

State of Florida



Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

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

DATE: November 21, 2006

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

FROM: Office of the General Counsel (Moore)
Division of the Commission Clerk & Administrative Services (Belcher)
Division of Competitive Markets & Enforcement (Kennedy)
Division of Economic Regulation (Dickens)

RE: Docket No. 060668-TP – Proposed amendment of Rule 25-4.0161, F.A.C.,
Regulatory Assessment Fees; Telecommunications Companies.

AGENDA: 12/5/06 – Regular Agenda – Rule Proposal – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Tew

RULE STATUS: Proposal Should Not Be Deferred

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\GCL\WP\060668.RCM.DOC

Case Background

Section 364.336, Florida Statutes, requires each telecommunications company licensed or operating in Florida to pay the Commission a fee that may not exceed 0.25 percent of its annual gross operating revenues derived from intrastate business. Rule 25-4.0161, Florida Administrative Code, sets the fee at 0.20 percent of gross operating revenues. Chapter 2005-132, section 19, Laws of Florida, amended section 364.336, Florida Statutes, to authorize the Commission to charge telecommunications companies a minimum regulatory assessment fee of up to \$1,000. The statute was amended to enable the Commission to reduce the shortfall in the amount of fees paid by telecommunications companies for the cost of their regulation. The statute gives the Commission the discretion to set different amounts depending on the type of

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service provided by a company, which amount must be related, to the extent practicable, to the cost of regulating each type of company. The minimum annual amount was last increased in 1990 from \$25 to \$50.

Staff conducted a rule development workshop on November 9, 2006. Attending the workshop were representatives of BellSouth Telecommunications, Inc. ("BellSouth"), Verizon Florida, Inc. ("Verizon"), Embarq Florida, Inc. ("Embarq"); and Alltel Communications, Inc.

The Commission has rulemaking authority pursuant to Sections 120.54, 350.127(2), and 364.336, Florida Statutes.

Discussion of Issues

Issue 1: Should the Commission amend Rule 25-4.0161, Florida Administrative Code, to increase the minimum regulatory assessment fees paid by telecommunications companies?

Recommendation: Yes.

Staff Analysis: Staff recommends that Rule 25-4.0161 and the regulatory assessment fee ("RAF") reporting forms be amended to increase the annual minimum amount each company must pay the Commission, from \$50 to the following amounts, regardless of the company's gross operating revenues:

Local Exchange Companies - \$1,000

Pay Telephone Service Provider - \$100

Shared Tenant Service Provider - \$100

Interexchange Company - \$700

Alternative Access Vendor - \$600

Competitive Local Exchange Company - \$600

(Attachments A and B.)

Staff believes it is appropriate for the Commission to recover some of the basic, ongoing annual costs of regulating telecommunications companies through the basic minimum RAF amount. Staff calculated the recommended minimum RAF amounts to include several readily measured recurring costs associated with regulating telecommunications companies. They include the cost of maintaining basic contact information about the company; the cost of collecting RAF from each company; and some of the cost related to the consumer complaint process. The particular minimum amount charged to each type of company was determined in part based on their share of consumer complaints. The recommended amounts will more equitably spread the costs of regulation among the types of companies causing the costs.

Statement of Estimated Regulatory Cost Summary:

The increased minimum RAF payment will apply to all companies, although some companies (and all local exchange companies) already pay more in RAFs than the new minimum amount. Assuming all current companies keep their certifications and registrations active, it is estimated that the increased minimum RAF will result in approximately \$513,000 in new revenue for the Commission. Some of the current certificate and registration holders who do not actually operate in Florida and have no intrastate revenue may, however, choose to cancel their certificates or registrations rather than pay the increased minimum fee. A Statement of Estimated Regulatory Cost (SERC) is attached. (Attachment C.)

Issue 2: Should this docket be closed?

Recommendation: Yes, if no requests for hearing or comments are filed, the rule amendments as proposed should be filed for adoption with the Secretary of State and the docket should be closed.

Staff Analysis: Unless comments or requests for hearing are filed, the rules as proposed may be filed with the Secretary of State without further Commission action. The docket may then be closed.

Attachments

Rule
Forms
SERC