible for these programs are automatically de-enrolled.

6. The FPSC believes that a "yes" or "no" response indicating whether the person is currently participating in SNAP, Medicaid, or TANF is appropriate for queries into state eligibility databases.
7. The FPSC supports changing the 60-day non-usage requirement to 30 days in order to eliminate any unnecessary reimbursement from the USF Fund.
8. The FPSC believes that any new Lifeline broadband rules implemented as a result of the FCC's FNPRM, should be reassessed after a period of one year to determine if the $9.25 reimbursement rate is sufficient. The FPSC also believes that an end-user charge would be a barrier to enrollment, and should not be imposed if broadband is added to Lifeline.
9. Ideally, the FCC should refer all the Lifeline issues to the Universal Service Joint Board that jointly involve the FCC and states, before implementation. However, if it is determined that this procedure might delay the process beyond the timeframe of the FCC, then only the issues that require the FCC and state partnership should be referred to the Joint Board. The FCC should also refer those issues to the Universal Service Joint Board after new rules have been in effect for one year in order to assess the outcome of the new rules and enable some of them to be tweaked, if necessary.

1. SETTING A BUDGET FOR THE LIFELINE PROGRAM

As stated in FCC 15-71, the purpose of a budget is to ensure that all goals are met as the Lifeline program transitions to broadband, including minimizing the contribution burden on consumers, while allowing the FCC to take into account the unique nature and goals of the Lifeline program. In prior comments before the FCC, the FPSC noted that if broadband for Lifeline is adopted, an overall universal service fund (USF) cap should be instituted.[1] Managing the total size of the USF, and eliminating fraud and waste, is important to protect the consumers who pay for these programs through bill surcharges. Florida is a net donor state to the Federal universal service fund, and the FPSC is extremely concerned about the disparity between what Florida customers pay into the federal USF versus what that USF disburses to Florida. In 2013, for all federal USF programs–including Lifeline, Floridians paid-in $539 million but only received back $256 million–leaving Florida as a net contributor of $283 million. Since all other federal USF programs have a budget or cap, a budget or cap on Lifeline dollars would help curb the excessive growth of the low-income program as broadband is introduced into it. If necessary, the budget or cap could be tied to the growth or decrease in federal SNAP program participants. For example, if participants in the SNAP program increase by three percent, the Lifeline budget would be allowed to increase by three percent. Conversely, if participants in the SNAP program decrease by three percent, the Lifeline budget would decrease by three percent.

2. LIMITING THE NUMBER OF QUALIFYING PROGRAMS USED FOR LIFELINE SUPPORT

The federal Lifeline program presently uses eleven programs to qualify potential applicants for the Lifeline program.[2] Florida essentially mirrors the federal program criteria for Lifeline eligibility. The Florida Lifeline Electronic Coordinated Enrollment Process uses three of these programs to qualify Lifeline applicants: SNAP, Medicaid, and TANF. This process is a streamlined, efficient, and verifiable Lifeline Electronic Coordinated Enrollment process which

---

[1] Reply comments of the Florida Public Service Commission, December 2, 2008, in CC Docket Nos. 96-45, 96-98, 99-68, 99-200, 01-92 and WC Docket Nos. 03-109, 04-36, 05-337, and 06-122.

[2] Medicaid; Supplemental Nutrition Assistance Program (Food Stamps or SNAP); Supplemental Security Income (SSI); Federal Public Housing Assistance (Section 8); Low-Income Home Energy Assistance Program (LIHEAP); Temporary Assistance to Needy Families (TANF); National School Lunch Program's Free Lunch Program; Bureau of Indian Affairs General Assistance; Tribally-Administered Temporary Assistance for Needy Families (TTANF); Food Distribution Program on Indian Reservations (FDPIR); Head Start (if income eligibility criteria are met).

eliminates the possibility of fraud, waste, and abuse. Only Lifeline applicants who have been verified as currently participating in SNAP, Medicaid, or TANF are approved through the Florida Lifeline Electronic Coordinated Enrollment process.[3]

The FPSC would support limiting the number of qualifying Lifeline programs to SNAP, Medicaid, and TANF, the three major qualifying programs in Florida.[4] Participation in these programs can be confirmed in real-time using the Florida Department of Children and Families on-line computer portal. Since most Lifeline-qualifying programs use income as a measurement, Lifeline participants currently using other qualifying programs besides SNAP, Medicaid, and TANF could use income criteria to enroll in Lifeline in the future.

3. FEDERAL-STATE ROLE IN CREATING A NEW ETC DESIGNATION PROCESS

The FCC FNPRM seeks comment on pros and cons of creating a national designation of eligible telecommunications carriers versus a state-by-state approach, or a combination thereof where states with individual Lifeline programs could supplement any federal Lifeline designation with additional conditions. State commissions have primary responsibility for designating ETCs under section 214 of the Telecommunications Act of 1996,[5] while that responsibility shifts to the FCC for carriers "providing telephone exchange service and exchange access that is not subject to the jurisdiction of a state commission."[6] The FPSC believes that before any preemption of authority of states to designate ETCs takes place, the FCC should refer the matter to the Federal-State Universal Service Joint Board for consideration and state input.

---

[3] Applicants wishing to qualify for Lifeline using Supplemental Security Income, Federal Public Housing Assistance, Low-Income Home Energy Assistance Program, National School Lunch Free Lunch Program, or Bureau of Indian Affairs Programs can complete a hard-copy Lifeline application available on the FPSC Web site, and submit it to their telephone provider along with verification that they are currently participating in one of these programs.

[4] The FCC would determine to what extent tribal program assistance would apply.

[5] 47 U.S.C. § 214(e)(2).

[6] 47 U.S.C. § 214(e)(6).

4. WASTE, FRAUD, AND ABUSE

The FCC seeks comment on how best to ensure that the FCC has sufficient checks and safeguards to address potential waste, fraud and abuse.[7] The primary cause of this abuse appears to be that agents are paid a commission for each prospective Lifeline applicant they sign up. In order to eliminate this abuse, the FPSC believes agents should not be paid on commission for each Lifeline application submitted. Until such time as the FCC decides whether a third party should conduct Lifeline eligibility, ETCs, rather than their agents or representatives, should review and approve consumers' documentation of eligibility, before the ETC activates Lifeline service or seeks reimbursement from the Fund. In addition, any agents or third-parties acting on behalf of ETCs should receive training before taking part in the enrollment process and again every twelve months thereafter in order to ensure that every person involved in enrolling and verifying consumers for Lifeline has been adequately educated about the program and its requirements. There should be a zero-tolerance policy for any agent that signs up a consumer that is not eligible.

The ability of some states to audit and investigate waste, fraud, and abuse by wireless ETCs is sometimes hampered because of current state limitations on oversight over wireless carriers.[8] For others, the ability to effectively oversee any broadband internet access Lifeline providers might

---

[7] Recently, the FPSC has uncovered abuse of the Lifeline enrollment process by agents hired by wireless ETCs that are enrolling unqualified consumers in the Lifeline program. The FPSC has become aware that some wireless ETC agents in Florida have informed prospective Lifeline applicants that they are Lifeline-qualified if they are a veteran, a fire fighter, a law enforcement officer, a state employee, or just a resident of Florida.

[8] State Commissions generally designate carrier participation in the Lifeline program for wireline carriers. That is not always the case for wireless providers. Ten states and the District of Columbia do NOT grant ETC status for wireless carriers because they lack the jurisdiction under State statute, i.e., Alabama, Connecticut, Delaware, New Hampshire, North Carolina, New York, Tennessee, Texas, the Commonwealth of Virginia, Florida and the District of Columbia. In these jurisdictions a crucial line of defense against abuse – State oversight - is non-existent or at least more limited.

be hampered by other state laws targeting IP-based services.[9] To assist in the Federal-State partnership goal of eliminating fraud, waste, and abuse in the USF low-income program, the FPSC suggests that the FCC include language in future ETC designation orders that if a state has a state Lifeline program, the ETC must follow it. In a letter to the FCC, the FPSC requested that future FCC orders approving ETCs in Florida specifically address State Lifeline programs.[10] The FPSC requested that the verbiage "The ETC must follow the State Lifeline policies in the applicable state(s) where ETC status is approved" be included in one of the ordering paragraphs of future FCC ETC designation orders. The FCC has included similar language in past ETC designation orders,[11] but has not done so in wireless ETC designation orders released since 2004.

5. LIFELINE COORDINATED DE-ENROLLMENT

The FCC seeks comment on how it may best facilitate coordinated enrollment with other Federal benefit programs such as the United States Department of Agriculture and its agency counterparts. The FPSC believes that in addition to having Lifeline coordinated enrollment, there should be a process available for Lifeline coordinated de-enrollment. If an agency administers Lifeline eligible programs such as SNAP and Medicaid, and participates in Lifeline coordinated enrollment, there should also be a process whereby Lifeline participants who are determined to be no longer eligible for these programs are automatically de-enrolled.

---

[9] Several States continue to designate wireless ETCs despite not having specific authority over them. It is anticipated that this will also be the case if the program is expanded to cover broadband. Additionally, many States with limited regulatory authority often work informally to resolve consumer complaints.

[10] November 30, 2005 letter from then FPSC Chairman Lisa Edgar http://apps.fcc.gov/ecfs/document/view?id=6518184992

[11] In the Matter of NPCR, Inc. d/b/a Nextel Partners, CC Docket 96-45, DA 04-2667, issued August 25, 2004, footnote 30; In the Matter of ALLTEL Communications, Inc., CC Docket 96-45, DA 04-3046, issued September 24, 2004, footnote 29; In the Matter of Sprint Corporation, CC Docket 96-45, DA 04-3617, issued November 18, 2004, footnote 27.

6. STATE DATABASE CONSUMER PRIVACY PROTECTIONS

The FCC seeks comment on whether and to what extent to include state database consumer privacy protections in any opt-out standard it adopts. Florida's Electronic Lifeline Coordinated Enrollment Process is designed to enable an ETC to enter the name, date of birth, and last four digits of the person's social security number in a computer portal for real-time verification. The computer response will be a "yes" or "no" indicating whether the person is currently participating in SNAP, Medicaid, or TANF. It does not specify which program the person participates in to protect consumer's private information. Florida law requires that personal identifying information of a Lifeline participant must be held confidentially.[12] Any officer or employee of a telecommunications carrier or of the FPSC, who intentionally discloses information in violation of this section, may be held criminally liable. The statute does allow an officer or employee of a telecommunications carrier to disclose personal identifying information of a Lifeline participant to an agency or a governmental entity for purposes directly connected with implementing service for, or verifying eligibility of, a participant in a Lifeline Assistance Plan or auditing a Lifeline Assistance Plan.[13] The FPSC believes that a "yes" or "no" response indicating whether the person is currently participating in Medicaid, SNAP, or TANF is appropriate for queries into state eligibility databases.

7. CONVERTING THE NON-USAGE INTERVAL FROM 60 DAYS TO 30 DAYS

On November 13, 2009, the FPSC submitted comments encouraging the FCC to implement a 60-day inactivity check of Lifeline customers to ensure the USF Fund is only reimbursing prepaid

[12] See Section 364.107, Florida Statutes.
[13] Section 364.107, Florida Statutes, Public records exemption; Lifeline Assistance Plan participants.

wireless ETCs for active customers.[14] The FPSC, which had already initiated a 60-day non-usage policy, provided an example of the savings to the federal USF.[15]

Prepaid wireless ETCs which do not use monthly billing are required to contact any Lifeline customer with no phone activity during a sixty-day period to determine whether the consumer is still an active Lifeline customer. If no response was received, the phone is deactivated and the ETC ceases including that customer when requesting reimbursement from the Universal Service Administrative Company. The FCC subsequently imposed the 60-day non-usage requirement on all prepaid wireless ETCs in the Lifeline Reform Order[16] in 2012.

In the 2012 Lifeline Reform Order, the FCC amended 47 C.F.R. §54.405 to provide that, where the carrier has a reasonable basis to believe that the subscriber no longer meets the Lifeline-qualifying criteria the ETC must send notification of impending termination in writing separate from the subscriber's monthly bill. The FCC changed the timeframe from 60 days to 30 days for ETCs to allow subscribers to demonstrate continued eligibility after receiving the impending termination letter. The FPSC believes that change would be similar to changing the 60-day non-usage requirement to 30 days, and supports the change in the non-usage requirement to 30 days to eliminate any unnecessary reimbursement from the USF Fund.

8. LIFELINE $9.25 SUPPORT AMOUNT

The FCC implemented a $9.25 interim reimbursement rate in the 2012 Lifeline Reform Order. In FCC 15-71, the FCC tentatively concludes that it should set the $9.25 rate as a permanent support amount, and asked for comment on its tentative conclusion. The FPSC believes that the

[14] In the Matter of Lifeline and Link Up, WC Docket No. 03-109, Joint Comments of the Florida Public Service Commission and the Florida Office of Public Counsel, filed November 13, 2009.
[15] During a six-month period in 2009 for one Florida provider, the 60-day non-usage policy saved the universal service fund $8,582,760 which equates to an annual savings of over $17 million.
[16] In the Matter of Lifeline and Link Up Reform and Modernization, WC Docket No. 11-42, Report and Order and Further Notice of Proposed Rulemaking, FCC 12-11, Released February 6, 2012.

$9.25 reimbursement rate may or may not be adequate to include broadband for Lifeline, but the $9.25 rate should be used initially. The FPSC believes that any new Lifeline broadband rules implemented as a result of the FCC's FNPRM, should be reassessed after a period of one year to determine if the $9.25 reimbursement rate is sufficient.

The FCC also seeks comment on whether an end-user charge would be necessary if broadband is included with Lifeline. In its Lifeline Reform Order, the FCC declined to adopt a rule requiring ETCs to impose a minimum consumer charge on subscribers for Lifeline services. The FCC noted that such a charge could be burdensome for those low-income consumers who lack the ability to make such payments electronically or in person, potentially undermining the program's goal of serving low-income consumers in need. The FCC also found that a minimum charge could potentially discourage consumers from enrolling in the program and could result in current Lifeline subscribers leaving the program. In an FCC staff report, the Commission acknowledged that cost was a major barrier to adoption in the broadband pilot program.[17] The same findings in the Order and the Broadband Pilot Program Staff Report would still hold true after adding broadband. Therefore, the FPSC believes that an end-user charge would be a barrier to enrollment, and should not be imposed if broadband is added to Lifeline.

9. REFERRAL OF LIFELINE ISSUES TO THE FEDERAL-STATE JOINT BOARD ON UNIVERSAL SERVICE

There are over two hundred issues which the FCC is asking for comments on in the Lifeline Second FNPRM. Many of the issues involve the Federal-State partnership regarding Lifeline. Issues cover items such as the possible change of ETC designation authority from states to a national designator, and costs involved in the eligibility process and who should pay for them. In

[17] Wireline Competition Bureau Low-Income Broadband Pilot Program Staff Report, WC Docket No. 11-42, DA 15-624, May 22, 2015.

Section 254 of the Act, Congress established the Federal-State Joint Board on Universal Service to implement the universal service mandates of the Act as well as policies related to the designation of ETCs under Section 214(e). Ideally, the FCC should refer all the Lifeline issues included in the Lifeline Second FNPRM to the Universal Service Joint Board before implementation. However, if it is determined that this procedure might delay the process beyond the timeframe of the FCC, then the issues that require the FCC and state partnership should still be referred to the Joint Board. The FCC should also refer those issues to the Universal Service Joint Board after new rules have been in effect for one year in order to assess the outcome of the new rules and enable some of them to be tweaked, if necessary.

CONCLUSION

The FPSC continues to be proactive regarding the Lifeline program to ensure that low-income Florida consumers have the ability to obtain and retain affordable telephone service. The FPSC continues to strive for accountability in the universal service program and safeguard the federal universal service fund from fraud, waste, and abuse. The FPSC encourages the FCC to consider the proposed recommendations noted in these comments, and appreciates the opportunity to comment.

Respectfully submitted,
/ s /
Keino Young, Attorney Supervisor
Office of the General Counsel
FLORIDA PUBLIC SERVICE COMMISSION
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850
(850) 413-6226

DATED: August 31, 2015

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

Note: The records reflect that no outside persons addressed the Commission at this Internal Affairs meeting.

III. Supplemental Materials for Internal Affairs

Note: The following material pertains to Item 2 of this agenda.

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:	August 24, 2015
TO:	Art Graham, Chairman Lisa Polak Edgar, Commissioner Ronald A. Brisé, Commissioner Julie I. Brown, Commissioner Jimmy Patronis, Commissioner
FROM:	Braulio L. Baez, Executive Director
RE:	FPSC Legislative Budget Request for Fiscal Year 2016-17 **Critical Information:** August 27, 2015 Internal Affairs. Consensus is Sought. Due to Governor's Office of Policy and Budget – September 15, 2015

The proposed ***Legislative Budget Request for Fiscal Year 2016-17*** of $24,797,063 represents a reduction of 1.3% from the Commission's Fiscal Year 2015-16 adjusted operating budget.

Senior management continuously works to identify opportunities to gain efficiencies and reduce budget. As a result of that effort, the Fiscal Year 2016-17 proposed budget request represents one reduction issue of eight vacant positions at a savings of $338,431, and a budget request of $60,000 in non-recurring funds to replace aged vehicles with over 150,000 miles.

A summary of the budget request is attached.

BB:pq

c: Apryl C. Lynn, Deputy Executive Director - Administrative
Lisa Harvey, Deputy Executive Director - Technical
Charlie Beck, General Counsel

Parties/Staff Handout
Internal Affairs/Agenda
on 8 / 27 / 15
Item No. 2

PUBLIC SERVICE COMMISSION FY 2016-17 LEGISLATIVE BUDGET REQUEST

	FTEs	SALARIES & BENEFITS	OTHER PERSONAL SERVICES	EXPENSES	OPERATING CAPITAL OUTLAY	DOAH	ACQUISITION OF MOTOR VEHICLES	CONTRACTED SERVICES	RISK MANAGEMENT INSURANCE	TRANSFER TO DMS - HR SERVICES CONTRACT	DATA PROCESSING SERVICES	STATE DATA CENTER - AST	TOTAL
APPROVED 2015-2016 BUDGET *AS ADJUSTED*	280.0	$20,463,883	$200,588	$3,467,748	$266,200	$0	$0	$502,804	$84,904	$96,016	$45,699	$7,652	$25,135,494
FY 2016-2017 LEGISLATIVE BUDGET REQUEST													
Position Reduction Issue	(8.0)	(338,431)											(338,431)
Non-Recurring Acquisition/Motor Vehicle Expense							60,000						60,000
Non-Recurring Acquisition/Motor Vehicle Expense							(60,000)						(60,000)
TOTAL ESTIMATED PROPOSED LEGISLATIVE BUDGET REQUEST	272.0	$20,125,452	$200,588	$3,467,748	$266,200	$0	$0	$502,804	$84,904	$96,016	$45,699	$7,652	$24,797,063
Increase (Decrease) From FY 2015-2016 Operating Budget as Adjusted.	-2.9%	-1.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-1.3%

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: Thursday, August 27, 2015

TIME: Commenced at 10:48 a.m.
Concluded at 11:01 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 Thursday, August the 27th, and this is the Internal Affairs meeting. So let's call this meeting to order.

Let's start off with Item No. 1. Crickets. Who's doing Attachment No. 1?

MR. CASEY: Good morning, again, Commissioners. I have to adjust my chair. It's like a little kid's chair. Much better.

Good morning again, Commissioners. Bob Casey on behalf of staff. On June 22nd, 2015, the FCC released its second further Notice of Proposed Rulemaking addressing the universal service Lifeline program.

Among other issues, the FCC is seeking comment on the following: whether to set a budget for the Lifeline program; whether to limit the number of programs through which consumers qualify for Lifeline; whether the ETC designation process should be streamlined by having only the FCC designate companies as ETCs instead of states and the FCC; how best to ensure that the FCC has sufficient checks and safeguards to address potential waste, fraud, and abuse; how the FCC may best facilitate coordinated enrollment; whether and to what extent to include state database consumer privacy protections; whether the non-usage period of Lifeline subscribers should be changed from 60 days to 30 days; and, finally, whether the 9.25 interim reimbursement rate should be made permanent.

Staff's draft comments encourage the FCC to consider the PSC's comments on these eight issues, and staff is seeking Commission approval to file the draft comments with the FCC by August 31st. Staff is available for questions.

CHAIRMAN GRAHAM: Commissioners, any questions of staff on these draft comments?

Commissioner Brown.

COMMISSIONER BROWN: Thank you. I want to thank staff for preparing these comments for us. August 31st is when the FCC needs these comments submitted by?

MR. CASEY: Yes, Commissioner.

COMMISSIONER BROWN: And what -- and the reply comments?

MR. CASEY: That would be September 30th.

COMMISSIONER BROWN: Okay. And we'll have an opportunity or that's --

MR. CASEY: We'll have an opportunity if we choose to. We could read the initial comments, and if we believe that we should comment on any of those, we can do the reply comments.

COMMISSIONER BROWN: The only thing that jumped out at me was the 60 days to 30 days, and it's a personal thing. My grandmother, she used to be -- have a phone, and she would use her phone maybe once every two months, three months, and she would use it sometimes for a period of four months. And I'm curious, how many users are -- are elderly on the Lifeline? And do we have those statistics, and how many folks -- I'm just wondering why you got from the 60 days to the 30 days, or the FCC is recommending that.

MR. CASEY: The FCC has recommended that, and I believe we should go along with it.

COMMISSIONER BROWN: Why do you believe that we should go along with it?

MR. CASEY: Because the way that works with the non-usage period, right now it's 60 days of non-usage. If there is 60 days of non-usage, the ETC has to notify that customer either by text or mail and give them 30 days to reply saying, yes, I still have the phone and still using it. So essentially that 60-day non-usage period goes to 90 days, so essentially this 30 days would go to 60 days.

COMMISSIONER BROWN: Do we have numbers supporting that, the conversion to -- from non-usage? The reason why the staff recommendation says is that it's to eliminate any unnecessary reimbursement from the Universal Service Fund. Do we have any numbers to support what, what that is?

MR. CASEY: We did initially. Florida was one of the first Commissions, we were one of three Commissions that got together and said what happens if a Lifeline customer takes that phone and throws it in a drawer --

COMMISSIONER BROWN: Yeah.

MR. CASEY: -- or throws it in the garbage can? And the company still keeps collecting from the Universal Service Fund every month $9. Back then it was $10.

COMMISSIONER BROWN: Yeah. But a lot of users probably don't use it. I mean, they -- again, going back to the elderly folks, you know, they get on these Lifeline phones and they use them once every two months or for emergency purposes only. And then they have to re-enroll; if you cut it back to 30 days, they're going to have to re-enroll if they don't use it.

MR. CASEY: No, they won't have to re-enroll. What they'll do is they'll send a letter out just asking for confirmation that you still are using your Lifeline phone and are still qualified.

COMMISSIONER BROWN: They only send a letter. They don't do any other type of communication?

MR. CASEY: Well, they'll try a number of things. They'll try text. If text can't get through, they'll -- they'll try a letter.

COMMISSIONER BROWN: I think your response does make sense. It's just one of the things that jumped out at me in the recommendation.

Do any of the Commissioners have any other --

CHAIRMAN GRAHAM: No.

COMMISSIONER BROWN: All right. Makes sense to me.

CHAIRMAN GRAHAM: Is that a motion?

CHAIRMAN BRISÉ: Just a comment.

CHAIRMAN GRAHAM: Commissioner Brisé.

CHAIRMAN BRISÉ: Thank you, Mr. Chairman.

One of the other elements of this that I really like, as a matter of fact, is No. 5, is the -- the idea of having automatic de-enrollment or unenrollment. And if we go to the -- if the FCC agrees and moves forward with coordinated enrollment, it just makes sense for the automatic de-enrollment to occur that way as well, so, therefore, the process is more efficient or the program becomes more efficient in that way.

So I'm glad that these were included in these comments, because that's something at FCC -- at NARUC we've been talking about for quite a while now. So I'm glad that we've incorporated those in our comments.

And with respect to the 30-day to 60-day to 90-day, so the 30-day is virtually 60-day. The 60-day is virtually 90 days. So with that, I think if we submit our comments saying that we are in support of what the FCC is trying to do with the 30-day, if we pay attention to the reply comments and there is something compelling in there that allows us to take a second look at that, then we can make comments with respect to that then.

Okay. With that, Mr. Chairman, I move acceptance of this -- this language.

COMMISSIONER BROWN: Second.

CHAIRMAN GRAHAM: It's been moved and seconded, the approval of staff's draft comments. Any further discussion? Seeing none, all in favor, say aye.

(Vote taken.)

Thank you very much. You've approved the staff's draft.

Item No. 2 or 3, whatever it reads like in your agenda.

MR. BAEZ: Thank you, Mr. Chairman.

Commissioners, you have before you the proposed legislative budget request for fiscal '16 and '17 in the amount of $24,797,000. That represents a reduction of approximately 1.3 percent from the fiscal '15/'16 adjusted operating budget.

We've got two issues. One is a staff reduction in vacancies in the amount of $338,000 in savings, a reduction to the budget; and the second is a request for $60,000 of nonrecurring funds for vehicle replacement. Pretty straightforward, and we're looking for consensus from you all. If you have any questions, I'm happy to answer them.

CHAIRMAN GRAHAM: Well, the only first thing I have to tell you is now that I've hit the ripe age of 50, this print is just a bit small.

MR. BAEZ: Duly noted, sir. I join you in that actually.

CHAIRMAN GRAHAM: Commissioner Edgar.

COMMISSIONER EDGAR: Thank you, Mr. Chairman.

I do note that this is not before us for a vote but just as a briefing item. And in a prior professional life, I spent a lot of time working within the legislative budgeting and agency budgeting and appropriations process, and I know, of course, Commissioner Brisé and Commissioner Patronis, you've been very involved in those processes over the years from the other side as the actual appropriator, where I was the one begging for money on behalf of the agency that I had the joy of working for and representing.

So with this, I would say that I appreciate our Executive Director and our staff bringing this before us and for the work that they do, but I also note that this is a very, very early stage in a much longer process.

MR. BAEZ: Yes.

COMMISSIONER EDGAR: And it's, you know, based on projections of revenue and estimates and all of that. So I applaud our staff for -- for the work that they do on this, but I would ask that we recognize that this is an early stage and that there will be changes and adjustments, and that I view this as a draft, and that we are basically again being briefed on this and asking our staff to move forward. But I recognize that there may be adjustments to the specific, excuse me, to the specific numbers as the process moves forward.

MR. BAEZ: You're correct, Commissioner. And I think there -- there -- one of our requests for consensus obviously would include some leave to be able to make adjustments. This is -- in light of the fact that we've had 30 days lopped off our normal filing time, we've had to move relatively fast, and this was the last opportunity for us to get the framework for -- for a budget request before you for consensus. So Commissioner Edgar is right in pointing out that this -- this could move a little. I think we've got, as you can see, all the major portions of the budget pretty well nailed down. There may be a couple of things that would require jiggering.

But I would -- would always commit to you that if there's anything material, obviously if we're going in a different direction, that we'd make sure and come and let you all know and seek consensus that way. So we're not going to blindside you with any major changes. In fact, we don't anticipate any either. There just may be a couple of smaller items that we need to -- or minor issues that we need to work on yet, might get some more fine-tuning. So I appreciate your leave to do that.

CHAIRMAN GRAHAM: Commissioner Edgar.

COMMISSIONER EDGAR: So with that said, Commissioners, I would ask that we basically, again, not vote on this but bless the staff moving forward within the process. But I know I'm going to continue to have questions about some of the specific numbers as the estimates and projections tend to move as is part of the process, but that we give our staff direction to -- to move forward, but recognize the numbers may change somewhat.

CHAIRMAN GRAHAM: Well, then, Braulio, I think you see that you have the general consensus that you're looking for.

MR. BAEZ: Thank you, Commissioners.

CHAIRMAN GRAHAM: Does that conclude your report?

MR. BAEZ: That concludes.

CHAIRMAN GRAHAM: Other matters. Is

there anything to come before us? Seeing none, we are adjourned. Enjoy your day. Travel safe.

(Internal Affairs adjourned.)

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 3rd day of September, 2015.

Linda Boles

LINDA BOLES, CRR, RPR
FPSC Official Hearings Reporter
(850) 413-6734