

REPORT ON THE EFFORTS OF THE

Florida Public Service Commission
to Reduce the
Regulatory Assessment Fee for
Telecommunications Companies

AS OF DECEMBER 2011

Florida Public Service Commission
Division of Regulatory Analysis

**REPORT ON THE EFFORTS OF THE
FLORIDA PUBLIC SERVICE COMMISSION
TO REDUCE THE REGULATORY ASSESSMENT FEE
FOR TELECOMMUNICATIONS COMPANIES**

As of December 2011

Florida Public Service Commission
Division of Regulatory Analysis

Table of Contents

Introduction.....	1
Regulatory Responsibilities	1
PSC Efforts to Reduce Cost.....	5
Evaluation of telecommunications staffing	5
Independent Study	5
NRRI Suggestions.....	6
Elimination and Revision of Telecommunications Rules.....	10
Summary.....	12
Attachment 1 - NRRI Report	
Attachment 2 - Staff Recommendation on Rule Amendment	

Introduction

During the 2011 legislative session House Bill CS/CS/HB 1231, the “Regulatory Reform Act” (Act), was passed and signed into law by the Governor, effective July 1, 2011. Under the Act, the Legislature eliminated most of the Florida Public Service Commission’s (PSC’s or Commission’s) retail oversight authority over the telecommunications wireline companies, yet maintained the PSC’s authority over wholesale intercarrier issues. The PSC was required to reduce its regulatory assessment fees charged to wireline telecommunications companies to reflect the concurrent reduction in PSC workload. Section 364.336(3), Florida Statutes, requires:

By January 15, 2012, and annually thereafter, the commission must report to the Governor, the President of the Senate, and the Speaker of the House of Representatives, providing a detailed description of its efforts to reduce the regulatory assessment fee for telecommunications companies, including a detailed description of the regulatory activities that are no longer required; the commensurate reduction in costs associated with this reduction in regulation; the regulatory activities that continue to be required under this chapter; and the costs associated with those regulatory activities.

In compliance with this statutory mandate, the PSC’s eliminated responsibilities are enumerated along with its remaining telecommunications responsibilities. The actions taken by the PSC to reduce regulatory cost fall into three broad areas to be discussed: the assessment of workload and the elimination of positions, the hiring of an independent consultant to assess the telecommunications responsibilities and action taken by the PSC, and the repeal or modifications of rules impacting the telecommunications industry.

Regulatory Responsibilities

The Act eliminated most of the retail regulation of local exchange telecommunications services by the PSC, including the elimination of rate caps on all retail telecommunications services; elimination of telecommunications-related consumer protection and assistance duties of the PSC; and elimination of PSC’s remaining oversight of telecommunications service quality. The bill also reforms the PSC’s certification processes, authority over intercarrier matters, and other general revisions.

Some specific areas where PSC retail jurisdiction is reduced or eliminated include:

- Repeal of the PSC's authority to resolve retail billing and service complaints.
- Repeal of specific authority relating to cramming or unauthorized charges on a customer's bill.
- Restriction of the PSC's authority over slamming complaints to those filed by carriers against other carriers.
- Repeal of the requirement that the PSC disseminate information to consumers to assist in understanding the competitive market and billing related issues.
- Repeal of the requirement that the Commission provide informational materials and conduct outreach to inform consumers of the benefits available through the Lifeline program.¹
- Repeal of the authority to designate wireless carriers as Eligible Telecommunications Carriers (ETCs) for the purpose of receiving Universal Service fund benefits (including Lifeline).²
- Elimination of remaining service quality authority over basic services.
- Elimination of the PSC's authority to compel repairs by a telecommunications company.³
- Repeal of the provision allowing Incumbent Local Exchange Companies (ILECs) to recover storm damages through a PSC approved surcharge.
- Amending the PSC's tariff authority to clarify that the Commission has no authority over content, form, or format of tariffs filed with the Commission.
- Long distance carriers are no longer regulated by the PSC except they must pay access charges in accordance with Section 364.163, Florida Statutes.

¹ The Commission may continue to do so but is no longer required.

² Wireless carriers seeking ETC designation in Florida must now petition the FCC for such designation.

³ This renders unenforceable the Commission-ordered pole inspection program.

Consistent with the reduced authority of the PSC, as outlined above, the PSC has ceased the following activities:

- The PSC will no longer resolve nonbasic retail consumer billing complaints.
- The PSC will no longer address slamming or cramming complaints from consumers. It will continue to address slamming complaints that are reported by carriers under the Commission's wholesale authority.
- The PSC will no longer publish and distribute materials informing consumers on billing related matters or informative materials relating to the competitive telecommunications market. The Commission may continue to publish and distribute informative materials relating to Lifeline and Linkup programs and may conduct consumer outreach related to these programs.
- The PSC still has oversight of Florida's Link-Up and Lifeline Program, however, the PSC no longer designates wireless ETCs in Florida. Any wireless carrier seeking ETC status in Florida must petition the Federal Communications Commission (FCC) for that authority. The PSC had previously designated three wireless ETCs in Florida.
- The PSC will no longer perform service evaluations on carriers, with the exception of payphones and telephone relay service, nor will it investigate and resolve service related consumer complaints except as they may relate to Lifeline service, Telephone Relay Service, and payphones.
- ILECs can no longer petition the PSC for recovery of storm damage related costs and expenses. Historically, the PSC had processed several such requests from incumbent companies.
- The PSC will no longer review tariff filings for content, form, or format. It is the carrier's choice whether to file its rate schedules with the PSC or publicly publish the schedules elsewhere, such as the companies' websites.

Statutes related to the Commission's authority over intercarrier issues were also amended to consolidate authority into a single section. The Commission retains authority in the following areas:

- Resolution of intercarrier disputes involving interpretations and implementation of sections of the intercarrier agreements.
- Processing arbitrations of intercarrier agreements when the companies cannot negotiate all the terms of the agreement and request the PSC to resolve issues the companies define.
- Administration of interconnection agreements filed with the PSC and review in accordance with federal requirements.
- Resolution of numbering issues such as establishing new area codes.
- Composition of statutorily required reports on Link-Up and Lifeline, telecommunications competition, and the Telephone Relay System.
- Oversight of the Telephone Relay System.
- Oversight of Florida's Link-Up and Lifeline Program including establishing eligibility criteria, automatic enrollment, and monitoring the ETCs.
- Certification and administration of telecommunications companies. The revised certification statute requires the Commission to verify that a certificate applicant has the technical, financial, and managerial capability to provide service within the area for which the applicant is proposing to offer service. In some instances, this will be a more comprehensive assessment than previously required.
- Resolution of consumer complaints relating to Lifeline, Telephone Relay, and payphones.
- Network access tariff administration.

PSC Efforts to Reduce Cost

1. Evaluation of telecommunications staffing

The PSC has been seeking cost savings and efforts to streamline regulatory processes for at least 12 years. The origin of these streamlining efforts is not limited to the emergence and evolution of competition in the telecommunications industry. In fiscal year 1999/2000, the PSC had 401 full time positions. That number was reduced to 296 in the 2011/2012 fiscal year, a reduction of 26.2 percent. The PSC continues to seek ways to economize its resources while maintaining a high quality work product for all industries under the PSC's authority, including telecommunications.

With specific regard to the PSC's telecommunications responsibilities, the PSC assessed the number of staff equivalents required to perform the duties associated with the deregulation measures in the Act. Based upon time sheet information, it was determined that twelve direct positions should be eliminated from the telecommunications program. These twelve positions were eliminated effective July 1, 2011. These positions reflect the elimination of service requirements, processing of most telecommunications customer complaints, long distance carrier activities, a reduction in price schedule maintenance, and the reduction in telecommunications consumer information and outreach. With additional streamlining measures, the PSC believes it will be able to eliminate three more positions next fiscal year.

In addition, the technical staff responsible for carrying out the remaining statutory mandates were consolidated from three sections into two sections. The consolidation was completed to maximize the efficiency of staff handling telecommunications issues and to minimize supervisory needs. In the short run, additional training for staff has been necessary to learn new responsibilities.

2. Independent Study

The PSC retained the National Regulatory Research Institute (NRRI) in May 2011 to review the PSC's organization structure and work flow processes to determine if any additional changes were needed in the telecommunications area. As stated in NRRI's introduction to its

report, “NRRI’s study examines the existing organization; reviews alternative organizational structures, including those in place in other states that have implemented similar laws; and identifies the staffing and workload changes necessary to implement the new rules. We also review the risks associated with these changes and recommend a glide path to the staffing level that will be possible when the new rules are fully implemented.” NRRI reviewed the agency operating procedures, organizational charts, and workload. Key telecommunications staff were interviewed and most telecommunications direct staff were given a survey to complete. NRRI studied the Act and the resulting changes to the PSC’s responsibility. The telecommunications direct staff of the Florida PSC was then compared to that of other states with respect to statutory authority and number of technical staff assigned. The full NRRI report is included as Attachment 1 to this report.

NRRI concluded that the current structure of the PSC’s telecommunications group is appropriate and compares favorably to those in other states. “This structure assembles direct telecommunications work in one organization . . . , allowing the PSC to track the hours charged to telecommunications directly, respond to unexpected changes to workloads due to fluctuating projects, and foster a climate of learning and collaboration among work groups.” In addition, NRRI recommended that the current size of the telecommunications group is correct, but suggested areas where streamlining or cost reduction measures might be implemented. Potentially the measures could reduce workload and ultimately result in additional reductions in staffing levels. The PSC has been evaluating the suggestions from NRRI and they are discussed below.

NRRI Suggestions

Suggestion 1: Evaluate the staff hours assigned to telecommunications relay service testing and reporting. The NRRI Report states that “. . . *the leadership team needs to explore ways to reduce time spent on the less critical parts of this task, including reducing the number of test calls, potentially instituting exception reporting as a way of reducing testing time, and moving the actual calling task from the professional staff to the administrative team.*”

The relay testing program was being modified during the audit to reduce the number of test calls. Currently, 15 tests calls for traditional relay and 15 test calls for captioned telephone service (CapTel)⁴ are being performed to ensure the requirements of the relay contract are being met. If the sample testing indicates a problem may exist, additional testing would be done.

Suggestion 2: Respond to payphone issues only when a problem is reported. The NRRI Report states, *“By responding to complaints only as they occur, the staff can free up time to concentrate on other, more pressing requirements. We . . . recommend that the leadership team track the actual time spent on payphone issues over the next quarter with the goal of reducing that time by at least 50 percent going forward.”*

At this time, minimal time is being dedicated to payphones and, generally, only in response to complaints. If it is determined that the payphones need on-site visits, they would be done in conjunction with other travel needs of the PSC.

Suggestion 3: Reduce the hours spent on the competitive services report. The NRRI Report states, *“The report (annual telecommunications competition report to the legislature) should focus on services and providers in Florida and provide additional information primarily through links to research sources. We believe that limiting follow-up and reducing the focus on national rather than Florida-specific concerns could save up to 25% of the time currently spent on this report.”*

The annual telecommunications report is required by Section 364.386, Florida Statutes, which also specifies issues that the report must address and requires the PSC to make an annual data request to providers of local exchange telecommunications services. As a result of the Act, changes to this section of the statute removed the requirement of service providers to report annual access line data by exchange. This should greatly simplify the review process and analysis of data. Verification of the accuracy of the data as well as less time spent analyzing the data on a granular exchange level basis should reduce staff time spent on those tasks. To meet

⁴ CapTel is a captioned telephone service which uses a telephone that looks similar to a traditional telephone but also has a text display that allows the user, on one standard telephone line, to listen to the other party speak and simultaneously read captions of what the other party is saying.

the intent of the Act, the length of the 2011 report was reduced. The PSC will continue to seek ways to reduce resources dedicated to the report with preserving the integrity of the report.

Suggestion 4: Require companies that choose to submit tariffs to do so online. The NRRI Report states, “*We recommend that the PSC order all companies that will continue to file tariffs (schedules) with the commission to do so electronically. . . . Since the companies may choose not to file tariffs (schedules) at all, the commission should also explore whether any employee review of the tariffs (schedules) is required and whether/how those who wish to review the tariffs (schedules) can do so electronically.*”

The PSC does have the E-tariff Program designed to streamline the telephone schedule filing process by eliminating the need for companies to file hard copies of each filing. This results in cost savings for the companies and the PSC. The PSC has been exploring whether the E-tariff Program option is feasible for all companies. To date, all the technology requirements and programming that is necessary to accommodate all filing parties have not been resolved.

Suggestion 5: Keep Lifeline support at its current level but encourage providers to take on the task of advertising/supporting this program in the long-term. The NRRI Report recommends “. . . *that the Lifeline outreach program and Lifeline support be kept at its current level until the FCC completes the first phase of this project (review of the Lifeline program to eliminate duplicative support). During this period, commission staff and the Public Information team should work with the Florida telecommunications providers to determine how they can assume the majority of Lifeline outreach over the long term.*”

A staff workshop was held to discuss the PSC’s role in Lifeline outreach. Participants at the workshop included representatives of wireline ETCs, wireless ETCs, the Office of Public Counsel, and PSC Staff. At this time, the industry would like the PSC to maintain its current level of Lifeline outreach.

Suggestion 6: Adjust Bureau of Consumer Assistance size over time as calls about telecommunications issues decline. The NRRI Report states that, “*Customer calling levels should be monitored over the next year to determine whether the number is reducing and to adjust staffing in the Commission call center and other ancillary organizations accordingly.*”

In the past 2 ½ years the Bureau of Consumer Assistance has been reduced by 2 positions associated with responding to telecommunications issues. Management will continue to monitor call volumes and adjust resources accordingly.

Suggestion 7: Move work to administrative groups where possible. The NRRI Report states that, *“Because both the ICA amendment process and the CLEC name change/certification process are primarily administrative, we recommend that the commission review these processes and others that could potentially be automated or that do not require professional input on an on-going basis to determine how to reduce cycle time and cost. For example, the commission should consider whether the initial review/approval of ICA amendments and simple name changes could be handled by the administrative staff . . .”*

Management attempts to match the correct skill sets and positions with tasks. With this suggestion, we examined further what tasks could be modified and handled by administrative staff. Two areas where this has been successful are relay testing and Lifeline. Administrative staff are making the test calls for CapTel from scripts. For the Lifeline automatic enrollment program, administrative staff are now creating and sending form letters to consumers who meet certain criteria.

Suggestion 8: Review hours, projects, and staffing levels on a quarterly basis. The NRRI Report states, *“The commission must retain enough trained staff to respond to CLEC complaints and petitions in a timely and efficient manner. This will require ongoing monitoring of staffing levels and training. To ensure that staff continues to understand the issues that may arise in the complaint process, we recommend that these staff members also be assigned to reviewing FCC initiatives and other rulemaking proceedings at the state and Federal level.”*

PSC management will continue its ongoing efforts to monitor staffing levels and ensure that staff has access to necessary, sufficient, and cost-effective training where further training is needed. Based on Section 364.012, Florida Statutes, the PSC is required to monitor activities of federal regulatory agencies whose actions may affect telecommunications providers under Commission jurisdiction and to participate in federal proceedings whose outcomes may affect Florida consumers.

Suggestion 9: Simplify company name changes and processes for filing ICA amendments. The NRRI Report states that, *“Because both the processes for filing ICA amendments and changing company names are primarily administrative, we recommend the commission review both processes on an on-going basis to determine whether and how they can be simplified to ensure that they are staffed appropriately. For example, the commission should consider whether the initial review/approval of ICA amendments and simple name changes could be handled by the administrative staff . . .”*

PSC management continues to examine all of its processes to identify cost saving opportunities. At this time, ICA amendments and company name changes are still being handled by technical staff.

Suggestion 10: Increase training for Operations Support Systems. The NRRI Report states that *“Internal training by the Office of Auditing and Performance Analysis personnel formerly responsible for this task (OSS issues and performance measures) has begun, but additional training from the carriers themselves will enhance both staff’s understanding of the plans and their relationships with the technical teams that provides the results.”*

The PSC recognized the importance of effective Operating Support Services (OSS) intercarrier coordination and the need for technical training on OSS matters. Initial internal staff training has been completed and one noticed industry-provided training session has been completed.

3. Elimination and Revision of Telecommunications Rules

A. Regulatory Assessment Rule

Subsection 364.336(2), Florida Statutes, requires the following:

By August 1, 2011, the commission must begin rulemaking to reduce the regulatory assessment fee for telecommunications companies under s. 350.113 and this section, as required to reflect the reduction in regulation resulting from the amendments to this chapter that take effect on July 1, 2011. The reduced fee shall be applied beginning with payments due in January 2012 on revenues for the preceding 6-month period. The commission’s consideration of the required amount of the reduction to the regulatory assessment fee must include, but is not limited to:

(a) The regulatory activities that are no longer required and the number of staff currently assigned to such activities.

(b) The number of staff necessary to carry out the reduced level of regulatory responsibilities based on reductions in workload for the staff in the Division of Regulatory Analysis, the Office of Auditing and Performance Analysis, and the Division of Service, Safety and Consumer Assistance.

(c) The reductions in overhead associated with the commissioner's offices, the Office of General Counsel, the Office of Commission Clerk, the Office of Information Technology Services, the Office of Public Information, and the Office of Inspector General.

(d) The reductions in direct and indirect costs, including allocations of fixed costs.

In July 2011, the PSC began rulemaking proceedings to reduce the telecommunications regulatory assessment fee (RAF). In addition to reflecting a lower RAF rate in the rule as required by 364.336(2), Florida Statutes, changes were made to reflect the elimination of long distance providers no longer being regulated by the PSC, the change to certificates of authority for all new local service providers, and other changes necessary to conform with the revised statutes.

The PSC reduced the telecommunications RAF from 0.0020 to 0.0016 of the gross operating revenues derived from intrastate business. In addition, all local telephone service providers will pay \$600 as the minimum fee instead of varying rates based upon the service offered. The reduced rate was calculated taking into account the 12 positions no longer necessary based on reduced responsibilities, the direct hours of staff working on remaining telecommunications issues, the allocation of PSC indirect hours based on the direct hours assigned to telecommunications, and projected telecommunication company revenues. Staff's full rule recommendation as adopted by the PSC is included as Attachment 2.

B. Other Rulemakings

The PSC has been reviewing its 115 telecommunications rules to eliminate or revise them as necessary to comply with the intent of the statutes. The PSC began with the repeal of 66 rules that related in large part to the retail authority that was eliminated. Of the remaining rules, 35 are in the rulemaking process for amendment or repeal.

The rules in the rulemaking process deal with slamming, rate schedules, certification, record retention, and other items.

Summary

The PSC has proactively responded to the changes in its statutory authority as a result of the Act. The PSC has assessed the appropriate staffing levels for the telecommunications staff. The PSC will continue to monitor the workload and staffing needs. The PSC hired an expert consultant to audit the PSC's telecommunications program to determine if additional changes need to be made. The audit results reflected well upon the current program, but challenged the agency to further explore additional streamlining suggestions. The PSC has implemented some of the suggestions and is still studying others. The PSC is also in the process of reviewing its telecommunications rules to eliminate any unnecessary or obsolete regulation. The PSC continues to seek ways to economize its resources while maintaining a high quality work product for all industries under the PSC's authority including telecommunications.



National Regulatory
Research Institute

Final Report

**Assessing the Structure and Cost of the Florida Public
Service Commission Telecommunications Department**

August 31, 2011

Sherry Lichtenberg, Ph.D.

Principal for Telecommunications

Table of Contents

I.	Introduction.....	1
II.	Study Methodology	1
A.	Review of FPSC telecommunications functions and staffing levels	2
B.	Review of similar legislation and its impact on state telecommunications staff	2
C.	Develop size and structural recommendations and prepare risk analysis.....	3
III.	Findings	4
A.	The new law significantly reduces the commission's jurisdiction over retail telecommunications, providing an opportunity for realigning workload and reducing staff over the long term.....	5
B.	The commission retains its authority over wholesale telecommunications services and must be staffed accordingly.	7
1.	The FPSC retains jurisdiction over arbitrations, ICAs, and CLEC certification.	8
2.	The commission's staff is responsible for investigating and evaluating carrier-to-carrier complaints.....	10
3.	Commission staff must review OSS issues and carrier-to-carrier metrics filings.	10
IV.	Legislation in Michigan, Wisconsin, and Virginia has resulted in staffing and oversight changes similar to those in Florida.....	11
A.	Michigan	11
1.	Commission responsibilities	11
2.	Organizational structure and staff size.....	12
3.	Funding methodology	13

B. Virginia13

1. Responsibilities13

2. Organizational structure and staff size.....14

3. Funding methodology15

C. Wisconsin.....16

1. Responsibilities16

2. Organizational structure and staff size.....16

3. Funding methodology19

D. Overall, the size and responsibilities of the Florida staff compare well with those of Michigan, Virginia, and Wisconsin.19

V. Recommendations..... 21

A. The Division of Regulatory Analysis's telecommunications group is organized to meet the requirements of the Reform Act.21

B. The telecommunications group is sized correctly for today's workload, but additional reductions are possible over the long term.23

1. Evaluate the staff hours assigned to telecommunications relay service testing and reporting.23

2. Respond to payphone issues only when a problem is reported.24

3. Reduce the hours spent on the competitive services report.24

4. Require companies that choose to submit tariffs to do so online.....24

5. Keep Lifeline support at its current level but encourage providers to take on the task of advertising/supporting this program in the long-term.25

6. Adjust call center size over time as calls about telecommunications issues decline.25

7. Move work to administrative groups where possible.25

8.	Review hours, projects, and staffing levels on a quarterly basis.....	25
VI.	Risks	26
A.	The commission cannot forecast the number and complexity of the complaints it will receive in a given year.	26
B.	Questions remain about how to transfer oversight of wireless ETCs originally certified by the FPSC to the FCC.....	26
VII.	Summary	26
	Appendix A: Comments on NRRI Report.....	28
	Appendix B: NRRI Response to Comments.....	32

I. Introduction

The 2011 Florida Telecommunications Reform Act (Reform Act) changes the way in which the Florida Public Service Commission (FPSC) and its staff will address telecommunications issues facing incumbent carriers, competitors, and consumers. The Reform Act reduces the commission's jurisdiction over retail telecommunications, moves the task of responding to retail customer questions and complaints to the Department of Agriculture and Consumer Service, continues to give carriers the option of filing tariffs for their end-user offerings or listing pricing elsewhere, and removes all oversight of interexchange and wireless carriers, as well as the majority of the retail services provided by wireline carriers.

The FPSC retained NRRI in May 2011 to identify the organizational structure and work flow processes necessary to implement the reforms required by the Reform Act. NRRI's study examines the existing organization; reviews alternative organizational structures, including those in place in other states that have implemented similar laws; and identifies the staffing and workload changes necessary to implement the new rules. We also review the risks associated with these changes and recommend a glide path to the staffing level that will be possible when the new rules are fully implemented. The methodology for our study appears in **Section II** of this report. **Section III** provides our findings. **Section IV** explores organizational alternatives and describes the way in which the Michigan, Virginia, and Wisconsin commissions have staffed to deal with similar changes to commission jurisdiction. Our recommendations appear in **Section V**. **Section VI** addresses the risks posed by the staffing changes and proposes mitigation strategies for those risks. **Section VII** summarizes our findings.

II. Study Methodology

In order to obtain a clear understanding of the structure and work of the telecommunications staff, NRRI reviewed documents (including the inspector general's prior audit), conducted in-person and telephone meetings with key staff members, and provided and reviewed staff questionnaires. Because a number of other states have passed legislation similar to Florida's in reducing the level of telecommunications oversight authority they may exercise, we also looked closely at the direct staff functions of the telecommunications organizations of three of those states—Michigan, Virginia, and Wisconsin—to help us understand potential sizing and workload options. To ensure that we accurately compared the commissions' jurisdiction in those states with Florida's, we met with key staff members from those states to discuss the organization and size of their direct telecommunications staff, the number of communications companies active in the state, and the way in which these commissions determine and allocate their regulatory assessment fees.

The study methodology is discussed in more detail below.

A. Review of FPSC telecommunications functions and staffing levels

NRRI began its work by reviewing the Reform Act in detail in order to understand the changes it makes to the commission's authority, including the functions the FPSC will retain and lose as it implements the new law. A copy of our internal assessment matrix is available at [http://communities.nrri.org/web/telecommunications-in-general/share-and-view-files-members/-/document_library/view/341176/4902? 20_redirect=http%3A%2F%2Fcommunities.nrri.org%2Fweb%2Ftelecommunications-in-general%2Fshare-and-view-files-members%2F-%2Fdocument_library%2Fview%2F341176](http://communities.nrri.org/web/telecommunications-in-general/share-and-view-files-members/-/document_library/view/341176/4902?_20_redirect=http%3A%2F%2Fcommunities.nrri.org%2Fweb%2Ftelecommunications-in-general%2Fshare-and-view-files-members%2F-%2Fdocument_library%2Fview%2F341176)

Once we had a firm understanding of the changes required by the Reform Act, we reviewed documentation on the current staff organization, the pre-Reform Act workload, and the direct time charged to telecommunications functions. We then met in person with the Commission's Acting Executive Director, the Director of the Regulatory Analysis Division, and key telecommunications staff members. The purpose of these meetings was to understand the current and proposed organization for the telecommunications team, as well as the types of functions they performed prior to the implementation of the law and the changes to those functions necessitated by the law. We also met via conference call with the lead attorney responsible for telecommunications matters, the director and a key staff member from the commission call center, and the public information director responsible for Lifeline outreach. Since each of these divisions charges time to the telecommunications budget, we used these meetings to understand their current functions and their plans for implementing the Reform Act. We also reviewed staff timesheets in order to understand the direct time charged to each function prior to the Reform Act. We used this data to help us understand workload, organization, and direct staff functions.

To ensure that staff members responsible for telecommunications issues were given the opportunity to comment on the study, to explain the work they perform now, and to obtain their suggestions for process changes going forward, we sought their direct input through an on-site meeting with the leadership team and written questionnaires.

The purpose of these meetings was to understand the level of workload going forward, to assess the changes already proposed by the staff, and to identify areas for additional reduction.

B. Review of similar legislation and its impact on state telecommunications staff¹

More than 15 states passed laws reducing or eliminating the regulation of wireline telecommunications during 2011. In general, these new laws declare the state market for

¹ We use the term "staff" throughout this document to include both the direct technical telecommunications staff under the Division of Regulatory Analysis and the indirect staff working on (and charging their time to) telecommunications issues from the legal division, the commission call center, and the Office of Public Information.

telecommunications services “open and competitive”²; eliminate tariff requirements for wireline carriers; and reduce commission oversight over retail service to “basic wireline services,”³ slamming and cramming, eligible telecommunications carrier (ETC) designation, and Lifeline/Link-up Service. In many of the states, the new rules also clarify that Voice over Internet Protocol (VoIP) service and wireless service are outside the commissions’ jurisdiction for anything other than health and safety considerations, such as 911 emergency services. The new laws continue state commission jurisdiction over wholesale issues, including intercarrier complaints, Intercarrier Contract Agreements (ICAs), wholesale service metrics, and other wholesale issues as defined in Sections 251 and 252 of the Telecommunications Act of 1996.

NRRI reviewed the laws proposed or enacted in these states to evaluate the impact on the responsibilities and staffing of the commissions’ telecommunications organizations. After this initial review, we selected Michigan, Virginia, and Wisconsin for a detailed review and comparison with Florida.⁴ We met with the telecommunications directors in these states to understand their department organization and staffing, identify potential organizational models, and assess the workability of the changes we proposed for Florida. We then compared the number of lines in each state, the telecommunications staffs’ key tasks, and the number of direct staff working in each area to “test” our recommendations for Florida.⁵

Our review of the Michigan, Virginia, and Wisconsin telecommunications departments appears in Section IV.

C. Develop size and structural recommendations and prepare risk analysis

Once we completed the investigation phase of the project (document review, meetings with Florida PSC staff, and meetings with staff at the Michigan, Virginia, and Wisconsin commissions), NRRI developed and evaluated options for organizing and staffing the telecommunications work of the Florida PSC. We developed and evaluated these options based on three criteria: (1) ability to structure the workload in the most efficient (and least costly) way;

² See 47 CFR Sections 271.

³ Basic service is generally defined as a single plain old telephone service (POTS) line with no features. Bundled service has generally been exempt from oversight for several years.

⁴ Copies of the Michigan, Virginia, and Wisconsin telecommunications acts can be found at the following websites:
[http://www.legislature.mi.gov/\(S\(uzw1xw55czybfjmcz4q3em45\)\)/mileg.aspx?page=getObject&objectName=2011-HB-4314](http://www.legislature.mi.gov/(S(uzw1xw55czybfjmcz4q3em45))/mileg.aspx?page=getObject&objectName=2011-HB-4314); <http://leg1.state.va.us/cgi-bin/legp504.exe?111+sum+SB1368>;
https://docs.legis.wisconsin.gov/2011/related/proposals/jr1_ab14

⁵ In order to ensure a clear comparison with Florida, we analyzed only the direct telecommunications staff in Michigan, Virginia, and Wisconsin. As in Florida, other organizations also charge time to telecommunications oversight, but these numbers are not included in our analysis.

(2) ease of tracking and assigning cost to cost causers; and (3) most efficient “glide path” to a final size and structure.

Three key organizational options emerged:

1. Create cross-functional teams by grouping telecommunications staff with others performing similar work; for example, staffing all contract work in the same organization regardless of discipline.
2. Create a telecommunications-specific organization encompassing all work required by the new law, including call receipt.
3. Group the majority of telecommunications functions together, but retain specialized groups for call receipt and other ancillary functions.⁶

Section IV discusses these options. Our recommendations appear in Section V, Recommendations. We address the potential risks of reducing the size of the staff and eliminating work in Section VI, Risks.

III. Findings

The changes in commission jurisdiction and functions required by the Reform Act provide an opportunity to align staff size and responsibilities with current and projected workload. Prior to the passage of the Reform Act, the FL PSC had a staff of 323. After the Act, the commission reduced the staff by 27 positions, 12 of those specifically designated as reductions to the staff handling telecommunications issues. As a result of this reduction and other organizational changes, as of July 2011, 19 FTEs⁷ were assigned primarily to telecommunications issues.⁸ These positions are in the Division of Regulatory Analysis.⁹

The following paragraphs review our findings in this area in more detail.

⁶ Because this structure was implemented in June 2011, we focused primarily on its effectiveness, its efficiency, and the risks associated with it.

⁷ Includes direct staff shown on the 7-1-11 organization chart.

⁸ The Division of Regulatory Analysis also assumed the metrics oversight and analysis responsibilities previously performed by the Office of Auditing and Performance Analysis. No additional headcount accompanied this enhanced responsibility.

⁹ Ancillary organizations also bill time to telecommunications functions, but only direct employees are included in the NRRI study.

A. The new law significantly reduces the commission’s jurisdiction over retail telecommunications, providing an opportunity for realigning workload and reducing staff over the long term.

The Reform Act removes the commission’s limited jurisdiction over interexchange (long-distance) providers, wireless Eligible Telecommunications providers (ETCs),¹⁰ and operator services providers. It revises the definition of telecommunications companies to remove operator services providers and revises the list of services exempted from oversight to include all retail wireline Time Division Multiplexed (TDM) offerings,¹¹ as well as retail bundled services and service provided via internet protocol. The Reform Act also eliminates the commission’s authority to oversee quality of service for its retail customers and virtually eliminates its responsibility for adjudicating individual customer complaints.¹²

Finally, the law eliminates the requirement that providers file tariffs with the commission for anything other than access services.¹³ The elimination of the requirement to file retail tariffs provides an opportunity for reducing the time spent reviewing and categorizing this information.

The elimination of interexchange company oversight significantly impacts the number of dockets in which staff will participate. Out of 124 dockets open in June 2011, 46, or 37%, related to IXCs. These dockets will be closed as the commission moves to implement the Act. Dockets related to wireless ETC certification will also be closed. As of June 2011, the telecommunications staff was reviewing seven petitions for ETC approval, a number of which were for wireless providers.

In the retail area, commission staff will continue to designate wireline ETCs, issue certificates for wireline companies operating in Florida, and oversee payphones (although the market for this product is declining significantly). Staff will also oversee and manage the Telecommunications Relay Service (TRS) process for the deaf, hard of hearing, and speech impaired, including testing the service to ensure that the provider meets contract requirements for speed of answer and accuracy. A significant number of staff members responding to our questionnaires cited their “new responsibility” for making TRS test calls, noting a need for

¹⁰ The commission retains jurisdiction over wireline ETCs.

¹¹ The distinction between TDM service and IP service will become increasingly important as companies like AT&T phase out their circuit-switched networks.

¹² The commission retains jurisdiction over carrier-to-carrier disputes, including slamming complaints brought by carriers against other carriers on behalf of their customers.

¹³ AT&T and Verizon have informed the commission that they will no longer file tariffs. CenturyLink has stated that it will continue to do so.

training and projecting an increase in workload. As we note in our recommendations, revising the way TRS test calls are handled may represent an opportunity for reducing cost.¹⁴

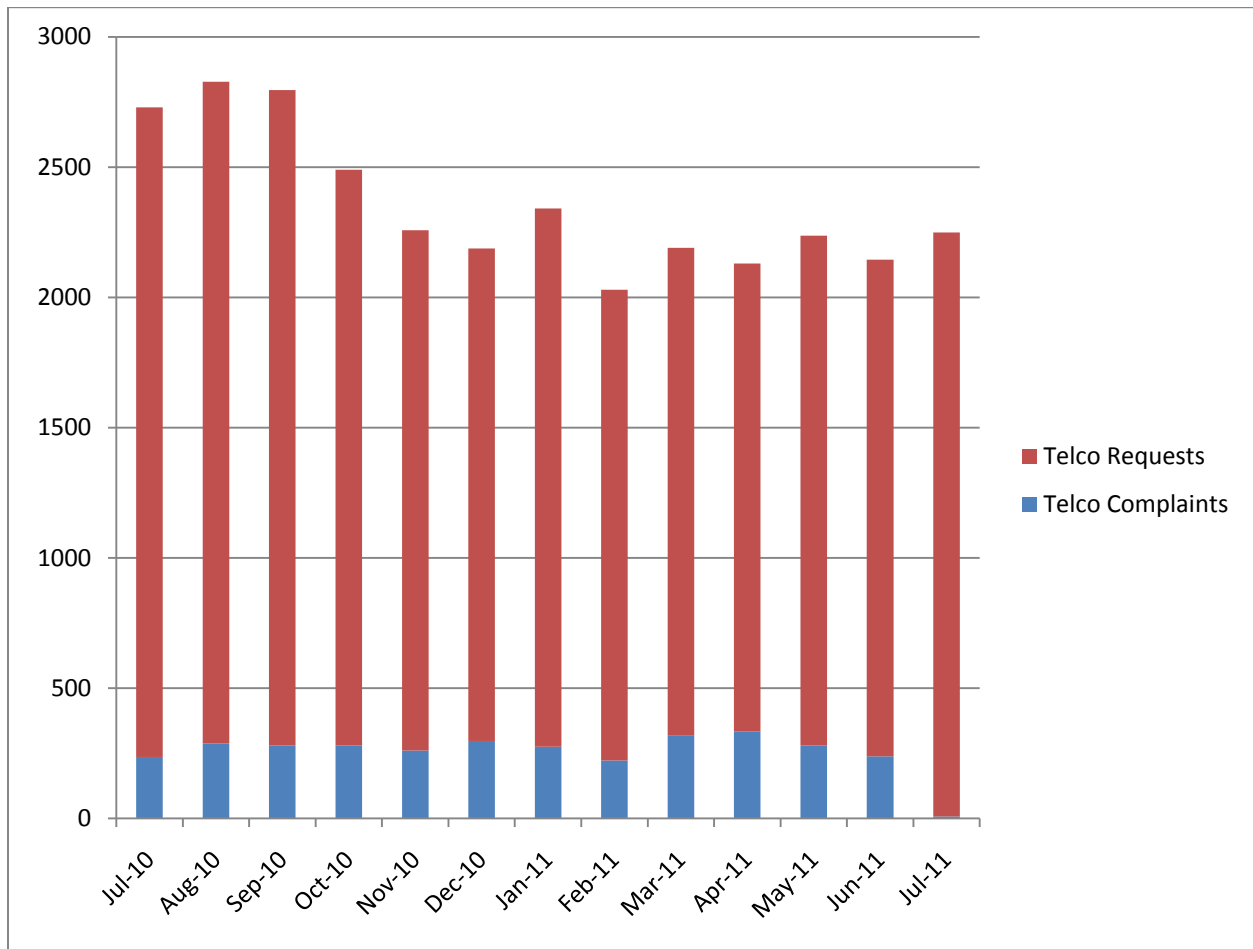
In addition, the staff will retain its responsibility for reviewing and resolving customer issues regarding Lifeline, and for assessing and collecting the commission's Regulatory Assessment Fee (RAF) for certified carriers. The staff will continue to interface with the FCC in the National Association of State Regulatory Utility Commissioners (NARUC) and other bodies, and will remain responsible for keeping the commissioners up to date on federal activities, drafting comments on pending rules, and reviewing and providing input on issues that will affect Florida companies and consumers. The staff will continue its limited participation in the broadband adoption efforts sponsored by the Division of Management Services and may also continue to support Lifeline outreach.

The commission began to realign its staff and processes to reflect the new law in June 2011. Beginning July 1, 2011, customers calling the commission regarding retail telecommunications issues are referred to the Department of Agriculture and Consumer Services call center. This center will provide customers with the information they will need to contact their carrier to place a complaint. This process is expected to reduce commission call volumes over time as customers learn to call their suppliers or the Department of Agriculture and Consumer Services directly.

¹⁴ Management has already begun to assess moving this process from a professional staff member to a less costly administrative responsibility.

As the chart in Figure 1 shows, however, total call volume remains relatively steady through July 2011, although calls that previously would have been tracked as retail complaints are now tracked simply as requests for information.

Figure 1. Call Volumes



B. The commission retains its authority over wholesale telecommunications services and must be staffed accordingly.

Sections 251 and 252 of the 1996 Telecommunications Act give state commissions the authority to oversee interconnection between companies and the provision of wholesale telecommunications services. The Reform Act does not modify the commission's authority over competitive suppliers (with some exceptions for VoIP carriers) or wholesale transactions, limiting the potential for reducing the resources necessary to perform these duties.

The commission will continue to manage unbundling and the resale of telecommunications services, certify CLECs, arbitrate and enforce interconnection agreements, respond to complaints among carriers (including slamming complaints brought by carriers on behalf of their customers), and manage wholesale quality-of-service metrics.¹⁵ Staff will also continue to prepare the annual competition report, although the commission will need to limit the number of questions it asks and rely on publicly available sources for much of the data it needs for the report. Interconnection agreement arbitration and complaint adjudication remain key focuses for the staff of the Regulatory Analysis Division, as do monitoring potential FCC actions to ascertain their impact on Floridians, managing numbering filings and reclamation activities, and reviewing ILEC Operational Support System (OSS) change-management announcements to identify potential issues and disputes.

In order to consolidate telecommunications work in one division, the Regulatory Analysis Division assumed responsibility for the review and assessment of AT&T's carrier-to-carrier metrics (known as the SEEM plan), as well as metrics established by Verizon and CenturyLink,¹⁶ in June 2011. The metrics established under the SEEM plan are reported monthly, with AT&T paying CLECs if it fails to meet certain performance thresholds. The Verizon and CenturyLink metrics are provided for review only, with no commission action required.

1. The FPSC retains jurisdiction over arbitrations, ICAs, and CLEC certification.

The FPSC continues to be responsible for arbitrating interconnection agreements (ICAs) between suppliers and reviewing and filing ICA amendments. It will also continue to issue CLEC certificates and resolve disputes between parties to these agreements (ILECs, CLECs, and cable companies with interconnection agreements). It is difficult (if not impossible) to predict the number of arbitrations, amendments, and certification requests that will be issued in any one year, so the commission must remain ready to perform this work when and if it materializes. In addition, because there is no way to predict the complexity of the issues that may be raised in these arbitrations, the commission must retain a sufficient number of trained and experienced staff members to be prepared for the type of carrier-to-carrier questions it may face.

¹⁵ See Reform Act, Section 364.012. This chapter does not limit or modify the duties of a local exchange telecommunications company to provide unbundled access to network elements or the commission's authority to arbitrate and enforce interconnection agreements to the extent that those elements are required under 47 U.S.C. ss. 251 and 252, and under any regulations issued by the Federal Communications Commission at rates determined in accordance with the standards established by the Federal Communications Commission pursuant to 47 C.F.R. ss. 51.503-51.513, inclusive of any successor regulation or successor forbearance of regulation.

¹⁶ The AT&T Self-Effectuating Enforcement Mechanism (SEEM) plan was originally managed by the Office of Auditing and Performance Analysis.

The number of ICA arbitration requests has fallen steadily over the years, from a high of 16 in 2000 to zero so far in 2011. The commission last arbitrated an agreement in 2010. Based on the three-year term of most agreements, the staff forecasts that 79 ICAs will expire by the end of 2012; a percentage of these ICAs may require commission arbitration.¹⁷ During 2010, commission staff received 78 agreements and amendments for review and filing; 23 were docketed for review and filing as of the end of July 2011.

When the staff receives an ICA agreement or amendment, it follows the standard review, approval, and filing process described below.

1. Prepare case receipt file and assign the statutory deadline, memo-to-docket file date, and closing date;
2. Verify that the CLEC or wireless entity is authorized to conduct business in Florida: FPSC (for CLECs only) and Division of Corporations (for CLECs and Wireless entities);
3. Verify that the companies are correctly identified in the amendment(s) and FPSC databases;
4. Determine the effective date of the amendment (based on Section 252(e) of the Act and/or terms negotiated in the amendment);
5. Verify that the filing is an amendment to an existing ICA and gather data from the underlying ICA;
6. Review the amendment and attachments to ensure that a) the amendment meets the requirements of the Act and b) all documents are present and correctly identified/referenced;
7. Determine whether the amendment has been executed by all parties;
8. Update the Negotiated and Arbitrated Agreement Tracking System (NAATS) record entry for the amendment so that it includes the above information;
9. Prepare memo to close the docket if no outstanding issues exist; and
10. Close docket.

In addition to reviewing and filing ICA amendments, the staff evaluates and approves CLEC certification requests, name changes, and requests to withdraw from the market. As of June 2011, nine such requests were in progress. Because the processes for both filing ICA amendments and changing company names are primarily administrative, we recommend that the commission review both processes on an ongoing basis to determine whether and how they can be simplified to ensure that they are staffed appropriately. For example, the commission should

¹⁷ Arbitration is required when parties cannot come to agreement on the terms and conditions of the contract. Parties that operate in multiple jurisdictions may choose where to arbitrate, so there is no clear evidence about whether any of these agreements will require review by Florida commission staff.

consider whether the initial review/approval of ICA amendments and simple name changes could be handled by the administrative staff, with legal resources assigned only when necessary.¹⁸

2. The commission's staff is responsible for investigating and evaluating carrier-to-carrier complaints.

Adjudicating both formal and informal complaints among companies remains a critical commission function. The commission is currently dealing with nine formal, docketed complaints between companies providing service in Florida. These complaints range from requests for the waiver of commission rules to complex issues regarding interconnection, intercarrier compensation, or the disparate treatment of different companies.¹⁹ The staff also pursues complaints regarding carrier failure to pay regulatory assessment fees on a timely basis and studies and resolves issues regarding numbering, including petitions to overrule the National Number Pooling Administrator's denial of growth codes.

The commission appears to be adequately staffed to handle the current level of complaints. If additional complaints are filed or the workload is increased, staff from the two telecommunications sections can backstop each other to ensure that sufficient resources are available.

3. Commission staff must review OSS issues and carrier-to-carrier metrics filings.

Commission staff is responsible for tracking and responding to Operational Support Systems (OSS) issues raised by CLECs that impact ordering, provisioning, billing, and repair, and for reviewing the ongoing success of the carrier to carrier metrics plans for each of the state's three ILECs, AT&T, Verizon, and CenturyLink. Both tasks require staff to review the change-management notices issued by the companies and often to participate in monthly change management meetings. While all three companies have metrics plans, AT&T is the only one required to pay penalties for its failure to perform, making the regular review of performance under the SEEM plan a critical function. The commission, AT&T, and the CLECs agreed to a new SEEM plan in 2009, a lengthy process that is not expected to be repeated for several years. The Verizon and CenturyLink plans are based on joint agreements with the CLECs and commissions in other states, and changes to those plans are generally adopted by Florida.

Because the OSS is critical to ongoing competition among carriers, the commission must continue to monitor SEEM results on a going-forward basis, including questioning/addressing performance discrepancies and working with parties to resolve issues before they become official complaints. This process will require ongoing monitoring of the staff's workload and

¹⁸ CLEC certification requests require research so should remain under the purview of the professional staff.

¹⁹ A particularly challenging complaint regarding the SEEM plan filed by STS appears to have recently been resolved through negotiation.

performance before the leadership team can assess the need for any organizational or functional changes. In the interim, the Intercarrier Services Section as a whole will need training on all three plans so that it is prepared to assess changes and respond to issues. Internal training by the Office of Auditing and Performance Analysis personnel formerly responsible for this task has begun, but additional training from the carriers themselves will enhance both the staff's understanding of the plan and their relationships with the technical teams that provide the results.

IV. Legislation in Michigan, Wisconsin, and Virginia has resulted in staffing and oversight changes similar to those in Florida.

The following paragraphs provide overviews of the telecommunications divisions of the Michigan, Wisconsin, and Virginia commissions. Recently enacted changes to the Telecommunications Acts in these states have resulted in changes to the structure of the telecommunications divisions similar to those proposed for Florida. Understanding the organization of these commissions will help us to better judge the staff size and structure best suited to Florida. NRRI's comparison of staffing levels in this section covers direct telecommunications staff only and does not include ancillary staff from other divisions, such as legal or public affairs, that also charge time to telecommunications activities. Figure 2 compares the size and oversight responsibilities of these states' telecommunications divisions with those of the Florida commission.

A. Michigan

1. Commission responsibilities

The Michigan commission's jurisdiction over telecommunications has undergone a two-step revision process. The Michigan Telecommunications Act (MTA) was initially amended in 2005 to limit retail rate regulation to basic dial-tone service only. The MTA was further amended in 2011 to eliminate the commission's oversight of service quality, billing, and retail rate setting for basic service, as well as to eliminate any oversight over VoIP service and to allow ILECs to opt to be regulated in the same way as competitive carriers.²⁰ The MTA continues to require the commission to certify local and interexchange service providers (IXCs) but no longer requires these companies to file tariffs. Carriers must still file intrastate access tariffs, and the commission is currently managing the process for aligning interstate and intrastate access pricing.

²⁰ The Michigan Telecommunications Act is available at <http://www.legislature.mi.gov/documents/2011-2012/billengrossed/House/htm/2011-HEBS-4314>

The commission continues to manage state requirements for Lifeline, certify both wireless and wireline ETCs, and register payphone providers. The Telecommunications Division reviews the operations of the Telecommunications Relay Program (which is administered by AT&T on behalf of all carriers in the state) to ensure that it meets state requirements and performs financial audits of the system to ensure that it is not under- or overfunded. The staff does not make test calls to ensure the system is working but does respond to complaints as necessary. The commission will continue to handle slamming and cramming issues, as well as other consumer protection activities.

The 2005 MTA limited retail-service-quality rules to basic service. Those rules that were promulgated before January 2006 expired on June 30, 2011. The commission's Service Quality Division handles complaints that pertain to any remaining telecommunications service-quality and billing rules, as well as complaints about the gas, electric, and cable industries. As the telecommunications quality rules are withdrawn, the Service Quality Division will expand its focus on the other industries it supports, so no staff reductions are anticipated.

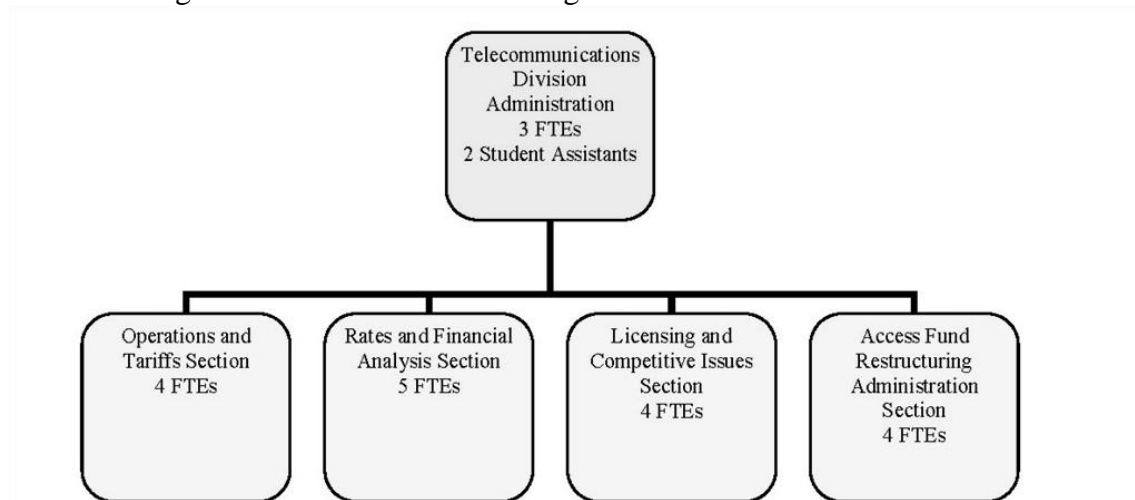
Similarly to Florida, as the 2011 MTA is implemented, the telecommunications staff's primary focus will become provider-to-provider activities, including disputes and related informal mediations, formal mediations, and arbitrations, as well as contested cases on many type of issues but primarily concentrated on setting reciprocal compensation rates. Prior to the changes to the MTA in 2011, the Telecommunications Division also prepared a competitive telecommunications report similar to that written by the Florida staff. The 2011 MTA removes the requirement for that report after 2013, although the Telecommunications Division may still try to assemble a report on telecommunications in Michigan based on publicly available data from other sources, such as the FCC.

2. Organizational structure and staff size

The Michigan Telecommunications Division consists of 20 FTEs—the division director, two administrative assistants, four section managers, and thirteen staff, as well as two student assistants (part-time positions for local college students). The staff is organized into four groups: (1) Operations and tariffs (four FTEs), Rates and Financial Analysis (five FTEs), Licensing and Competitive Issues (four FTEs); and Access Fund Restructuring and Administration (four FTEs), as shown below.²¹

²¹ The ARM team was established as a result of legislation requiring the restructuring of the intrastate access fund. This team is separately funded and will presumably be phased out when restructuring is completed.

Figure 2. Structure of the Michigan Telecommunications Division



3. Funding methodology

The commission is funded primarily from public utility assessments (PUA) on regulated companies (gas, electric, and telecommunications). These fees are not broken up by division but are based on total commission costs. In addition, until the process is completed, funding for the Access Restructuring Fund Administration Section comes from the Michigan Intrastate Switched Toll Access Restructuring Mechanism (ARM).

B. Virginia

1. Responsibilities

Virginia passed H2367 in March 2011, amending the commonwealth's code relating to the regulation of telecommunications services.²² The bill clarified that the State Corporation Commission has no jurisdiction over VoIP services, wireless services, or other services provided in areas that have been deemed "competitive." All Verizon exchanges were granted competitive status by a legislative mandate that deemed all exchanges in which 75% of households or businesses had an alternative carrier available as competitive. Under Virginia law, carriers have a duty to "furnish reasonably adequate service and facilities at reasonable and just rates," but the commission may determine whether other services, such as VoIP or wireless offers, are "adequate substitutes" for wireline service. The commission does not distinguish "basic service" from other offerings per se, but has determined via a market analysis that basic service is competitive in the majority of the state. The commission retains its regulatory authority over all intrastate services, including intrastate tariff requirements.

²² See <http://lis.virginia.gov/cgi-bin/legp604.exe?111+ful+CHAP0738>

The commission certifies only wireline ETCs, monitors but does not administer the Lifeline Program, and has no oversight of Telecommunications Relay Services. One staff member is responsible for payphones, but the number of payphones has dropped significantly, so this area of responsibility is shrinking. The commission continues to receive and review customer complaints relating to regulated wireline phone service, as well as some wireless complaints (with the agreement of the wireless carriers), and retains responsibility for complaints about both wireline and wireless slamming and cramming.

The commission has retained its authority to review both interexchange and intrastate tariffs to ensure that they follow commission regulations. As of July 2011, both IXCs and LECs may detariff “competitive” retail services, but only a few companies have done so so far. Commission staff projects that the number of companies detariffing their services will expand, so the “considerable” focus in time and manpower spent in this area is likely to decline.

The Communications Division is also responsible for intercarrier activities, including arbitrating ICAs, resolving intercarrier complaints, and overseeing the Verizon carrier-to-carrier metrics.²³

2. Organizational structure and staff size

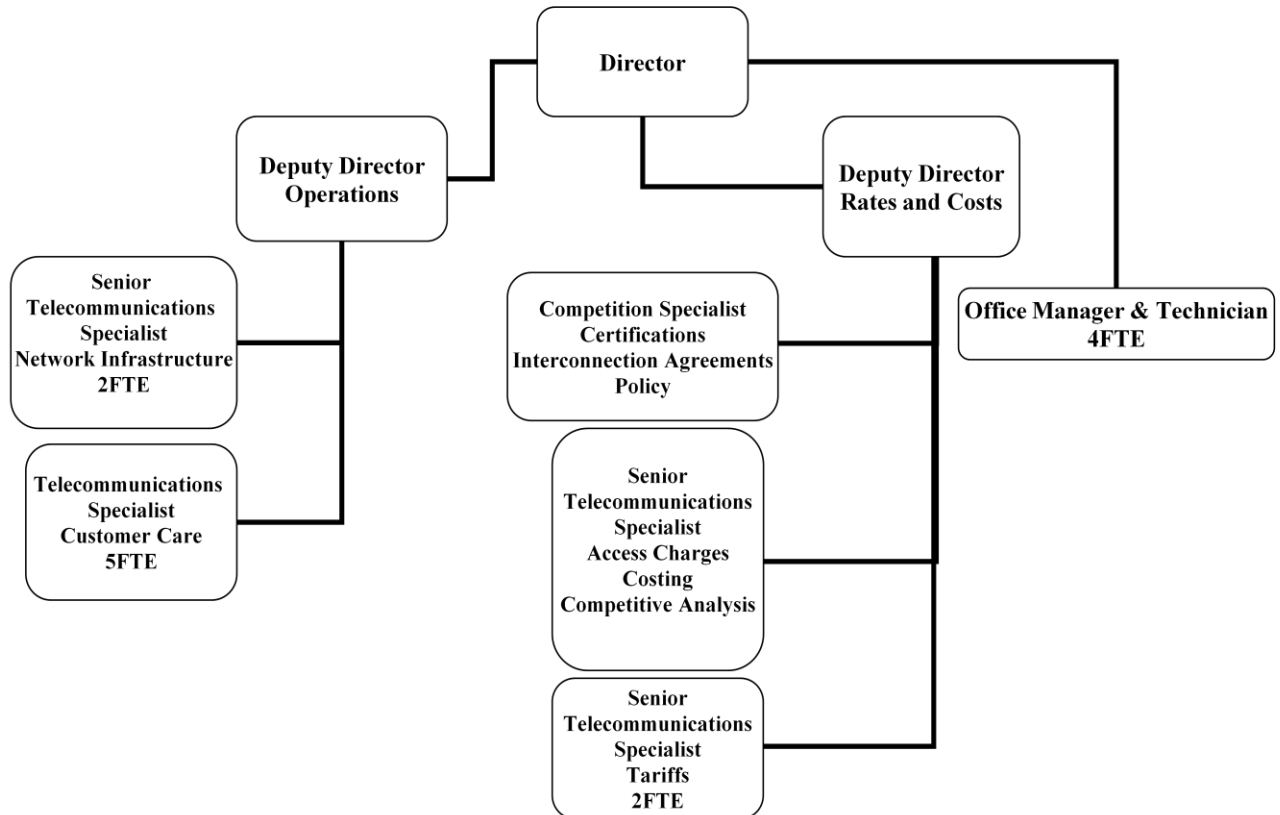
The Virginia Corporation Commission Division of Communications includes 18 staff members, divided into two groups, Operations and Rates and Costs, under a single director.²⁴ The eight-member Operations team ((including the deputy director) is responsible for network infrastructure, payphone and operator services registration and compliance, and customer care. Four of these staff members are directly assigned to reviewing and addressing customer complaints, including cramming and slamming. The five-person Rates and Costs team (including a deputy director for that section) manages tariffs and competitive analysis and oversees wholesale carriers, including arbitrating/reviewing interconnection agreements and resolving intercarrier complaints. A four-person technical support team reports to the Division Director.

²³ Unlike Florida's direct oversight of the AT&T SEEM plan, the Verizon territories generally adopt any changes to the Verizon carrier-to-carrier metrics approved in New York.

²⁴ The position of Deputy Director for Operations is currently open and may not be filled, consolidating the staff into one group and reducing its size to 16.

The organization chart for the Division of Communications appears in Figure 3 below.

Figure 3. Virginia Telecommunications Division Organization Chart



3. Funding methodology

Unlike the Michigan, Wisconsin, and Florida commissions, the Virginia Corporation Commission was created by the Virginia constitution, giving it considerably more independence than other, similar bodies. The commission is responsible for banking, securities, insurance, taxation, incorporations, and so on, as well as regulated utilities. It is funded by assessments on regulated companies.

C. Wisconsin

1. Responsibilities

Wisconsin Act 22,²⁵ passed in the spring of 2011, changed the meaning of telecommunications service to cover only voice service and eliminated virtually all PSC oversight of retail rates and services. Companies may continue to file tariffs for basic service if they choose to do so. The commission has no jurisdiction over end-user quality of service or pricing. It does not regulate IXCs, most of which are now certified as CLECs. IXCs and CLECs may file tariffs with the commission, but Act 22 makes tariffs optional for anything other than access. Tariffs are filed electronically. Complaints about slamming and cramming are handled by the Department of Agriculture, Trade, and Consumer Protection.

Act 22 revised the definition of “telecommunications services” to eliminate “data and other information services” from the commission’s jurisdiction, but added revenues from nomadic VoIP service to the assessable revenue base for the USF. The PSC has already assessed interconnected VoIP revenue for USF purposes.

The Wisconsin PSC designates both wireline and wireless providers as ETCs as established under the rules of Wis. Admin. Code s. PSC 160.13. The Act amended these rules to remove some of the PSC’s discretion in examining and setting rules for wireless ETCs. While the commission still designates wireless ETCs, these providers are now subject only to the eligible telecommunications carrier requirements imposed by the FCC, rather than to the specific quality-of-service, service-area, or other rules promulgated by the PSC.

The PSC sets the rules for Lifeline and includes Lifeline in the amount of the USF assessments it makes for providers, but has a contractor that actually makes payments to providers when they submit requests for Lifeline reimbursements. The commission is not involved (other than rulemaking) in matters related to determining consumer eligibility for Lifeline.

The Wisconsin PSC does not manage the telecommunications relay service (TRS) program other than assessing providers to fund the program. While the commission’s USF fund includes a process for funding and managing payphones, the commission has not implemented such a program.

2. Organizational structure and staff size

The Telecommunications Division is managed by an administrator and is staffed by 12.5 FTEs (support staff is shared). The division is divided into two groups, Wholesale Services and Consumer and Universal Services.

²⁵ Act 22 is available at https://docs.legis.wisconsin.gov/2011/related/proposals/jr1_ab14

The Assistant Administrator for Wholesale Services manages three auditors and a rate analyst. The Wholesale Services group is responsible for numbering administration, assessments, tariffs, company certifications, wholesale disputes, intercarrier compensation, and intercarrier agreements (ICAs).

The Assistant Administrator for Consumer and Universal Services manages a program and planning analyst and two rate analysts. This group is responsible for USF programs, access charges, consumer matters, and monitoring FCC activities.²⁶

Figure 4 is the Wisconsin Telecommunications Division organization chart.

²⁶ Three members of the telecommunications staff are focused specifically on broadband mapping and are directly funded by an ARRA broadband mapping and planning award.

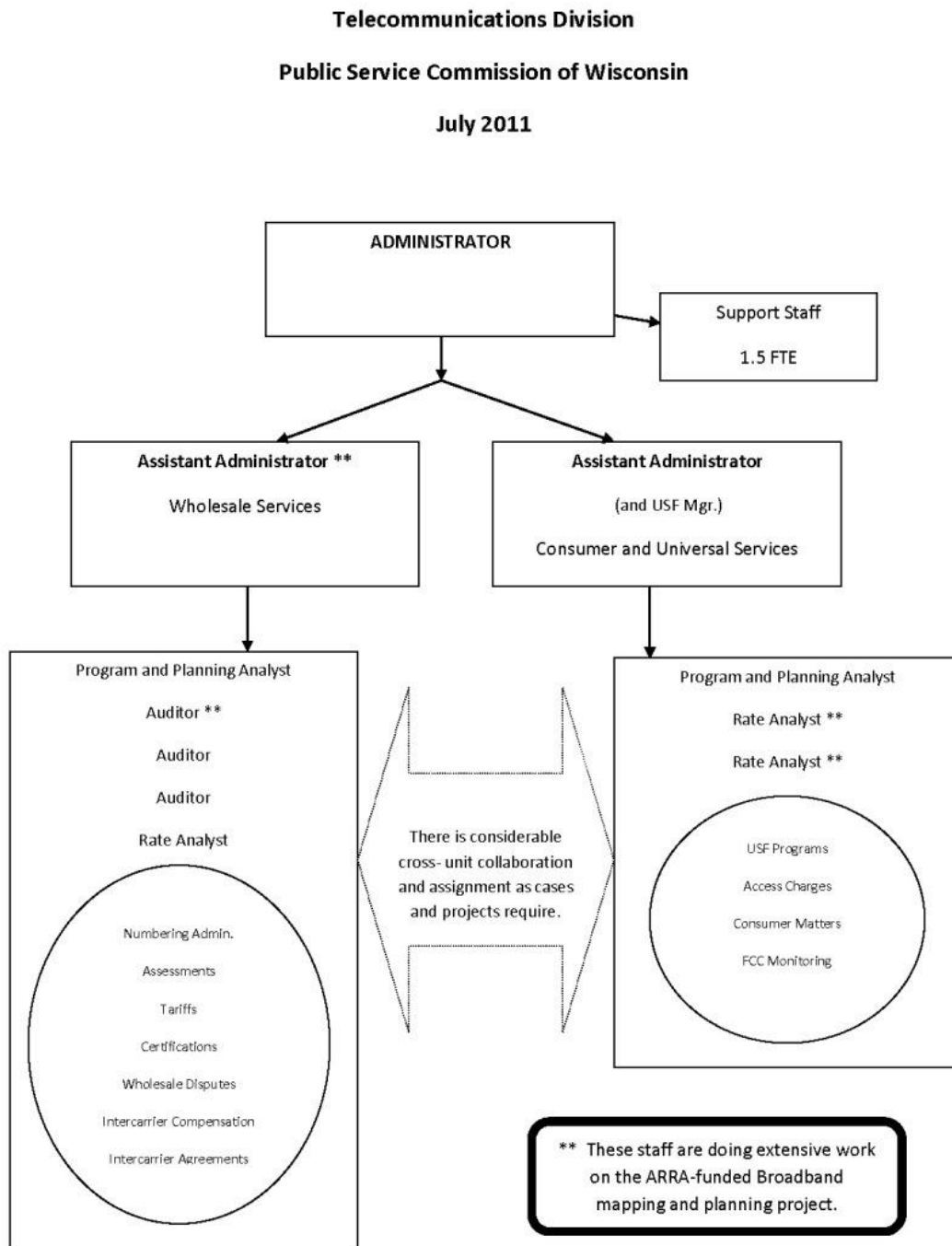


Figure 4. Organization of Wisconsin Telecommunications Division

3. Funding methodology

The Wisconsin PSC is funded primarily by assessments to the utilities. There are two types of assessments. The “direct assessment” is based on employee time charged on their time sheets to an entity-specific docket. The rate is at the employee’s hourly rate plus a factor for fringe benefits, overheads, and a Department of Administration (DOA) surcharge. This assessment applies to all utilities. The “remainder assessment” is collected from all assessable entities and covers the costs of operating the PSC that have not been collected in direct assessments, as well as a DOA surcharge. Each entity is assessed in proportion to its respective gross operating revenues derived from intrastate operations. The assessments are used to fund the commission as a whole and are not department-specific. The Wisconsin PSC billed \$3,258,835 in direct assessments (\$3,621,078 w/DOA surcharge) and \$10,556,258 for remainder (\$11,722,469 w/DOA surcharge) in FY2010.

D. Overall, the size and responsibilities of the Florida staff compare well with those of Michigan, Virginia, and Wisconsin.

Figure 5 compares the size and responsibilities of the Florida telecommunications division with those of Michigan, Virginia, and Wisconsin. Although Florida has nearly twice the lines in service as these commissions (6.4M compared to Michigan’s 3.6M) and more CLECs and ILECs, it addresses similar responsibilities with a slightly lower level of direct staff members. This suggests that the Florida commission has already begun adjusting to the requirements of the Reform Act and is on a trajectory to reduce cost further as mandated by the Reform Act.

Figure 5. Comparison of Commission Size and Responsibilities

	Florida	Michigan	Wisconsin	Virginia
Population (in millions)	18	10	5.5	7.6
Number of wired lines (in millions)	6.4	3.6	2.5	3.0
Number of carriers	298	238	253	169
LECs	10	41	84	20
CLECs	287	187	169	149
Staff (includes only direct technical staff)	19	20	12.5	17
Key Responsibilities				
Retail Services				
Pricing	No	No	No	No
IXC licensing/oversight/tariffs	No	Yes (IXCs may opt out of tariffing)	No	Yes
Wireline ETC designation	Yes	Yes	Yes	Yes
Wireless ETC designation	No	Yes		No
Payphone	Yes	Registration/Complaints	No	Yes
Lifeline	Yes	Yes	Yes	Yes
Telecommunications Relay Service	Yes	Financial audits only	No	No
Retail customer complaints	No (Carrier to carrier complaints only)	No (Service Quality Division)	No (Department of Agriculture)	Yes
Intrastate access tariffs	Yes	Yes	Yes	Yes
Wholesale				
Wholesale carrier certification	Yes	Yes	Yes	Yes
ICA arbitration	Yes	Yes	Yes	Yes
Competition Report	Yes	Requirement ends in 2013	No	No

V. Recommendations

A. The Division of Regulatory Analysis's telecommunications group is organized to meet the requirements of the Reform Act.

The goal of the Reform Act is to remove unnecessary regulation and reduce costs by streamlining commission functions. To do this, the telecommunications staff must have sufficient training to perform its work, must be "right-sized," must provide opportunities for growth and learning, and must have a way to track/assign costs to cost causers. NRRI reviewed three potential structures for the FLPSC telecommunications staff to see how well they meet these requirements. These options were as follows: (1) a cross-functional team that uses resources from other organizations to perform its work, (2) a completely standalone telecommunications team that performs all functions in-house, and (3) a team that performs major telecommunications functions "in-house" but contracts out work to "experts" as necessary. These three options are discussed more fully below.

1. Create a fully cross-functional team by embedding the work of the telecommunications division in similar organizations; for example, staffing all contract negotiations work, regardless of discipline, in the same group.

Pros:

- a. Enhances staff positions by offering opportunities to learn new skills and perform new tasks.
- b. May shorten the time required to perform work over the long term by building expertise in the task (i.e., contracting) rather than the area (telecommunications).

Cons:

- a. Reduces focus on key telecommunications issues, potentially adding rather than reducing the time required to perform tasks.
- b. Additional training will require additional time and cost.
- c. Not all tasks may fit in with other disciplines; for example, managing tariffs for the electric industry may require new skills and lead to a loss of focus on telecommunications issues.
- d. Complicates the ability to track/assign costs.

2. Create a telecommunications-specific organization encompassing all work required by the new law, including call handling and contract negotiation and management.

Pros:

- a. No need for handing off calls from the call center.
- b. No need for cross billing of work performed.
- c. Allows the team to focus specifically on telecommunications issues without competing for shared resources (including call center personnel).

Cons:

- a. Call handling is a specialized discipline. The staff members that ultimately handle the calls will need special training and may not be suited to the work.
- b. Call-center equipment will be required to take calls.
- c. Team members will not have other tasks to fill idle time, increasing cost and reducing profitability.

3. Retain the current organization but focus on initiatives to streamline work and reduce cost.

Pros:

- a. One group manages the entirety of telecommunications functions, simplifying cost tracking and workload management.
- b. Provides a more challenging work experience for staff.
- c. Simplifies the task of determining how to allocate workload.

Cons:

- a. Additional training may be required to manage the SEEM plan.

Based on our review of these options and the structures of similar organizations, we believe that the current structure of the FL PSC telecommunications group is appropriate. This structure assembles direct telecommunications work in one organization (the Division of Regulatory Analysis), allowing the PSC to track the hours charged to telecommunications directly, respond to unexpected changes to workloads due to fluctuating projects, and foster a climate of learning and collaboration among work groups. This structure also gives managers a larger span of control and allows the leadership team easily to identify work that need no longer

be performed or can be simplified (for example, by passing it from a professional staff member to an administrative staff member).

Most importantly, this organizational structure will help the commission's leadership team determine when and how headcount changes should be addressed. Over the long term, this structure may be improved by evaluating whether a single section rather than the two currently in place might be more effective in controlling costs and distributing work.²⁷

B. The telecommunications group is sized correctly for today's workload, but additional reductions are possible over the long term.

The telecommunications staff was reduced by 12 FTEs to 19 staff members in July 2011 by eliminating open positions and positions that were associated directly with work withdrawn as a result of the Reform Act. The current staffing level is appropriate at this stage of the process, particularly given the unknowns and risks we describe in Section VI below. As the potential future workload becomes clearer, the commission should look at reducing staff size over time in the following areas: (1) telecommunications relay testing, (2) payphone evaluation, (3) competitive analysis reports, (4) tariffs, (5) company certification, and (6) RAF collection activities. This review can be expected to reduce staff size from 19 to approximately 15 by the end of year 2 (July 2013). Further reductions to support groups such as the call center and Division of Public Information may be possible over time depending on the impact of the FCC's changes to the Lifeline program and CLEC and ILEC arbitration decisions as their current ICAs expire.

Our specific recommendations for long-term changes follow.

1. Evaluate the staff hours assigned to telecommunications relay service testing and reporting.

The commission is currently working on a request for proposals for a new TRS vendor. Once the new company is chosen, telecommunications staff will assist in negotiating the final contract and assume responsibility for monitoring vendor performance. State legislation also requires the commission to work with the state advisory group for the deaf and hard of hearing community to encourage TRS understanding and use. The Reform Act has not changed these requirements.

Responses to NRRI's questionnaires, however, revealed that the staff believes it currently spends the equivalent of one FTE on TRS review alone and will spend more time in the future as it takes on the task of placing test calls and evaluating the new contractor's performance. Nearly all staff members noted that they needed training in TRS operations and the actual testing process. They explained that TRS testing includes making multiple test calls and responding to complaints about the contractor's performance. Although the staff must continue to meet the requirements of the TRS legislation and ensure that the TRS contractor is performing in

²⁷ Virginia is currently considering making a similar change.

accordance with the terms and conditions of his contract (including assessing penalties for substandard performance) , the leadership team needs to explore ways to reduce the time spent on the less critical parts of this task, including reducing the number of test calls, potentially instituting exception reporting as a way of reducing testing time, and moving the actual calling task from the professional staff to the administrative team. Such a move would not only reduce the costs associated with managing the TRS process but could also “upgrade” the duties of the administrative staff. This change could be implemented concurrent with or shortly after the award of the new TRS contract.

2. Respond to payphone issues only when a problem is reported.

As the number of payphones declines, the time spent reviewing and managing this equipment should be reduced similarly. By responding to complaints only as they occur, the staff can free up time to concentrate on other, more pressing requirements. We therefore recommend that the leadership team track the actual time spent on payphone issues over the next quarter with the goal of reducing that time by at least 50% going forward. For example, rather than spending time and resources proactively reviewing payphone placards and other information, staff can address these issues as part of another trip or opportunity.

3. Reduce the hours spent on the competitive services report.

The competitive services report provides a thorough review of the status of telecommunications competition in Florida and across the country. The report is compiled from questionnaires sent to ILECs and CLECs operating in Florida, as well as from public information, including data published by the FCC. A significant portion of the time spent producing this report is dedicated to research, including following up with companies who have not responded to the questionnaires. We recommend that the staff continue to prepare this report but limit information collection to generally available published sources. The report should focus on services and providers in Florida and provide additional information primarily through links to research sources. We believe that limiting follow-up and reducing the focus on national rather than Florida-specific concerns could save up to 25% of the time currently spent on this report.

4. Require companies that choose to submit tariffs to do so online.

The FPSC provides an on-line tool for filing tariffs. We recommend that the FPSC order all companies that will continue to file tariffs with the commission to do so electronically. The commission should work with these companies to ensure that they have the software necessary to complete electronic filing. Since companies may choose not to file tariffs at all, the commission should also explore whether any employee review of the tariffs is required and whether/how those who wish to review the tariffs can do so electronically.²⁸

²⁸ CLECs and ILECs should also be encouraged to file ICA amendments electronically.

5. Keep Lifeline support at its current level but encourage providers to take on the task of advertising/supporting this program in the long-term.

The FCC has begun reviewing Lifeline accounts for duplication and other issues in several states, including Florida. This review will ensure that a customer has only a single Lifeline account and not one with both a wireline and wireless company. Later in this process, the FCC will verify that there is only one eligible user in a family. Customers who have both a wireline and a wireless Lifeline account will have the opportunity to choose the account for which they wish to keep the Lifeline benefit but will lose that benefit for the second account.

We believe that this process may cause a significant number of user/provider questions and thus will increase call volumes and may ultimately require investigation and follow-up by staff. For this reason, we recommend that the Lifeline outreach program and Lifeline support be kept at their current levels until the FCC completes the first phase of this project. During this period, commission staff and the Public Information team should work with Florida telecommunications providers to determine how they can assume the majority of Lifeline outreach over the long term.

6. Adjust call center size over time as calls about telecommunications issues decline.

Customer calling levels should be monitored over the next year to determine whether the number is reducing and to adjust staffing in the commission call center and other ancillary organizations accordingly. Although the number of calls has remained fairly flat during 2011 (as shown in Section I, Figure 1), we project that these volumes may be cut significantly as customers learn to call the Department of Agriculture and Consumer Service call center or their carrier directly.

7. Move work to administrative groups where possible.

Because both the ICA amendment process and the CLEC name change/certification process are primarily administrative, we recommend that the commission review these processes and others that could potentially be automated or that do not require professional input on an ongoing basis to determine how to reduce cycle time and cost. For example, the commission should consider whether the initial review/approval of ICA amendments and simple name changes could be handled by the administrative staff, with legal resources assigned only when necessary.

8. Review hours, projects, and staffing levels on a quarterly basis.

The commission must retain enough trained staff to respond to CLEC complaints and petitions in a timely and effective manner. This will require ongoing monitoring of staffing levels and training. To ensure that the staff continues to understand the issues that may arise in the complaint process, we recommend that these staff members also be assigned to reviewing FCC initiatives and other rulemaking proceedings at the state and federal levels.

VI. Risks

Two areas pose a significant risk to the success of the telecommunications organization: wholesale complaints and questions associated with the designation and review of wireless ETCs. For this reason, we propose a two-year glide path to reach optimal staffing levels.

A. **The commission cannot forecast the number and complexity of the complaints it will receive in a given year.**

Wholesale complaints remain a critical focus area for the commission. The number and complexity of these complaints cannot be forecast. In addition, as the commission moves away from handling individual customer complaints regarding slamming, cramming, and pricing/contract issues, the companies may decide to pursue these actions via the wholesale complaint process. The commission must remain staffed to handle these potential issues, current dockets, and any OSS or SEEM issues that arise.

B. **Questions remain about how to transfer oversight of wireless ETCs originally certified by the FPSC to the FCC.**

Prior to the Reform Act, the FPSC had designated several wireless carriers as ETCs. The oversight of these carriers now falls to the FCC, but it is unclear whether the FCC will accept this task, since the orders specifically refer to the FPSC's requirements for companies to be designated as ETCs. Until the FCC determines whether it will take jurisdiction over these carriers, the PSC must maintain sufficient staff resources to continue to support them. In addition, at least one of the wireless companies certified as an ETC prior to the passage of the Reform Act (Safelink) has requested that the commission continue to resolve complaints about its service.

VII. Summary

The FPSC has made significant strides toward implementing the direct staffing and workload changes required by the Reform Act. The organization is structured to meet current needs and is sized correctly for the Act's initial implementation. Additional savings are possible going forward from reducing the staff's focus on TRS testing calls, simplifying data collection for the competitive analysis report, requiring companies that continue to file tariffs to do so electronically, partnering with industry to shift some of the burden of Lifeline outreach to them, and, where possible, moving routine work to administrative rather than technical/professional staff. As consumers begin to adjust to the change in the responsibility for reviewing and resolving complaints, reductions may be possible in the commission call center, as well in other areas such as CLEC certification and ETC review. In planning further reductions, the commission must take into account the number and type of complaints, arbitration petitions, and other actions that may arise in the wholesale area before it can settle on a final number. Thus, we recommend that the commission continue to review the staffing level and workload of the telecommunications teams and the other staff members providing support for

telecommunications functions in order to work toward implementing additional cost savings if possible over the long term, including an ultimate technical staff reduction to approximately 15 FTEs by FY 2013.

Appendix A: Comments on NRRI Report

General

Management generally concurs with the findings and conclusions of the NRRI Report. In those areas where clarification or further explanation may be necessary we have provided specific comments. The Commission has been seeking cost savings and efforts to streamline regulatory processes for at least 12 years. The origin of these streamlining efforts is not limited to the emergence and evolution of competition in the telecommunications industry. In fiscal year 1999/2000, the Commission had 401 full time equivalent (FTEs) positions and that number has been reduced to 296 in the 2011/2012 fiscal year, a reduction of 26.2 percent. The Commission continues to seek ways to economize its resources while maintaining a high quality work product for essential functions.

Pages 9-10, Subsection III. B. 1.

The NRRI Report states that, *“Because both the processes for filing ICA amendments and changing company names are primarily administrative, we recommend the commission review both processes on an on-going basis to determine whether and how they can be simplified to ensure that they are staffed appropriately. For example, the commission should consider whether the initial review/approval of ICA amendments and simple name changes could be handled by the administrative staff . . .”*

The Commission continues to examine all of its processes to identify cost saving opportunities. Management will be mindful of this proposal as it routinely reviews workload to properly match positions with job duties.

Page 11, Subsection III. B. 3.

The NRRI Report states that *“Internal training by the Office of Auditing and Performance Analysis personnel formerly responsible for this task (OSS issues and performance measures) has begun, but additional training from the carriers themselves will enhance both staff’s understanding of the plans and their relationships with the technical teams that provides the results.”*

Commission management recognizes the importance of effective OSS intercarrier coordination and the need for technical training on OSS matters. Management already has initiated staff-to-staff training on these topics. In addition, management will reach out to industry, both ILECs and CLECs, in the coming weeks to schedule additional training.

Page 24, Subsection V. B. 1.

The NRRI Report states that *“. . . the leadership team needs to explore ways to reduce time spent on the less critical parts of this task, including reducing the number of test calls, potentially instituting exception reporting as a way of reducing testing time, and moving the actual calling task from the professional staff to the administrative team.”*

Commission management will continue to explore ways to streamline the performance of these tasks. As discussed previously, the initial plan is to have two staff members perform a limited number of Relay Test Calls, perhaps fifteen to start. The calls will cover regular Relay service and CapTel captioning Relay service. If we encounter problems with the quality or transcription of these calls further testing could be warranted. Commission management will also explore the use of administrative staff to reduce workload required of professional and paraprofessional staff.

Page 24, Subsection V. B. 2

The NRRI Report states, *“By responding to complaints only as they occur, the staff can free up time to concentrate on other, more pressing requirements. We . . . recommend that the leadership team track the actual time spent on payphone issues over the next quarter with the goal of reducing that time by at least 50 percent going forward.”*

Commission management will continue to evaluate processes relating to payphone evaluation for the purpose of identifying additional areas for staff time reductions. Prospectively, payphone evaluations will only be performed incidental to other travel required by staff. A staff person can do random checks of payphones if traveling to another city to attend a workshop or other meeting. Payphone complaints will be addressed only as they arise. An annual certification or affidavit from payphone providers stating they are in compliance with all the Florida statutes and rules may be helpful.

Page 24, Subsection V. B. 3.

The NRRI Report states *“The report (annual telecommunications competition report to the legislature) should focus on services and providers in Florida and provide additional information primarily through links to research sources. We believe that limiting follow-up and reducing the focus on national rather than Florida-specific concerns could save up to 25% of the time currently spent on this report.”*

The annual telecommunications competition report is required by Section 364.386, F.S., which also specifies issues that the report must address and requires the Commission to make an annual data request to providers of local exchange telecommunications services. Changes to the aforementioned section of Florida Statutes as a result of the Reform Act removed the requirement of service providers to report annual access line data by ILEC exchange which should greatly simplify the data request review process and analysis of access line data. Verification of the accuracy of the data as well as less time spent analyzing the data on a granular exchange level basis should significantly reduce staff time spent on those tasks. An effort was already made to reduce the length of the 2011 report in recognition of statutory changes.

Commission management intends to continue seeking ways to reduce the amount of staff time devoted to the report while at the same time preserving the accuracy and integrity of the report, and will consider the suggestions contained in the finding as part of this process.

Pages 24-25, Subsection V. B. 4.

The NRRI Report states “*We recommend that the PSC order all companies that will continue to file tariffs (schedules) with the commission to do so electronically. . . . Since the companies may choose not to file tariffs (schedules) at all, the commission should also explore whether any employee review of the tariffs (schedules) is required and whether/how those who wish to review the tariffs (schedules) can do so electronically.*”

Based on the requirements of Section 364.04, Florida Statutes, it is not clear that the Commission can require all companies that file tariffs to do so electronically without statutory change. Currently, the Commission does have the E-Tariff Program designed to streamline the telephone schedule filing process by eliminating the need for companies to file hard copies of each filing. This results in cost savings for the companies and the Commission. Commission management will explore the suggestion not to review the schedule filings and the alternative suggestion to review filings online. Commission management will further explore the issue of requiring electronic filing of schedules as well as other possible time-saving options related to the schedule filing process.

Pages 25-26, Subsection V. B. 5.

The NRRI Report recommends “. . . *that the Lifeline outreach program and Lifeline support be kept at its current level until the FCC completes the first phase of this project (review of the Lifeline program to eliminate duplicative support). During this period, commission staff and the Public Information team should work with the Florida telecommunications providers to determine how they can assume the majority of Lifeline outreach over the long term.*”

Commission management supports the need for telecommunications providers in Florida to take a larger role in Lifeline outreach. In moving toward a more company-focused Lifeline outreach approach, the Commission is considering a working group consisting of representatives from the Commission’s Division of Regulatory Analysis, the Office of Public Information and eligible telecommunications carriers to convene during the first phase of the FCC’s Lifeline investigation. The working group would explore best practices for long-term Lifeline outreach.

Page 25, Subsection V. B. 6.

The NRRI Report states that, “*Customer calling levels should be monitored over the next year to determine whether the number is reducing and to adjust staffing in the Commission call center and other ancillary organizations accordingly.*”

Commission management agrees that matching staff resources with workload is an ongoing task. Management has and will continue to monitor call volumes and adjust staffing resources accordingly.

Page 25, Subsection V. B. 7.

The NRRI Report states that, *“Because both the ICA amendment process and the CLEC name change/certification process are primarily administrative, we recommend that the commission review these processes and others that could potentially be automated or that do not require professional input on an on-going basis to determine how to reduce cycle time and cost. For example, the commission should consider whether the initial review/approval of ICA amendments and simple name changes could be handled by the administrative staff. . .”*

As previously noted, the Commission continues to examine all of its processes to identify cost saving opportunities. Shifting of workload to administrative positions may result in cost savings due to lower salaried employees. Management will be mindful of this proposal as it routinely reviews workload to properly match positions with job duties.

Page 25, Subsection V. B. 8.

The NRRI Report states, *“The commission must retain enough trained staff to respond to CLEC complaints and petitions in a timely and efficient manner. This will require ongoing monitoring of staffing levels and training. To ensure that staff continues to understand the issues that may arise in the complaint process, we recommend that these staff members also be assigned to reviewing FCC initiatives and other rulemaking proceedings at the state and Federal level.”*

Commission management will continue its ongoing efforts to monitor staffing levels and to ensure that staff has access to necessary and sufficient training in areas where further training is needed. Based on Section 364.012, F.S., the Commission is required to monitor activities of federal regulatory agencies whose actions may affect telecommunications providers under Commission jurisdiction and to participate in federal proceedings whose outcomes may affect Florida consumers.

Appendix B: NRRI Response

NRRI concurs with the staff's response to the recommendations made in our report. Ongoing attention to the potential areas we point out for reducing cycle time, costs, and workload will help the commission determine what (if any) additional steps can be taken to achieve additional savings. In addition, the commission should continue to monitor the two risk areas we note in the report to ensure that staff members continue to have adequate training and time to respond to new issues as they arise.

RECEIVED-FPSC

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

11 SEP 22 PM 12:11

COMMISSION
CLERK

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

DATE: September 22, 2011

TO: Office of Commission Clerk (Cole)

FROM: Office of the General Counsel (Cowdery) *tp*
Office of Auditing and Performance Analysis (Mailhot) *S.M.C.*
Division of Economic Regulation (McNulty) *em*
Division of Regulatory Analysis (Salak) *W.M.*
ms

RE: Docket No. 110224-TP – Proposed amendment of Rule 25-4.0161, F.A.C.,
Regulatory Assessment Fees; Telecommunications Companies.

AGENDA: 10/04/11 – Regular Agenda – Rule Proposal – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Balbis

RULE STATUS: Section 364.336(2), F.S., requires that the reduced fee shall be applied beginning with payments due in January 2012 on revenues for the preceding 6-month period.

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\GCL\WP\110224.RCM.DOC

Case Background

Section 364.336, F.S., is the statutory section which describes how regulatory assessment fees (RAFs) are set by the Commission for telecommunications companies. Subsection 364.336(2), F.S., was amended effective July 1, 2011, to require that rulemaking begin by August 1, 2011, to reduce the RAFs for telecommunications companies under Sections 350.113 and 364.336, F.S. This RAF reduction is required in order to reflect the regulatory reduction resulting from Chapter 364 amendments that took effect on July 1, 2011, pursuant to the Regulatory Reform Act enacted in the 2011 Legislative Session. Subsection 364.336(2) requires

DOCUMENT NUMBER - DATE

06843 SEP 22 =

FPSC-COMMISSION CLERK

Docket No. 110224-TP
Date: September 22, 2011

that the reduced fee shall be applied beginning with payments due in January 2012 on revenues for the preceding 6-month period. In addition, subparagraphs 364.336(2) (a) – (d) set forth factors which the Commission must consider in determining the required amount of the reduction to the RAF.

This docket was opened on July 15, 2011. Notice of Development of Rulemaking was published in the F.A.W. on July 29, 2011. A staff rule development workshop was held on August 22, 2011. Participating in the workshop were representatives from AT&T, Embarq Florida, Inc. d/b/a CenturyLink (CenturyLink), Florida Cable Telecommunications Association (FCTA), TW Telecom of Florida LP, and CompSouth. In addition, post-workshop written comments were submitted by FCTA and CenturyLink.

This recommendation addresses whether the Commission should propose the amendment of Rule 25-4.0161, F.A.C. The Commission has jurisdiction pursuant to Sections 120.54, 350.127(2), 350.113, 364.285, and 364.336, F.S.

Docket No. 110224-TP
Date: September 22, 2011

Discussion of Issues

Issue 1: Should the Commission propose the amendment of Rule 25-4.0161, F.A.C., Regulatory Assessment Fees; Telecommunications Companies?

Recommendation: Yes, the Commission should propose the amendment of this rule as set forth in Attachment A. (Cowdery, Salak, Mailhot, McNulty)

Staff Analysis: Section 364.336(2), F.S., requires that rulemaking begin by August 1, 2011, to reduce the RAF for telecommunications companies under Sections 350.113 and 364.336, F.S. This RAF reduction is required in order to reflect the regulatory reduction resulting from Chapter 364 amendments that took effect on July 1, 2011, pursuant to the Regulatory Reform Act enacted in the 2011 Legislative Session. Subsection 364.336(2) requires that the reduced fee shall be applied beginning with payments due in January 2012 on revenues for the preceding 6-month period. In addition, Subsection 364.336(2) requires the Commission to consider the following factors in reducing the RAF for telecommunications companies:

- (a) The regulatory activities that are no longer required and the number of staff currently assigned to such activities.
- (b) The number of staff necessary to carry out the reduced level of regulatory responsibilities based on reductions in workload for the staff in the Division of Regulatory Analysis, the Office of Auditing and Performance Analysis, and the Division of Service, Safety and Consumer Assistance.
- (c) The reductions in overhead associated with the Commissioners' offices, the Office of General Counsel, the Office of Commission Clerk, the Office of Information Technology Services, the Office of Public Information, and the Office of Inspector General.
- (d) The reductions in direct and indirect costs, including allocations of fixed costs.

Below is staff's recommendation as well as a summary of the comments submitted by workshop participants on the draft rule amendments.

Staff Recommended Rule Amendments

In the recommended rule, a new Subsection 25-4.0161(1)¹ (p. 14) is created which, for purposes of the rule and except for pay telephone providers, defines "local telephone service providers" as all incumbent local exchange companies² (ILECs), shared tenant service providers,

¹ The recommended rule renumbers subsections (1) – (13) to (2) – (14), consistent with this change.

² A "local exchange telecommunications company" means any company certificated by the Commission to provide local exchange telecommunications service in this state on or before June 30, 1995. Subsection 364.02(8), F.S.

Docket No. 110224-TP
Date: September 22, 2011

alternative access vendors, and competitive local exchange companies³ (CLECs) that hold an active certificate of public convenience and necessity that was obtained prior to July 1, 2011, and all telecommunications companies that obtain a certificate of authority after July 1, 2011. In addition, pay telephone companies are defined.

Staff notes that reference to interexchange telecommunications companies (IXCs) has been deleted from the rule because IXCs are no longer regulated by the Commission.⁴ The remaining company types, except pay telephone companies, fall within the category of local telephone service providers, and for this reason are defined as such in the recommended rule. Staff recommends that the Commission propose these amendments in recognition of statutory changes to the Commission's jurisdiction.

Subsection 25-4.0161(1) currently states that, as provided by statute, each company shall remit a fee based upon its gross operating revenue as provided therein. Six company types are listed: local exchange company (ILEC), pay telephone service provider, shared tenant service provider, IXC, alternative access vendor, and CLEC. Under the current rule, the minimum annual RAF to be imposed is \$100 for shared tenant service providers and pay telephone service providers, \$600 for alternative access vendors and CLECs, and \$1000 for ILECs. Subsection (1) further states that each company shall pay a RAF in the amount of 0.0020 of its gross operating revenues derived from intrastate business.

Renumbered Subsection 25-4.0161(2) (p. 14) of the recommended rule is amended to impose fees on "local telephone service providers" and "pay telephone service providers," consistent with the definitions contained in new Subsection (1). The recommended rule provides that the minimum annual RAF to be imposed on all local telephone service providers is \$600. Pursuant to Section 364.336, F.S., this minimum may be set as high as \$1000. The minimum annual RAF for pay telephone service providers remains \$100. Additionally, an obsolete reference to Subsection 364.02(12) is deleted from the rule language.⁵

Renumbered Subsection 25-4.0161(2) is further amended to provide that the RAF that each company is required to pay is 0.0016 of its gross operating revenues derived from intrastate business. To calculate the recommended RAF rate of 0.0016, staff has projected the cost of regulating the telecommunications industry based on the specific functions and activities required by statute. In addition, staff has also projected the revenue base of the telecommunications companies on which the RAF will be assessed. The regulatory assessment fee rate for telecommunications was last increased for fiscal year (FY) 2005/2006. The Commission's telecommunications expenses for that fiscal year were \$10.6 million. Staff is projecting \$3.9 million of telecommunications expenses for FY 2012/2013 for the purpose of setting the new RAF rate. This represents an approximately 63 percent decrease in expenses from FY 2005/2006. Since FY 2005/2006, the revenue base has declined by approximately 50

³ A "competitive local exchange telecommunications company" means any company certificated by the Commission to provide local exchange telecommunications service in this state on or after July 1, 1995. Subsection 364.02(5), F.S.

⁴ See Subsections 364.011(1) and 364.02(13)(g), F.S. (2011); also, Subsection 364.337(3) was repealed effective July 1, 2011.

⁵ CenturyLink agrees in its post-workshop comments that this reference to Subsection 364.02(12) should be deleted.

Docket No. 110224-TP
Date: September 22, 2011

percent. This decline has accelerated in recent fiscal years. In the projection of revenues, staff has assumed that the decline will not accelerate further. If the decline is greater than staff has projected, then the RAF rate for telecommunications companies will not be adequate to cover the projected cost of regulation.

Current rule Subsection 25-4.0161(4) lists the six different RAF forms required to be filed by each of the six company types listed in the current rule. Renumbered Subsection 25-4.0161(5) (p. 16) is amended for clarity by adding the language from current Subsection 25-4.0161(7) that states that the failure of a telecommunications company to receive a return form shall not excuse the company from its obligations to timely remit the RAF. Renumbered Subsection 25-4.0161(5) is also amended to delete Forms PSC/RAD 34, PSC/RAD 153, PSC/RAD 1, and PSC/RAD 7, and instead incorporate by reference four forms consistent with the suggested amendments to renumbered Subsection (2). These four forms are as follows:

- Local Telephone Service Provider Regulatory Assessment Fee Return (p. 21). This form would be used by companies that pay RAFs that exceed \$10,000 for the entire year for 2011, and for all local telephone service providers beginning in 2012 and beyond. The companies that paid the first half of 2011 RAF were assessed a RAF percentage of 0.0020 and will only be required to pay an assessment percentage of 0.0016 for the second half of 2011. The form has been significantly simplified by following the Uniform Systems of Accounts and reducing the amount of detail required in the filing. This should result in the form taking less time to fill out.
- Interim Local Telephone Service provider Regulatory Assessment Fee Return (p. 23). This form will be used by companies that pay annually, i.e., the RAF payment for the year 2010 did not exceed \$10,000. The proposed RAF percentage assessed is an average of the RAF rate for the first half of the year (0.0020) and the second half of the year (0.0016) which results in a percentage assessment of 0.0018. This form will only be used for the 2011 RAF filings and will be obsolete thereafter.
- Pay Telephone Service Provider Regulatory Assessment Fee Return (p. 25). This form will reflect the new RAF percentage adopted by the Commission. Some minor corrections have been made to the form to eliminate confusion for filers that are required to calculate penalty and interest for late payment. Minor changes were also made to the back of the form to make the telecommunications RAF forms consistent with other industries' RAF forms (water, electric, etc.).
- Interim Pay Telephone Service Provider Regulatory Assessment Fee Return (p. 27). This form will be used by companies that pay annually, i.e., the RAF payment for the year 2010 did not exceed \$10,000. The proposed RAF percentage assessed is an average of the RAF rate for the first half of the year (0.0020) and the second half of the year (0.0016) which results in a percentage assessment of 0.0018. This form will only be used for the 2011 RAF filings and will be obsolete thereafter.

Staff is recommending these changes to the forms in order to be consistent with suggested amendments discussed in this recommendation. In addition, it is recommended that

Docket No. 110224-TP
Date: September 22, 2011

current Subsection 25-4.0161(7) should be amended to delete language which allows for an automatic grant of an extension. Staff is recommending that the Commission amend the rule in this respect because Subsection 350.113(5), F.S., requires a written request showing good cause for the extension request. The above-named forms would require a written request showing good cause for the extension request, consistent with Subsection 350.113(5), F.S.

Current Subsection 25-4.0161(7) sets forth the requirements for a company to request an extension of its RAF payment due date or for filing its return form. The subsection currently provides that a company may request a 30-day extension of its due date, and that the request will be granted as long as it has been timely filed and there are no outstanding RAFs, penalties, or interest due from a prior year. Renumbered Subsection 25-4.0161(8) (p. 17) is amended to state that companies may request either a 15-day or a 30-day extension. In addition, the automatic granting of the request for extension is eliminated in order to comply with Subsection 350.113(5), F.S., which provides that the Commission may grant such an extension for good cause shown. Form PSC /ADM 124 (p. 29), Regulatory Assessment Fee Extension Request, is amended to require a statement of good cause for an extension request. Staff notes that the elimination of the automatic extension request applies to all RAF forms proposed in this rulemaking proceeding. Renumbered Subsection 25-4.0161(8) is also rewritten for clarity purposes. For these reasons, staff recommends that the Commission propose the amendments to renumbered Subsection (8) of the rule as set forth in the recommended rule.

Current Subsections 25-4.0161(10) and (11) address the procedure to be followed if a company fails to pay its RAF within 15 days after receiving a delinquency notice and gives the penalties to be imposed for violations by a company of a Commission rule, order, or Florida statute. Current Subsection (11) provides for penalties for failure to file a RAF return by the delinquency notice return date for first, second, and third violations. Current Subsection (12) provides that for a company's fourth failure to pay the RAF after being sent a delinquency notice, Commission staff shall file a recommendation to the Commission for further action. Current Subsection (13) addresses, in part, a company's payment of any outstanding penalties before refiling for certification or registration.

Renumbered recommended rule Subsections 25-4.0161(11), (12), (13) and (14) (pp. 18 – 20) delete references to "registration" as obsolete, and, instead reference certification, in order to be consistent with changes to statutory language. Renumbered Subsection (11) is changed to state that a docket will be opened and administrative action taken as set forth in the rule if a company fails to pay the RAF within 20 days after receiving a delinquency notice, rather than after 15 days. Staff is recommending this change because staff's analysis of payments over the last five years shows that a twenty day window for payment will be more cost effective for the Commission, as it will capture most companies' payments and minimize the expense of establishing a docket and preparing administrative orders. For the above reasons, Staff recommends that the Commission propose staff's suggested amendments to these rule subsections.

Docket No. 110224-TP
Date: September 22, 2011

Statutory Factors

As stated above, Subsection 364.336(2), F.S., requires that the Commission consider four specific factors when determining the required amount of the reduction to the RAF. These factors and staff's analysis of each follows.

- (a) The regulatory activities that are no longer required and the number of staff currently assigned to such activities.

The Regulatory Reform Act reduces the Commission's jurisdiction over retail telecommunications service. In light of the enactment of the Regulatory Reform Act, the Commission contracted with the National Regulatory Research Institute to prepare a report (NRRI Report)⁶ assessing the organizational structure and work flow processes necessary to implement the statutory changes. As set forth in the report:

The Reform Act removes the [C]ommission's limited jurisdiction over interexchange (long-distance) providers, wireless Eligible Telecommunications providers (ETCs), and operator service providers. It revises the definition of telecommunications companies to remove operator services providers, and revises the list of services exempted from oversight to include all retail wireline Time Division Multiplexed (TDM) offerings, as well as retail bundled services and service provided via internet protocol. The Reform Act also eliminates the [C]ommission's authority to oversee quality of service for its retail customers and virtually eliminates its responsibility for adjudicating individual customer complaints.⁷ [footnotes not included.]

The NRRI Report also notes that the law eliminates the requirement that providers file tariffs with the Commission for anything other than access services.⁸

At the end of FY 2010/2011, the Commission reduced the number of telecommunications staff by 12 full-time equivalent positions (FTEs). This reduction of 12 FTEs results from the regulatory activities that are no longer required and the number of staff previously assigned to such activities.

- (b) The number of staff necessary to carry out the reduced level of regulatory responsibilities based on reductions in workload for the staff in the Division of Regulatory Analysis, the Office Auditing and Performance Analysis, and the Division of Service, Safety and Consumer Assistance.

The NRRI Report states that the Commission retains jurisdiction over wholesale, or carrier-to-carrier, disputes. As set forth in the report:

⁶ National Regulatory Research Institute, Final Report, Assessing the Structure and Cost of the Florida Public Service Commission Telecommunications Department, August 31, 2011, Sherry Lichtenberg, Ph.D.

⁷ NRRI Report, p. 5.

⁸ Id.

Docket No. 110224-TP
Date: September 22, 2011

The [C]ommission will continue to manage unbundling and the resale of telecommunications services, certify CLECs, arbitrate and enforce interconnection agreements, respond to complaints among carriers (including slamming complaints brought by carriers on behalf of their customers), and manage wholesale quality-of-service metrics. Staff will also continue to prepare the annual competition report. . . . Interconnection agreement arbitration and complaint adjudication remain key focuses for the staff of the Regulatory Analysis Division, as do monitoring potential FCC actions to ascertain their impact on Floridians, managing numbering filings and reclamation activities, and reviewing ILEC Operational Support System (OSS) change-management announcements to identify potential issues and disputes.⁹ [footnote omitted.]

The NRRI Report also points out that the Commission still has many duties and functions related to the regulation of telecommunications companies. The report states:

In the retail area, [C]ommission staff will continue to designate wireline ETC's, issue certificates for wireline companies operating in Florida, oversee payphones (although the market for this product is declining significantly). Staff will also oversee and manage the Telecommunications Relay Service (TRS) process for the deaf, hard of hearing, and speech impaired, including testing the service to ensure that the provider meets contract requirements for speed of answer and accuracy. . . .

In addition, the staff will retain its responsibility for reviewing and resolving customer issues regarding Lifeline, and for assessing and collecting the Commission's RAF for certified carriers. The staff will continue to interface with the FCC in the National Association of State Regulatory Utility Commissioners and other bodies, and will remain responsible for keeping the Commissioners up to date on Federal activities, drafting comments on pending rules, and reviewing and providing input on issues that will affect Florida companies and consumers. The staff will continue its limited participation in the broadband adoption efforts sponsored by the Division of Management Services and may also continue to support Lifeline outreach.¹⁰

It is important to recognize that there has been a steady decrease in telecommunications workload since FY 2005/2006 due to legislative changes and changes in the marketplace. Over this time period, staff assigned to telecommunications regulation has decreased as the workload decreased. FCTA correctly points out that much of the retail deregulation occurred prior to 2011 and is reflected in the steady decrease in positions and costs in prior years. Most of the staff that works on telecommunications matters were reorganized and consolidated into two sections within the Division of Regulatory Analysis.

⁹ NRRI Report, p. 8

¹⁰ NRRI Report, pp. 5 - 6

Docket No. 110224-TP
Date: September 22, 2011

Staff believes that the Commission currently has the appropriate number of staff necessary to carry out the reduced level of regulatory responsibilities. As stated in the Commission management's comments on the NRRI Report:

The Commission has been seeking cost savings and efforts to streamline regulatory processes for at least 12 years. The origin of these streamlining efforts is not limited to the emergence and evolution of competition in the telecommunications industry. In fiscal year 1999/2000, the Commission had 401 full time equivalent (FTEs) positions and that number has been reduced to 296 in the 2011/2012 fiscal year, a reduction of 26.2 percent. The Commission continues to seek ways to economize its resources while maintaining a high quality work product for essential functions.¹¹

Staff agrees with the conclusion of the NRRI Report that the telecommunications group is sized correctly for current workload.¹² As is routinely done, staff will continue to monitor the level of telecommunications workload to determine if the staffing level is appropriate.¹³

- (c) The reductions in overhead associated with the [C]ommissioners' offices, the Office of General Counsel, the Office of Commission Clerk, the Office of Information Technology Services, the Office of Public Information, and the Office of Inspector General.

For internal Commission purposes, overhead hours¹⁴ are allocated to telecommunications regulation based on the direct hours of regulating telecommunications as determined in section (b). Therefore, as the number of direct hours recorded for regulating telecommunications decrease, the associated overhead hours will decrease. This decrease is included in staff's proposed reduction to the RAF.

- (d) The reductions in direct and indirect costs, including allocations of fixed costs.

For internal Commission purposes, direct and indirect costs and the allocation of fixed costs are allocated to telecommunications regulation based on the direct hours of regulating telecommunications as determined in section (b). Therefore, as the number of direct hours recorded for regulating telecommunications decrease, the direct and indirect costs and allocation of fixed costs will decrease. This decrease is included in staff's proposed reduction to the RAF rate.

¹¹ NRRI Report, p. 28

¹² NRRI Report, p. 23

¹³ The NRRI Report suggests three reductions in the future, but is based on events that have not happened yet.

¹⁴ Overhead hours include the Office of Commission Clerk, the Office of Information Technology Services, the Division of Administrative Services, the Inspector General and the General Counsel. The Commissioners' offices, the Office of General Counsel, not including the General Counsel, and the Office of Public Information are included in the direct hours identified in section (b).

Docket No. 110224-TP
Date: September 22, 2011

Workshop Participant Comments

FCTA, whose six largest members are Atlantic Broadband, Advanced Cable, Bright House Networks, Comcast, Cox, and Mediacom, represents cable telephony providers throughout the state of Florida who provide, by and large, the only facilities-based mass market telephony competition to Florida's ILECs. FCTA states in its post-workshop comments that staff's recommended RAF percentage of 0.0016 should be adopted by the Commission because it strikes the right balance between consideration of the reduction in the Commission's regulatory functions related to retail service, as required by Section 364.336, F.S., and the need to provide sufficient resources for the Commission's invaluable oversight of intercarrier disputes, as required by Section 364.16, F.S.

FCTA emphasizes that the Commission's oversight of intercarrier disputes has assisted in the dramatic growth in cable telephony subscribership over the past decade. FCTA states that Federal law establishes the Commission as the primary forum for intercarrier competitive disputes¹⁵ and that the Commission, which possesses institutional and subject matter expertise, routinely resolves disputes much more quickly than the Federal Communications Commission or a federal court. It notes that along with deregulating ILEC and CLEC retail service in 2011, the Legislature retained and emphasized the Commission's "continued role" as an overseer and arbiter of disputes between carriers.¹⁶ FCTA concludes that the Commission's main role is to ensure a level playing field between competitors, so that the resulting competition can police both service quality and price. FCTA believes that as cable telephony expands into the business market, additional intercarrier disputes will arise, and that wholesale disputes and interconnection matters, due to their complexity, require a larger share of Commission resources than did retail matters.

FCTA points out that as a result of substantial deregulation of ILEC service in 2008, the Commission already had a small role in direct regulation of retail service. It states that even before the deregulation resulting from the Consumer Choice Act of 2009,¹⁷ the Commission rarely entertained retail regulation proceedings and that much of the Commission's workload from 2008 to present, apart from intercarrier disputes, has involved proceedings to remove outdated retail pricing and service quality rules. It notes that staff's proposed FY 2012/2013 budget of \$3.89 million, after excluding state mandated service and trust fund charges, based on a 0.0016 RAF rate, reflects a nearly 50 percent decrease from 2005,¹⁸ when the Commission still engaged in proceedings such as carrier-of-last-resort (COLR) and direct retail regulation, and a substantial reduction from 2010, when the Commission's telecommunication workload already consisted primarily of intercarrier matters. Further, FCTA notes that the proposed 0.0016 RAF rate represents a decrease in the RAF percentage of 20 percent from the prior year, when the Commission's workload already contained primarily intercarrier dispute matters. FCTA believes the budget correctly provides for the Commission's current role in resolving intercarrier disputes

¹⁵ 47 U.S.C. §§ 251-252.

¹⁶ Subsection 364.16(1), F.S.

¹⁷ SB 2626.

¹⁸ As previously noted in this recommendation, the actual decrease from FY 2005/2006 to FY 2012/2013 is approximately 63 percent.

Docket No. 110224-TP
Date: September 22, 2011

and its other statutory duties, which include numbering administration, Lifeline, and the annual Competition Report to the Legislature.

At the August 22, 2011 staff rule development workshop, CompSouth, a compilation of CLECs, expressed the concern that the Commission, in setting the reduced RAF rate, retain sufficient resources, assets, and ability to oversee wholesale transactions. To the extent that disputes arise between CLECs and ILECs, the Commission should have sufficient funds to administer and promptly and judiciously resolve such disputes, as historically has been the case.

In its post-workshop written comments, CenturyLink states that the information provided to the workshop participants was insufficient for it to evaluate whether the staff reductions and continued expenditures reflect the reduction in regulation resulting from the 2011 amendments to Chapter 364, F.S. CenturyLink also states that the proposed structure of the RAF, where CLECs likely will comprise the majority of companies subject to the minimum fee of \$600, while ILECs will continue to pay revenue-based fees that are many multiples higher than the minimum, does not reflect the new regulatory reality brought about by the 2011 legislation where the Commission's primary focus will be on wholesale relationships. CenturyLink recognizes that this rulemaking is largely based on expectations, rather than actualities, and that experience under the new deregulatory regime will provide more concrete guidance as to the level of expenditures associated with carrying out the Commission's continuing regulatory authority. CenturyLink expects that over time the Commission will continue to re-evaluate the expenditures necessary to fulfill its regulatory responsibilities for telecommunications companies and the appropriate level of the fee to reflect that responsibility.

CenturyLink makes three additional points in its post-workshop comments. First, CenturyLink notes that CLECs likely will comprise the majority of companies subject to the minimum fee of \$600. CenturyLink's second point is that although most CLECs will pay the minimum RAF fee of \$600, ILECs will continue to pay revenue-based fees. Staff agrees with the essential substance of these two points, except to emphasize that the recommended rule does not distinguish between CLECs and ILECs. CenturyLink itself agrees in its comments that "staff appropriately reflects the intent of the 2011 legislation to eliminate the regulatory distinctions among 'local service providers' by collapsing the various categories of local providers reflected in the current rule into one." Thus, pursuant to the recommended rule, each company is required to pay a revenue based RAF in the amount of 0.0016 of its gross operating revenues, as set forth by statute, but, regardless of the gross operating revenue of a local telephone service provider, a minimum annual RAF of \$600 shall be imposed. Rule 25-4.0161 sets a revenue based RAF, as required by Subsection 364.336(1), F.S.

CenturyLink's third point is that "the proposed rate structure does not reflect the new regulatory reality brought about by the 2011 legislation where the Commission's primary focus will be on wholesale relationships." Notwithstanding other changes to Chapter 364 as a result of the 2011 Legislative session, the Commission is still required by Subsection 364.336(1), F.S., to set a revenue based RAF and a minimum annual fee. For this reason, staff believes that the recommended rule is consistent with current statutory requirements.

Docket No. 110224-TP
Date: September 22, 2011

Statement of Estimated Regulatory Cost (SERC)

The SERC (Attachment B) includes an economic analysis as required by Subparagraph 120.541(2)(a)1, F.S. The SERC's economic analysis concludes that the recommended rule amendments are not likely to: a) have an adverse impact on economic growth, private sector job creation or employment, or private sector investment in excess of \$1 million in the aggregate within 5 years after the implementation of the rule; b) have an adverse impact on business competitiveness, including the ability of persons doing business in the state to compete with persons doing business in other states or domestic markets, productivity, or innovation in excess of \$1 million in the aggregate within 5 years after the implementation of the rule; or c) increase regulatory costs, including any transactional costs, in excess of \$1 million in the aggregate within 5 years after the implementation of the rule. Based upon this conclusion, staff believes that there are no adverse impacts or regulatory costs exceeding any of the Subparagraph 120.541(2)(a) criteria, and therefore the rule does not need to be submitted to the Legislature for ratification.

Subparagraph 120.541(2)(b) requires a good faith estimate of the number of individuals and entities likely to be required to comply with the rule, together with a general description of the type of individuals anticipated to be affected by the rule. The SERC identifies these entities as ten ILECs, 25 alternative access vendors, 298 CLECs, 106 pay telephone providers, and 20 shared tenant service providers. The SERC also states that staff believes that the impact of the RAF reduction on customers will be de minimus.

Subparagraph 120.541(2)(c) requires a good faith estimate of the cost to the agency, and to any other state and local government entities, of implementing and enforcing the proposed rule, and any anticipated effect on state or local revenues. The SERC concludes that Commission implementation and enforcement costs are primarily fixed costs that are expected to remain at approximately the same levels as they have been in the past. The impact on state revenues is expected to be a decrease of \$1,185,115 in the first year of rule implementation, based on the latest estimated gross intrastate revenues for 2012/2013. The impact on local government revenue is expected to be de minimus.

Subparagraph 120.541(2)(d) requires a good faith estimate of the transactional costs likely to be incurred by individuals and entities, including local government entities, required to comply with the rule requirements. The SERC states that, under the recommended rule, telecommunication companies that choose to revise customer rates based on the revised RAF rates would have some minor expense associated with implementing the rate changes. Staff believes that the impact of the fee reduction on customers will be de minimus.

Subparagraph 120.541(2)(e) requires an analysis of the impact of the rule change on small businesses, small counties and small cities. Staff believes that the impact of the proposed RAF changes on small businesses, small counties, and small cities will be de minimus.

Based upon the above, staff recommends that the Commission propose the adoption of the amendments to Rule 25-4.0161, F.A.C., as set forth in Attachment A.

Docket No. 110224-TP
Date: September 22, 2011

Issue 2: Should this docket be closed?

Recommendation: Yes. If no requests for hearing or comments are filed, the rule may be filed with the Department of State, and then this docket may be closed. (Cowdery)

Staff Analysis: If no requests for hearing or comments are filed, the rule may be filed with the Department of State, and then this docket may be closed. In the event a hearing is requested, a rule hearing will be held on Tuesday afternoon, November 22, 2011. If a hearing is not requested, this hearing date will be canceled.

1 **25-4.0161 Regulatory Assessment Fees; Telecommunications Companies.**

2 (1) For the purposes of this rule and except for pay telephone service providers, all incumbent
3 local exchange companies, shared tenant service providers, alternative access vendors, and
4 competitive local exchange companies that hold an active certificate of public convenience and
5 necessity that was obtained prior to July 1, 2011, and all telecommunications companies that
6 hold an active certificate of authority obtained after July 1, 2011, are defined as local telephone
7 service providers. Companies classified as pay telephone service providers are those
8 companies that hold an active pay telephone certificate of public convenience and necessity
9 that was obtained prior to July 1, 2011, and those companies that hold an active pay telephone
10 certificate of authority obtained after July 1, 2011.

11 (2) (a) (+) For the interim period January 1, 2011 through December 31, 2011, as applicable
12 and as provided in Sections 350.113 and 364.336, F.S., each company shall remit a fee based
13 upon its gross operating revenue as provided below. Each company that has paid by August 15,
14 2011, regulatory assessment fees for the period January 1, 2011 through June 30, 2011, shall
15 pay a regulatory assessment fee in the amount of 0.0016 of its gross operating revenues derived
16 from intrastate business during the period July 1, 2011 through December 31, 2011. Each
17 company that has not paid any regulatory assessment fees for the period January 1, 2011
18 through December 31, 2011, shall pay a regulatory assessment fee in the amount of 0.0018 of
19 its gross operating revenues derived from intrastate business. The minimum regulatory
20 assessment fees provided in subsection (2) (b) shall apply and shall be filed in accordance with
21 the schedules provided in subsections (3) and (4). For the purpose of determining this fee, each
22 telecommunications company shall deduct from gross operating revenues any amount paid to

23
24 CODING: Words underlined are additions; words in ~~struck-through~~ type are deletions from
25 existing law.

Docket No. 110224-TP
Date: September 22, 2011

1 another telecommunications company for the use of any telecommunications network to
2 provide service to its customers.
3 (b) Effective January 1, 2012, as As applicable and as provided in Sections 350.113,
4 ~~364.02 (12) 364.02(13)~~ and 364.336, F.S., each company shall remit a fee based upon its gross
5 operating revenue as provided below. This fee shall be referred to as a regulatory assessment
6 fee, and each company shall pay a regulatory assessment fee in the amount of 0.0016 ~~0.0020~~ of
7 its gross operating revenues derived from intrastate business. For the purpose of determining
8 this fee, each telecommunications company shall deduct from gross operating revenues any
9 amount paid to another telecommunications company for the use of any telecommunications
10 network to provide service to its customers. Regardless of the gross operating revenue of a
11 company, a minimum annual regulatory assessment fee shall be imposed as follows:

- 12 1. ~~(a) Local Telephone Service Provider Exchange Company – \$600~~ \$1,000; and
13 2. ~~(b) Pay Telephone Service Provider – \$100;~~
14 ~~(c) Shared Tenant Service Provider – \$100;~~
15 ~~(d) Interexchange Company – \$700;~~
16 ~~(e) Alternative Access Vendor – \$600;~~
17 ~~(f) Competitive Local Exchange Company – \$600.~~

18 (3) ~~(2)~~ Telecommunications companies that owed gross regulatory assessment fees of \$10,000
19 or more for the preceding calendar year shall pay the fee and remit the appropriate form twice a
20 year. The regulatory assessment fee and appropriate form shall be filed no later than July 30 for
21 the preceding period of January 1 through June 30, and no later than January 30 of the
22 following year for the period of July 1 through December 31. Telecommunications companies
23 that owed gross regulatory assessment fees of less than \$10,000 for the preceding calendar year

24 CODING: Words underlined are additions; words in ~~struck through~~ type are deletions from
25 existing law.

Docket No. 110224-TP
Date: September 22, 2011

1 shall pay the fee and remit the appropriate form once a year. The regulatory assessment fee and
2 appropriate form shall be filed no later than January 30 of the subsequent year for the current
3 calendar year operations.

4 ~~(4)~~ ⁽³⁾ If the due date falls on a Saturday, Sunday, or legal holiday, the due date is extended to
5 the next business day. If the fees are sent by registered mail, the date of the registration is the
6 United States Postal Service's postmark date. If the fees are sent by certified mail and the
7 receipt is postmarked by a postal employee, the date on the receipt is the United States Postal
8 Service's postmark date. The postmarked certified mail receipt is evidence that the fees were
9 delivered. Regulatory assessment fees are considered paid on the date they are postmarked by
10 the United States Postal Service or received and logged in by the Commission's Division of
11 Administration Services in Tallahassee. Fees are considered timely paid if properly addressed,
12 with sufficient postage, and postmarked no later than the due date.

13 ~~(5)~~ ⁽⁴⁾ Commission Form PSC/RAD XX (XX/XX) PSC/RAD-25 (04/07), entitled "Local
14 Telephone Service Provider Exchange Company Regulatory Assessment Fee Return," is
15 available at [link]; Form PSC/RAD XX (XX/XX), entitled "Interim Local Telephone Service
16 Provider Regulatory Assessment Fee Return," is available at [link]; Form PSC/RAD 26
17 (XX/XX) (04/07), entitled "Pay Telephone Service Provider Regulatory Assessment Fee
18 Return," is available at [link]; and Form PSC/RAD XX(XX/XX) (04/07), entitled "Interim Pay
19 Telephone Service Provider Regulatory Assessment Fee Return," is available at [link]. ~~Form~~
20 ~~PSC/RAD 34 (04/07), entitled "Shared Tenant Service Provider Regulatory Assessment Fee~~
21 ~~Return"; Form PSC/RAD 153 (04/07), entitled "Interexchange Company Regulatory~~
22 ~~Assessment Fee Return"; Form PSC/RAD 1 (04/07), entitled "Alternative Access Vendor~~
23 ~~Regulatory Assessment Fee Return"; and Form PSC/RAD 7 (04/07), entitled "Competitive~~

24 CODING: Words underlined are additions; words in ~~struck through~~ type are deletions from
25 existing law.

1 ~~Local Exchange Company Regulatory Assessment Fee Return~~” These forms are incorporated
2 into this rule by reference and may also be obtained from the Commission’s Division of
3 Administrative Services. The failure of a telecommunications company to receive a return
4 form shall not excuse the company from its obligation to timely remit the regulatory assessment
5 fees.

6 ~~(6)~~ ~~(5)~~ Each telecommunications company shall have up to and including the due date in which
7 to submit the applicable form and:

8 (a) Remit the total amount of its fee, or

9 (b) Remit an amount which the company estimates is its full fee.

10 ~~(7)~~ ~~(6)~~ Where the company remits less than its full fee, the remainder of the full fee shall be due
11 on or before the 30th day from the due date and shall, where the amount remitted was less than
12 90 percent of the total regulatory assessment fee, include interest as provided by subsection
13 ~~(9)(b)~~ ~~paragraph (8)(b)~~ of this rule.

14 ~~(8)~~ ~~(7)~~ A company may request ~~from the Division of Administrative Services~~ either a 15-day or
15 a 30-day extension of its due date for payment of regulatory assessment fees or for filing its
16 return form by submitting to the Division of Administrative Services Commission Form
17 PSC/ADM 124 (XX/XX) entitled “Regulatory Assessment Fee Extension Request,” which is
18 incorporated into this rule by reference and is available at [link]. This form may also be
19 obtained from the Commission’s Division of Administrative Services.

20 (a) The request for extension must be received by the Division of Administrative Services at
21 least two weeks before the due date. ~~The request for extension must be submitted on Form~~
22 ~~PSC/ADM 124 (01/05) and will be granted if the company has applied for the extension within~~
23 ~~the time required in paragraph (b) below and the company does not have any unpaid regulatory~~

24 CODING: Words underlined are additions; words in ~~struck-through~~ type are deletions from
25 existing law.

Docket No. 110224-TP
Date: September 22, 2011

1 ~~assessment fees, penalties or interest due from a prior year. Form PSC/ADM 124 (01/05),~~
2 ~~entitled "Regulatory Assessment Fee Extension Request" is incorporated into this rule by~~
3 ~~reference and may be obtained from the Commission's Division of Administrative Services.~~
4 (b) The request for extension will not be granted if the company has any unpaid regulatory
5 assessment fees, penalties, or interest due from a prior period. The request for extension must
6 ~~be received by the Division of Administrative Services at least two weeks before the due date.~~
7 (c) Where a telecommunications company receives an extension of its due date pursuant to this
8 rule, the telecommunications company shall remit a charge as set out in Section 350.113(5),
9 F.S., in addition to the regulatory assessment fees, ~~as set out in Section 350.113(5), F.S.~~
10 ~~(d) The return forms may be obtained from the Commission's Division of Administrative~~
11 ~~Services. The failure of a telecommunications company to receive a return form shall not~~
12 ~~excuse the company from its obligation to timely remit the regulatory assessment fees.~~
13 (9) (8) The delinquency of any amount due to the Commission from the telecommunications
14 company pursuant to the provisions of Section 350.113, F.S., and this rule, begins with the first
15 calendar day after any date established as the due date either by operation of this rule or by an
16 extension pursuant to this rule.
17 (a) A penalty, as set out in Section 350.113, F.S., shall apply to any such delinquent amounts.
18 (b) Interest at the rate of 12 percent per annum shall apply to any such delinquent amounts.
19 (10) (9) The Division of Administrative Services shall send by certified mail a regulatory
20 assessment fee delinquency notice to any company that fails to file a regulatory assessment fee
21 return and that fails to pay the regulatory assessment fee by the date specified in subsection (3)
22 (2), unless the company has met the requirements of subsections (7) (6) and (8) (7).
23 (11) (10) If a company fails to pay the regulatory assessment fee within 20 ~~15~~ days after
24 CODING: Words underlined are additions; words in ~~struck through~~ type are deletions from
25 existing law.

1 receiving a delinquency notice, the Division of Administrative Services, in cooperation with the
2 Division of Regulatory Analysis and the Office of General Counsel, will establish a docket and
3 administratively issue a Notice of Proposed Agency Action Order Imposing Penalties and
4 Collection Costs, and Requiring Payment of Delinquent Regulatory Assessment Fees, or
5 Cancelling Certificates ~~or Removing From the Register~~ for Violation of Rule 25-4.0161,
6 F.A.C., and Section 364.336, F.S. The company must pay the past due regulatory assessment
7 fees, the penalty and interest for late payment as provided in Section 350.113, F.S., and as
8 stated in subsection (9) ~~(8)~~ above, and must also pay the applicable penalty stated in subsection
9 (12) ~~(11)~~ for failure to file the regulatory assessment fee return.

10 (12) ~~(11)~~ Pursuant to Section 364.285, F.S., the Commission has the authority to impose a
11 penalty or cancel a certificate ~~or registration~~ if a company refuses to comply with Commission
12 rules, orders, or Florida Statutes. The penalty, which will include collection costs, for failure to
13 file the regulatory assessment fee return by the date stated in the delinquency notice shall be as
14 follows:

- 15 (a) First violation – \$500;
- 16 (b) Second violation – \$1,000;
- 17 (c) Third violation – \$2,000.

18 Failure of the company to pay the full amount due and stated in the Notice of Proposed Agency
19 Action will result in the cancellation of the company's certificate. ~~Certificate of Public~~
20 ~~Convenience and Necessity, or will result in the cancellation of the company's tariff and~~
21 ~~removal of its name from the Commission's register, whichever is applicable.~~

22 (13) ~~(12)~~ For a company's fourth failure to pay the regulatory assessment fee after being sent a
23 delinquency notice, Commission staff shall file a recommendation to the Commission for

24 CODING: Words underlined are additions; words in ~~struck through~~ type are deletions from
25 existing law.

1 further action.

2 ~~(14) (13)~~ A company that reapplies for a Certificate of Authority ~~Public Convenience and~~
3 ~~Necessity, or refiles for registration,~~ must pay all prior unpaid regulatory assessment fees, plus
4 the penalty and interest defined in subsection (9) ~~(8)~~, and any prior unpaid penalty assessed in
5 accordance with subsection (11) ~~(10)~~.

6 Rulemaking Authority 350.127(2) FS. Law Implemented 350.113, 364.285, 364.336 FS.

7 History—New 5-18-83, Formerly 25-4.161, Amended 10-19-86, 1-1-91, 12-29-91, 1-8-95, 12-
8 26-95, 7-7-96, 11-11-99, 12-7-04, 10-6-05, 4-16-07, xx-xx-xx.

9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CODING: Words underlined are additions; words in ~~struck-through~~ type are deletions from existing law.

FLORIDA PUBLIC SERVICE COMMISSION
Instructions For Filing Regulatory Assessment Fee Return
(Telecommunications Company)

1. **WHEN TO FILE:** For companies which owed a total of \$10,000 or more of assessment fee for the preceding calendar year, this Regulatory Assessment Fee Return is required twice a year and payment must be filed or postmarked:

On or before July 30 for the six-month period January 1 through June 30, **and**
On or before January 30 for the six-month period July 1 through December 31.

For companies which owed a total of less than \$10,000 of assessment fee for the preceding calendar year, this Regulatory Assessment Fee Return and payment must be filed or postmarked:

On or before January 30 for the prior twelve-month period January 1 through December 31.

However, when July 30 or January 30 falls on a Saturday, Sunday, or holiday, the Regulatory Assessment Fee Return may be filed or postmarked on the next business day, without penalty or interest.

2. **FEES:** Each company shall pay 0.0016 of its gross operating revenues derived from intrastate business, as referenced in Rule 25-4.0161(2)(a), F.A.C., for 2011 and as referenced in Rule 25-4.0161(2)(b), F.A.C., for 2012 and beyond. Gross Operating Revenues are defined as the total revenues before expenses. Gross Intrastate Operating Revenues are defined as revenues from calls originating and terminating within Florida. Do not deduct any expenses, taxes, or uncollectibles from these amounts.

On Line 6, deduct any amounts paid to another telecommunications company for the use of any telecommunications network to provide service to its customers. ***Do not deduct any taxes, federal subscriber line charges, interstate long distance access charges, or amounts paid for nonregulated services such as voice mail, inside wire maintenance, or equipment purchases/rentals.*** **DEDUCTIONS MUST BE INTRASTATE ONLY AND MUST BE VERIFIABLE.**

3. **FAILURE TO FILE BY DUE DATE:** Failure to file a return by the established due date will result in a penalty being added to the amount of fee due, 5% for each 30 days or fraction thereof, not to exceed a total penalty of 25% (Line 9). In addition, interest shall be added in the amount of 1% for each 30 days or fraction thereof, not to exceed a total of 12% per year (Line 10). A Regulatory Assessment Fee Return must be completed, signed, and filed even if there are no revenues to report or if the minimum amount is due.

When a company fails to timely file a Regulatory Assessment Fee Return, the Commission has the authority to order the company to pay a penalty and/or cancel the company's certificate. The company will have an opportunity to respond to any proposed Commission action.

4. **EXTENSION:** A company, for good cause shown in a written request, may be granted up to a 30-day extension. A request must be made by filing the enclosed *Regulatory Assessment Fee Extension Request* form (PSC/ADM 124), two weeks prior to the filing date. When an extension is granted, a charge shall be added to the amount due (Line 11):

0.75% of the fee to be remitted for an extension of 15 days or less, *or*
1.5% of the fee for an extension of 16 to 30 days.

In lieu of paying the charges outlined above, a company may file a return and remit payment based upon estimated gross operating revenues by checking the "Estimated Return" space in the top left-hand corner on the reverse side. If such return is filed by the normal due date, the company shall be granted a 30-day extension period in which to file and remit the actual fee due without paying the above charges, provided the estimated fee payment remitted is at least 90% of the actual fee due for the period.

5. **FEE ADJUSTMENTS:** You will be notified as to the amount and reason for any fee adjustment. Penalty and interest charges may be applicable to additional amounts owed the Commission by reason of the adjustment. The company may file a written request for a refund of any overpayments. The request should be directed to Fiscal Services at the below-referenced address.
6. **MAILING INSTRUCTIONS:** Please complete this form, make a copy for your files, and return the original in the enclosed preaddressed envelope. Use of this envelope should assure a more accurate and expeditious recording of your payment. **Make your check payable to the Florida Public Service Commission.** If you are unable to use the enclosed envelope, please address your remittance as follows:

Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850
ATTENTION: Fiscal Services

7. **ADDITIONAL ASSISTANCE:** If you need additional assistance in preparing your Regulatory Assessment Fee Return or regarding telecommunications facilities, please contact the Division of Regulatory Analysis at (850) 413-6600. This division may be contacted at the above-referenced address, directing correspondence to the attention of the division.

TO AVOID PENALTY AND INTEREST CHARGES, THE REGULATORY ASSESSMENT FEE RETURN MUST BE FILED ON OR BEFORE
Interim Local Telephone Service Provider Regulatory Assessment Fee Return
Used for Calendar Year 2011 Only

Florida Public Service Commission

STATUS:

- Actual Return
 Estimated Return
 Amended Return

PERIOD COVERED:

(See Filing Instructions on Back of Form)

Please Complete Below If Official Mailing Address Has Changed

FOR PSC USE ONLY

Check # _____

\$ _____ 06-03-001
 _____ 003001

\$ _____ E

\$ _____ P 06-03-001
 _____ 004011

\$ _____ I

Postmark Date _____

Initials of Preparer _____

 (Name of Company) (Address) (City/State) (Zip)

LINE NO.		TOTAL FLORIDA GROSS OPERATING REVENUE	INTRASTATE REVENUE
1.	Local Service Revenues	\$ _____	\$ _____
2.	Network Access Revenues	_____	_____
3.	Long Distance Network Services Revenues	_____	_____
4.	Miscellaneous Revenues	_____	_____
5.	TOTAL REVENUES	\$ _____	\$ _____
6.	LESS: Amounts Paid to Other Telecommunications Companies ⁽¹⁾	_____	_____
7.	NET INTRASTATE OPERATING REVENUE for Regulatory Assessment Fee Calculation (Line 5 less Line 6)	_____	\$ _____
8.	Regulatory Assessment Fee Due (Multiply Line 7 by 0.0018. If more than \$600, enter amount. If less, enter \$600.) ⁽²⁾	_____	_____
9.	Penalty for Late Payment (see "3. Failure to File by Due Date" on back)	_____	_____
10.	Interest for Late Payment (see "3. Failure to File by Due Date" on back)	_____	_____
11.	Extension Payment Fee (see "4. Extension " on back)	_____	_____
12.	TOTAL AMOUNT DUE (Add lines 8 through 11)	_____	\$ _____

(1) These amounts must be intrastate only and must be verifiable (see "2. Fees" on back).

(2) Regardless of the gross operating revenue of a company, a minimum annual regulatory assessment fee of \$600 shall be imposed as provided in Section 364.336, Florida Statutes.

I, the undersigned owner/officer of the above-named company, have read the foregoing and declare that to the best of my knowledge and belief the above information is a true and correct statement. I am aware that pursuant to Section 837.06, Florida Statutes, whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree.

 (Signature of Company Official) (Title) (Date)

 Telephone Number () Fax Number ()

(Preparer of Form - Please Print Name)

F.E.I. No. _____

FLORIDA PUBLIC SERVICE COMMISSION
Instructions For Filing Regulatory Assessment Fee Return
(Telecommunications Company)

1. **WHEN TO FILE:** For companies which owed a total of \$10,000 or more of assessment fee for the preceding calendar year, this Regulatory Assessment Fee Return is required twice a year and payment must be filed or postmarked:

*On or before July 30 for the six-month period January 1 through June 30, **and**
On or before January 30 for the six-month period July 1 through December 31.*

For companies which owed a total of less than \$10,000 of assessment fee for the preceding calendar year, this Regulatory Assessment Fee Return and payment must be filed or postmarked:

On or before January 30 for the prior twelve-month period January 1 through December 31.

However, when July 30 or January 30 falls on a Saturday, Sunday, or holiday, the Regulatory Assessment Fee Return may be filed or postmarked on the next business day, without penalty or interest.

2. **FEES:** Each company shall pay 0.0018 of its gross operating revenues derived from intrastate business, as referenced in Rule 25-4.0161(2)(a), F.A.C. Gross Operating Revenues are defined as the total revenues before expenses. Gross Intrastate Operating Revenues are defined as revenues from calls originating and terminating within Florida. Do not deduct any expenses, taxes, or uncollectibles from these amounts.

On Line 6, deduct any amounts paid to another telecommunications company for the use of any telecommunications network to provide service to its customers. **Do not deduct** any taxes, federal subscriber line charges, interstate long distance access charges, or amounts paid for nonregulated services such as voice mail, inside wire maintenance, or equipment purchases/rentals. **DEDUCTIONS MUST BE INTRASTATE ONLY AND MUST BE VERIFIABLE.**

3. **FAILURE TO FILE BY DUE DATE:** Failure to file a return by the established due date will result in a penalty being added to the amount of fee due, 5% for each 30 days or fraction thereof, not to exceed a total penalty of 25% (Line 9). In addition, interest shall be added in the amount of 1% for each 30 days or fraction thereof, not to exceed a total of 12% per year (Line 10). A Regulatory Assessment Fee Return must be completed, signed, and filed even if there are no revenues to report or if the minimum amount is due.

When a company fails to timely file a Regulatory Assessment Fee Return, the Commission has the authority to order the company to pay a penalty and/or cancel the company's certificate. The company will have an opportunity to respond to any proposed Commission action.

4. **EXTENSION:** A company, for good cause shown in a written request, may be granted up to a 30-day extension. A request must be made by filing the enclosed *Regulatory Assessment Fee Extension Request* form (PSC/ADM 124), two weeks prior to the filing date. When an extension is granted, a charge shall be added to the amount due (Line 11):

0.75% of the fee to be remitted for an extension of 15 days or less, or
1.5% of the fee for an extension of 16 to 30 days.

In lieu of paying the charges outlined above, a company may file a return and remit payment based upon estimated gross operating revenues by checking the "Estimated Return" space in the top left-hand corner on the reverse side. If such return is filed by the normal due date, the company shall be granted a 30-day extension period in which to file and remit the actual fee due without paying the above charges, provided the estimated fee payment remitted is at least 90% of the actual fee due for the period.

5. **FEE ADJUSTMENTS:** You will be notified as to the amount and reason for any fee adjustment. Penalty and interest charges may be applicable to additional amounts owed the Commission by reason of the adjustment. The company may file a written request for a refund of any overpayments. The request should be directed to Fiscal Services at the below-referenced address.
6. **MAILING INSTRUCTIONS:** Please complete this form, make a copy for your files, and return the original in the enclosed preaddressed envelope. Use of this envelope should assure a more accurate and expeditious recording of your payment. **Make your check payable to the Florida Public Service Commission.** If you are unable to use the enclosed envelope, please address your remittance as follows:

Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

ATTENTION: Fiscal Services

7. **ADDITIONAL ASSISTANCE:** If you need additional assistance in preparing your Regulatory Assessment Fee Return or regarding telecommunications facilities, please contact the Division of Regulatory Analysis at (850) 413-6600. This division may be contacted at the above-referenced address, directing correspondence to the attention of the division.

TO AVOID PENALTY AND INTEREST CHARGES, THE REGULATORY ASSESSMENT FEE RETURN MUST BE FILED ON OR BEFORE
Pay Telephone Service Provider Regulatory Assessment Fee Return

Florida Public Service Commission

STATUS:

- Actual Return
- Estimated Return
- Amended Return

(See Filing Instructions on Back of Form)

Please Complete Below If Official Mailing Address Has Changed

FOR PSC USE ONLY

Check # _____
 \$ _____ 06-03-001
 _____ 003001
 \$ _____ E
 \$ _____ P 06-03-001
 _____ 004011
 \$ _____ 1
 Postmark Date _____
 Initials of Preparer _____

PERIOD COVERED:
 «Field3»

 (Name of Company) (Address) (City/State) (Zip)

LINE NO.	ACCOUNT CLASSIFICATION	AMOUNT
1.	Gross Operating Revenue (Florida)	\$ _____
2.	Gross Intrastate Revenue	_____
3.	Less: Amounts Paid to Other Telecommunications Companies ⁽¹⁾ (see "2. Fees" on back)	(_____)
4.	TOTAL REVENUES for Regulatory Assessment Fee Calculation (Line 2 less Line 3)	\$ _____
5.	REGULATORY ASSESSMENT FEE DUE - (Multiply Line 4 by <u>0.0016</u> 0.0020 . If more than \$100, enter amount. If less, enter \$100.) ⁽²⁾	_____
6.	Penalty for Late Payment (see "3. Failure to File by Due Date" on back)	_____
7.	Interest for Late Payment (see "3. Failure to File by Due Date" on back)	_____
8.	Extension Payment Fee (see "4. Extension" on back)	_____
9.	TOTAL AMOUNT DUE (MINIMUM \$100.00 Add lines 5 through 8)	\$ _____
10.	Number of pay telephones in operation at close of period covered by this Return	_____

(1) These amounts must be intrastate only and must be verifiable (see "2. Fees" on back).
 (2) Regardless of the gross operating revenue of a company, a minimum annual regulatory assessment fee of \$100 shall be imposed as provided in Section 364.336, Florida Statutes.

I, the undersigned owner/officer of the above-named company, have read the foregoing and declare that to the best of my knowledge and belief the above information is a true and correct statement. I am aware that pursuant to Section 837.06, Florida Statutes, whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree.

 (Signature of Company Official) (Title) (Date)

 (Preparer of Form - Please Print Name) Telephone Number () Fax Number ()

F.E.I. No. _____

FLORIDA PUBLIC SERVICE COMMISSION
Instructions For Filing Regulatory Assessment Fee Return
(Pay Telephone Service Provider)

1. **WHEN TO FILE:** For companies which owed a total of **\$10,000 or more** of assessment fee for the preceding calendar year, this Regulatory Assessment Fee Return is required twice a year and payment must be filed or postmarked:

On or before July 30 for the six-month period January 1 through June 30, **and**
On or before January 30 for the six-month period July 1 through December 31.

For companies which owed a total of **less than \$10,000** of assessment fee for the preceding calendar year, this Regulatory Assessment Fee Return and payment must be filed or postmarked:

On or before January 30 for the prior twelve-month period January 1 through December 31.

However, if July 30 or January 30 falls on a Saturday, Sunday, or holiday, the Regulatory Assessment Fee may be filed or postmarked on the next business day, without penalty.

2. **FEES:** Each company shall pay 0.0016 ~~0.0020~~ of its gross operating revenues derived from intrastate business, as referenced in Rule 25-4.0161(2)(a), F.A.C., for 2011 and as referenced in Rule 25-4.0161(2)(b), F.A.C., for 2012 and beyond. Gross Operating Revenues are defined as the total revenues before expenses. Gross Intrastate Operating Revenues are defined as revenues from calls originating and terminating within Florida. Do not deduct any expenses, taxes, or uncollectibles from these amounts other than the amount on Line 3.

On Line 3, deduct any amounts paid to another telecommunications company for the use of any telecommunications network (including installation charges) to provide service to its customers. **Do not deduct any taxes, federal subscriber line charges, interstate long distance access charges, or amounts paid for nonregulated services such as voice mail, inside wire maintenance, or equipment purchases/rentals. DEDUCTIONS MUST BE INTRASTATE ONLY AND MUST BE VERIFIABLE.**

3. **FAILURE TO FILE BY DUE DATE:** Failure to file a return by the established due date will result in a penalty being added to the amount of fee due, 5% for each 30 days or fraction thereof, not to exceed a total penalty of 25% (Line 6). In addition, interest shall be added in the amount of 1% for each 30 days or fraction thereof, not to exceed a total of 12% per year (Line 7). A Regulatory Assessment Fee Return must be completed, signed, and filed even if there are no revenues to report or if the minimum amount is due.

When a company fails to timely file a Regulatory Assessment Fee Return, the Commission has the authority to order the company to pay a penalty and/or cancel the company's certificate. The company will have an opportunity to respond to any proposed Commission action.

4. **EXTENSION:** ~~A company, for good cause shown in a written request, may be granted up to a 30-day extension. A request for an extension of time up to 30 days may~~ must be made by filing the enclosed *Regulatory Assessment Fee Extension Request* form (PSC/ADM 124), two weeks prior to the filing date. When an extension is granted, a charge shall be added to the amount due (Line 8):

0.75% of the fee to be remitted for an extension of 15 days or less, *or*
1.5% of the fee for an extension of 16 to 30 days.

In lieu of paying the charges outlined above, a system company may file a return and remit payment based upon estimated gross operating revenues by checking the "Estimated Return" space in the top left-hand corner on the reverse side. If such return is filed by the normal due date, the system company shall be granted a 30-day extension period in which to file and remit the actual fee due without paying the above charges, provided the estimated fee payment remitted is at least 90% of the actual fee due for the period. ~~An automatic 30-day extension to file an actual return may be obtained by checking the "Estimated Return" space in the top left-hand corner on the reverse side.~~

5. **FEE ADJUSTMENTS:** You will be notified as to the amount and reason for any fee adjustment. Penalty and interest charges may be applicable to additional amounts owed the Commission by reason of the adjustment. The company may file a written request for a refund of any overpayments. The request should be directed to Fiscal Services at the below-referenced address.
6. **MAILING INSTRUCTIONS:** Please complete this form, make a copy for your records, and return the original in the enclosed preaddressed envelope. Use of this envelope should assure a more accurate and expeditious recording of your payment. **Make your check payable to the Florida Public Service Commission.** If you are unable to use the envelope, please address your remittance as follows:

Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

ATTENTION: Fiscal Services

7. **ADDITIONAL ASSISTANCE:** If you need additional assistance in preparing your Regulatory Assessment Fee Return or regarding telecommunications facilities, please contact the Division of Regulatory Analysis at (850) 413-6600. This division may be contacted at the above-referenced address, directing correspondence to the attention of the division.

TO AVOID PENALTY AND INTEREST CHARGES, THE REGULATORY ASSESSMENT FEE RETURN MUST BE FILED ON OR BEFORE
Interim Pay Telephone Service Provider Regulatory Assessment Fee Return
Used for Calendar Year 2011 Only
 Florida Public Service Commission

STATUS:

- Actual Return
 Estimated Return
 Amended Return

(See Filing Instructions on Back of Form)

Please Complete Below If Official Mailing Address Has Changed

FOR PSC USE ONLY

Check # _____
 \$ _____ 06-03-001
 _____ 003001
 \$ _____ E
 \$ _____ P 06-03-001
 _____ 004011
 \$ _____ I
 Postmark Date _____
 Initials of Preparer _____

PERIOD COVERED:
 «Field3»

 (Name of Company) (Address) (City/State) (Zip)

LINE NO.	ACCOUNT CLASSIFICATION	AMOUNT
1.	Gross Operating Revenue (Florida)	\$ _____
2.	Gross Intrastate Revenue	_____
3.	Less: Amounts Paid to Other Telecommunications Companies ⁽¹⁾ (see "2. Fees" on back)	(_____)
4.	TOTAL REVENUES for Regulatory Assessment Fee Calculation (Line 2 less Line 3)	\$ _____
5.	REGULATORY ASSESSMENT FEE DUE - (Multiply Line 4 by 0.0018 If more than \$100, enter amount. If less, enter \$100.) ⁽²⁾	_____
6.	Penalty for Late Payment (see "3. Failure to File by Due Date" on back)	_____
7.	Interest for Late Payment (see "3. Failure to File by Due Date" on back)	_____
8.	Extension Payment Fee (see "4. Extension" on back)	_____
9.	TOTAL AMOUNT DUE (Add lines 5 through 8)	\$ _____
10.	Number of pay telephones in operation at close of period covered by this Return	_____

(1) These amounts must be intrastate only and must be verifiable (see "2. Fees" on back).

(2) Regardless of the gross operating revenue of a company, a minimum annual regulatory assessment fee of \$100 shall be imposed as provided in Section 364.336, Florida Statutes.

I, the undersigned owner/officer of the above-named company, have read the foregoing and declare that to the best of my knowledge and belief the above information is a true and correct statement. I am aware that pursuant to Section 837.06, Florida Statutes, whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree.

 (Signature of Company Official) (Title) (Date)

 (Preparer of Form - Please Print Name) Telephone Number () Fax Number ()

F.E.I. No. _____

FLORIDA PUBLIC SERVICE COMMISSION
Instructions For Filing Regulatory Assessment Fee Return
(Pay Telephone Service Provider)

1. **WHEN TO FILE:** For companies which owed a total of **\$10,000 or more** of assessment fee for the preceding calendar year, this Regulatory Assessment Fee Return is required twice a year and payment must be filed or postmarked:

On or before July 30 for the six-month period January 1 through June 30, **and**
On or before January 30 for the six-month period July 1 through December 31.

For companies which owed a total of **less than \$10,000** of assessment fee for the preceding calendar year, this Regulatory Assessment Fee Return and payment must be filed or postmarked:

On or before January 30 for the prior twelve-month period January 1 through December 31.

However, if July 30 or January 30 falls on a Saturday, Sunday, or holiday, the Regulatory Assessment Fee may be filed or postmarked on the next business day, without penalty.

2. **FEES:** Each company shall pay 0.0018 of its gross operating revenues derived from intrastate business, as referenced in Rule 25-4.0161(2)(a), F.A.C. Gross Operating Revenues are defined as the total revenues before expenses. Gross Intrastate Operating Revenues are defined as revenues from calls originating and terminating within Florida. Do not deduct any expenses, taxes, or uncollectibles from these amounts other than the amount on Line 3.

On Line 3, deduct any amounts paid to another telecommunications company for the use of any telecommunications network (including installation charges) to provide service to its customers. **Do not deduct any taxes, federal subscriber line charges, interstate long distance access charges, or amounts paid for nonregulated services such as voice mail, inside wire maintenance, or equipment purchases/rentals. DEDUCTIONS MUST BE INTRASTATE ONLY AND MUST BE VERIFIABLE.**

3. **FAILURE TO FILE BY DUE DATE:** Failure to file a return by the established due date will result in a penalty being added to the amount of fee due, 5% for each 30 days or fraction thereof, not to exceed a total penalty of 25% (Line 6). In addition, interest shall be added in the amount of 1% for each 30 days or fraction thereof, not to exceed a total of 12% per year (Line 7). A Regulatory Assessment Fee Return must be completed, signed, and filed even if there are no revenues to report or if the minimum amount is due.

When a company fails to timely file a Regulatory Assessment Fee Return, the Commission has the authority to order the company to pay a penalty and/or cancel the company's certificate. The company will have an opportunity to respond to any proposed Commission action.

4. **EXTENSION:** A company, for good cause shown in a written request, may be granted up to a 30-day extension. A request be made by filing the enclosed *Regulatory Assessment Fee Extension Request* form (PSC/ADM 124), two weeks prior to the filing date. When an extension is granted, a charge shall be added to the amount due (Line 8):

0.75% of the fee to be remitted for an extension of 15 days or less, *or*
1.5% of the fee for an extension of 16 to 30 days.

In lieu of paying the charges outlined above, a company may file a return and remit payment based upon estimated gross operating revenues by checking the "Estimated Return" space in the top left-hand corner on the reverse side. If such return is filed by the normal due date, the company shall be granted a 30-day extension period in which to file and remit the actual fee due without paying the above charges, provided the estimated fee payment remitted is at least 90% of the actual fee due for the period.

5. **FEE ADJUSTMENTS:** You will be notified as to the amount and reason for any fee adjustment. Penalty and interest charges may be applicable to additional amounts owed the Commission by reason of the adjustment. The company may file a written request for a refund of any overpayments. The request should be directed to Fiscal Services at the below-referenced address.
6. **MAILING INSTRUCTIONS:** Please complete this form, make a copy for your records, and return the original in the enclosed preaddressed envelope. Use of this envelope should assure a more accurate and expeditious recording of your payment. **Make your check payable to the Florida Public Service Commission.** If you are unable to use the envelope, please address your remittance as follows:

Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850
ATTENTION: Fiscal Services

7. **ADDITIONAL ASSISTANCE:** If you need additional assistance in preparing your Regulatory Assessment Fee Return or regarding telecommunications facilities, please contact the Division of Regulatory Analysis at (850) 413-6600. This division may be contacted at the above-referenced address, directing correspondence to the attention of the division.

FLORIDA PUBLIC SERVICE COMMISSION

(Type of Industry)

REGULATORY ASSESSMENT FEE EXTENSION REQUEST

(Utility/Company)

(Utility/Co Code)

(FEID No.)

Mailing Address:

This is to request an extension for filing the Regulatory Assessment Fee Return for the above-named utility/company for the period indicated below:

PERIOD - ,

15 days to ,

30 days to ,

Statement of Good Cause (Reason For Request):

(Signature)

(Title)

(Date)

(Telephone Number)

(FAX Number)

NOTE TO UTILITY/COMPANY

- Your Regulatory Assessment Extension Fee Extension Request form must be filed and received by the Florida Public Service Commission at the address referenced below BY CLOSE OF BUSINESS ON before the payment due date of . Once your request is received, you will be notified by fax (or by mail when a faxed number is not provided) indicating that your request was approved or denied. THIS IS NOT AN AUTOMATIC EXTENSION, THEREFORE YOU MUST RECEIVE APPROVAL FROM THE COMMISSION IN ORDER TO RECEIVE AN EXTENSION. See approval criteria on the back of this form.
- If an extension of 15 days or less is approved, 0.75% of the fee is to be included when making payment.
- If an extension of 16 to 30 days is approved, 1.5% of the fee is to be included when making payment.

FOR PUBLIC SERVICE COMMISSION USE ONLY

Request Approved

Request Denied

The 200__ Regulatory Assessment Fee has not been received.

The 200__ Regulatory Assessment Fee was delinquent. Prior penalty and/or interest has not been received for your 200__ Regulatory Assessment Fee.

The request was received too late for processing.

APPROVED BY:

(Fiscal Services Section Supervisor)

(Date)

If you have questions, please contact a staff member of the Fiscal Services Section or write to Division of Administrative Services, Fiscal Services Section, 2540 Shumard Oak Boulevard, Tallahassee, Florida, 32399.

Criteria for Extension Request

- Form PSC/ADM 124, *Regulatory Assessment Fee Extension Request*, must contain a statement of good cause/reason for extension request. Examples of good cause include reasons such as financial hardship, severe illness, or acts of God; but do not include reasons such as management oversight or vacation time.
- The request for extension must be received by the Division of Administrative Services at least two weeks before the Regulatory Assessment Fee due date.
- The request for extension will not be granted if the utility has any unpaid regulatory assessment fees, penalties, and/or interest due from a prior period(s).
- Please be aware that pursuant to Section 837.06, F.S., whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his or her official duty shall be guilty of a misdemeanor of the second degree.

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

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

DATE: September 8, 2011
TO: Kathryn Gale Winter Cowdery, Senior Attorney, Office of the General Counsel
FROM: William B. McNulty, Economic Analyst, Division of Economic Regulation
RE: Statement of Estimated Regulatory Costs for Proposed Rule Amendments to Rule 25-4.0161, F.A.C., Regulatory Assessment Fees; Docket No. 110224-TP

Summary of the Rule

Rule 25-4.0161, F.A.C. Regulatory Assessment Fees (RAFs) sets the rate at which telecommunications companies are assessed for regulatory costs. Currently, the assessed rate is 0.20 percent of a certificated company's gross operating revenues derived from intrastate business and minimum rates are specific to each type of telecommunications company.

The draft rule would decrease the telecommunications companies' RAF rate to 0.16 percent in response to statutory requirements of the Regulatory Reform Act passed by the 2011 Legislature and signed into law by the Governor. Minimum annual RAFs for local exchange companies would be decreased from \$1,000 to \$600. Minimum annual RAFs for Shared Tenant Providers' would increase from \$100 to \$600. All other types of telecommunication companies' minimum rates would not change (i.e. Competitive Local Exchange Companies' and Alternative Access Vendors' minimum annual RAFs would remain at \$600, and pay telephone providers' minimum annual RAFs would remain at \$100). In addition, no RAF revenue would be collected from interexchange companies since they are now deregulated. These changes are designed to reflect the reductions in regulatory activities resulting from the amendments to Chapter 364 which took effect on July 1, 2011.

The following items address Section 120.541, F.S., requirements regarding the Statement of Estimated Regulatory Costs (SERC) presented as part of Staff's recommendation in this proceeding.

Economic Analysis Showing Whether The Rule Is Likely To Have An Adverse Impact On Either Economic Growth Or Business Competitiveness In Excess Of \$1 Million Within 5 Years

Section 120.541(2)(a)1 requires an economic analysis showing whether the draft rule directly or indirectly is likely to have an adverse impact on economic growth, private sector job creation or employment, or private sector investment in excess of \$1 million in the aggregate within 5 years after the implementation of the rule. Similarly, Section 120.541(2)(a)2 requires

Docket No. 110224-TP
Date: September 22, 2011

an economic analysis showing whether the draft rule directly or indirectly is likely to have an adverse impact on business competitiveness in excess of \$1 million in the aggregate within 5 years after the implementation of the rule. Since the intent of the draft rule is to reduce the RAF rates rather than to increase them, economic growth, private job sector employment, private sector investment, and business competitiveness are not expected to be adversely impacted during the five year period identified in the statute. One notable exception to the proposed decrease in RAF rates is the proposed rate for shared tenant service providers. Shared tenant service providers have typically paid the minimum annual RAF rate, but that rate is proposed to increase from \$100 to \$600 since such entities have become local exchange companies under the new legislation.

Economic Analysis Showing Whether The Rule Is Likely To Increase Regulatory Costs In Excess Of \$1 Million Within 5 Years

Section 120.541(2)(a)3 requires an economic analysis showing whether the draft rule directly or indirectly is likely to increase regulatory cost, including any transactional costs, in excess of \$1 million in the aggregate within 5 years after the implementation of the rule. RAF revenue during the first year of rule implementation (2012-2013) is expected to decrease by \$1,185,115 based on the proposed RAF rates relative to the existing RAF rates. RAF revenue collected in each of the following 4 years is expected to likewise be substantially reduced relative to what would be collected under existing RAF rates. Thus, the regulatory costs are expected to be reduced in the aggregate for the 5 years following the enactment of the rule.

Estimated Number Of Entities Required To Comply And General Description Of Individuals Affected

Section 120.541(2)(b) requires a good faith estimate of the number of individuals and entities likely to be required to comply with the rule, together with a general description of the types of individuals anticipated to be affected by the rule. The number of telecommunications companies which are required to comply with the rule as of July 1, 2011, include:

- 10 incumbent local exchange companies,
- 25 alternative access vendors,
- 298 competitive local exchange companies,
- 106 pay telephone providers, and
- 20 shared tenant service providers.

The proposed minimum annual RAF rate for competitive local exchange companies, alternative access vendors, and pay telephone service providers are the same as the current minimum annual RAF rate. In 2010, 341 of 417 such companies paid the minimum annual RAF rate. A similar or slightly lower number of companies is expected to pay the minimum annual RAF fee in 2012-2013.

At the August 22, 2011, staff rule development workshop, staff solicited feedback from the telecommunications companies regarding the expected impact of the draft rule on their customers. No responses to the requests for expected customer impacts were received. Staff believes that the impact of the fee reduction on customers will be de minimus.

Docket No. 110224-TP
Date: September 22, 2011

Rule Implementation And Enforcement Cost And Impact On Revenues For The Agency And Other State And Local Government Entities

Section 120.541(2)(c) requires a good faith estimate of the cost to the agency, and to any other state and local government entities, of implementing and enforcing the proposed rule, and any anticipated effect on state or local revenues. The rule development process includes a sequence of actions by the agency which vary according to the rule being implemented. These steps include rule drafting; a rule development workshop; preparing, filing, and presenting a rule recommendation (including a SERC); Commission consideration of the draft rule recommendation at an Agenda Conference; a rule hearing if one is requested; a possible additional agenda conference for those cases where a rule hearing is conducted or written comments are filed; and ultimately, filing the rule with the Secretary of State. Most of the costs to the agency associated with these rule development actions, including a possible rule hearing, are fixed costs and not likely to be affected substantially for the level of complexity associated with the development of this rule. Enforcement costs with the rule change are also primarily fixed costs and should remain at approximately the same levels as they have been in the past.

The impact on state revenues is expected to be a decrease of \$1,185,115 in revenues in the first year of rule implementation, based on the latest estimated gross intrastate revenues for 2012-2013:

Estimated 2012-2013 Gross Intrastate Revenues:	\$2,962,787,000
Estimated 2012-2013 RAF Revenue at 0.20 %:	\$5,925,574
Estimated 2012-2013 RAF Revenue at 0.16 %:	<u>\$4,740,459</u>
Change in RAF Revenue at 0.16%:	(\$1,185,115)

The impact on local government revenue is expected to be de minimis.

Estimated Transactional Costs To Individuals And Entities

Section 120.541(2)(d) requires a good faith estimate of the transactional costs likely to be incurred by individuals and entities, including local government entities, required to comply with the requirements of the rule. Under the draft rule, telecommunication companies would be required to prepare revised RAF forms similar to the current RAF forms in terms of the required information. Companies which choose to revise the rates they charge their customers based on the revised RAF rates would have some minor expense associated with implementing the rate changes.

At the August 22, 2011, staff rule development workshop, staff solicited feedback from the telecommunications companies regarding the expected impact of the draft rule on their customers. No responses to the requests for expected customer impacts were received. Staff believes that the impact of the fee reduction on customers will be de minimus.

Impact On Small Businesses , Small Cities, Or Small Counties

Section 120.541(2)(e) requires an analysis of the impact of the proposed rule change on small businesses as defined by Section 288.703, F.S., and an analysis of the impact on small counties and small cities as defined in Section 120.52, F.S. Staff solicited written comments on

Docket No. 110224-TP
Date: September 22, 2011

this matter from the telecommunications companies at the August 22, 2011 rule development workshop. No comments were received. Staff believes the impact of the proposed RAF fee changes on small businesses, small counties, and small cities will be de minimus.

Additional Information Deemed Useful By The Agency

None.

cc: Chuck Hill
Beth Salak
Dale Mailhot
Marshall Willis