

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/HB 787 Annual Reports on the Telecommunications Industry
SPONSOR(S): Jobs & Entrepreneurship Council and Long
TIED BILLS: IDEN./SIM. BILLS: SB 1818

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Committee on Utilities & Telecommunications</u>	<u>(ref. removed)</u>	<u></u>	<u></u>
2) <u>Jobs & Entrepreneurship Council</u>	<u>13 Y, 0 N, As CS</u>	<u>Cater</u>	<u>Thorn</u>
3) <u></u>	<u></u>	<u></u>	<u></u>
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5) <u></u>	<u></u>	<u></u>	<u></u>

SUMMARY ANALYSIS

CS/HB 787 amends s. 364.386, F.S., relating to the Public Service Commission's (PSC) annual report to the Legislature on the status of competition in the telecommunications industry. The bill changes the annual report due date from December 1 to August 1. It also provides a deadline for the PSC to send data requests to providers of local exchange telecommunications services and for these providers to respond.

The bill also provides that in lieu of responding to the quantitative part of the PSC's data request, a provider of local exchange telecommunications services may provide the PSC a copy of FCC Form 477 filed with the Federal Communications Commission (FCC), which must identify Florida-specific access line data, and provisioned Florida access line data by telephone exchange location.

The bill does not have a fiscal impact on the PSC.

This act shall take effect upon becoming law.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Provide Limited Government-The bill provides that telecommunications companies may provide the PSC with a copy of a form filed with the FCC, with Florida-specific data and access line data by telephone exchange location in lieu of responding to a PSC data request related to its annual Competition Report.

B. EFFECT OF PROPOSED CHANGES:

Background

Section 364.386, F.S., requires the Public Service Commission (PSC) to annually provide a report to the President of the Senate, Speaker of the House of Representatives, and the majority and minority leaders of the Senate and House of Representatives, a report on the status of competition in the telecommunications industry (Competition Report or report). The report must be submitted by December 1 of each year and is to contain a detailed exposition of the following:

1. The overall impact of local exchange telecommunications competition on the continued availability of universal service.
2. The ability of competitive providers to make functionally equivalent local exchange services available to both residential and business customers at competitive rates, terms, and conditions.
3. The ability of consumers to obtain functionally equivalent services at comparable rates, terms, and conditions.
4. The overall impact of price regulation on the maintenance of reasonably affordable and reliable high-quality telecommunications services.
5. What additional services, if any, should be included in the definition of basic local telecommunications services, taking into account advances in technology and market demand.
6. Any other information and recommendations which may be in the public interest.

In order to prepare its annual Competition Report, the PSC sends out data requests to incumbent local exchange companies (ILECs)¹ and competitive local exchange companies (CLECs).² The Competition Report discusses the status of competition as of May 31 of each year. Current statutes do not restrict the information the PSC may request, nor do they provide an alternative means of response through federally required reports.

The FCC, through its Form 477,³ collects data on local telephone competition and broadband internet access. Companies are required to file Form 477 by September 1 of each year for the reporting period of January 1 through June 30, and by March 1 of each year for the reporting period of July 1 through December 31. This information is compiled into a Local Telephone Competition Status Report that is issued by the FCC every six months.⁴

¹ An Incumbent Local Exchange Company means a "Local exchange telecommunications company," which is defined in s. 364.02(8), F.S., as any company certificated by the commission to provide local exchange telecommunications service in this state on or before June 30, 1995.

² A "Competitive Local Exchange Company" is defined in s. 364.02(5), F.S., as any company certificated by the commission to provide local exchange telecommunications services in this state on or after July 1, 1995.

³ The current FCC Form 477 can be downloaded at : <http://www.fcc.gov/formpage.html>.

⁴ These reports are available at: <http://www.fcc.gov/wcb/iatd/comp.html>

Proposed Changes

The bill amends s. 364.386, F.S., relating to the PSC's annual Competition Report to the Legislature. The bill changes the due date of the report from December 1, 1996, and on an annual basis thereafter, to August 1, 2008, and on an annual basis thereafter.

The bill also creates s. 364.386(1)(b), F.S., requiring the PSC to make an annual request to providers of local exchange telecommunications services by March 1, 2008, and by March 1 of each year thereafter, for the data required to complete the Competition Report. Providers of local exchange telecommunications services are required to file their responses to the annual data request by April 15, 2008, and by April 15 each year thereafter.

In lieu of the quantitative information requested by the PSC to complete this report, the bill gives providers of local exchange telecommunications service the option to provide:

1. A copy of the FCC Form 477 filed with the FCC, which must identify Florida-specific access line data; **and**
2. Provisioned Florida access line data identified by telephone exchange location.

These modifications to s. 364.386, F.S., may ease the reporting requirements for some providers. According to the PSC, the FCC Form 477 data and the provisioned access line data will provide it with information comparable to what it is currently receiving from its data request. With some additional analysis the PSC would be able to provide information in the Competition Report at the same level of detail that it currently provides.

This act shall take effect upon becoming law.

C. SECTION DIRECTORY:

Section 1 Amends s. 364.386, F.S., relating to reports to the Legislature.

Section 2 This act shall take effect July 1, 2007.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None

2. Expenditures:

None

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None

2. Expenditures:

None

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Telecommunications companies may see some reduced costs due to the proposed modifications to the reporting time and data requirements in s. 364.386, F.S.

D. FISCAL COMMENTS:

None

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

None

2. Other:

None

B. RULE-MAKING AUTHORITY:

None

C. DRAFTING ISSUES OR OTHER COMMENTS:

None

D. STATEMENT OF THE SPONSOR

Each year the Florida Public Service Commission is required to make an annual report to the Florida Legislature on the progress of the competitive market in the telecommunications industry. The Public Service Commission has traditionally required telecommunications companies to provide detailed information regarding competitive issues. The Federal Communications Commission and the Legislature have continued to deregulate the industry. Many segments of the industry such as voice over internet, inter exchange telephone companies and other alternative service providers do not even respond to PSC requests as these have been declared exempt from regulation or data provision.

In addition, the PSC's reporting requirements have become burdensome requiring telecommunications companies to formulate data in formats and reports not similar to other reports prepared by the industry for the Federal Communications Commission. This data compilation involves the use of manpower and many hours of work which are detrimental to the competitiveness of the telecommunications industry. These record keeping expenditures would be better placed into competitive efforts improving telecommunication services.

This legislation as amended by the strike all amendment would change the statute requiring this report to streamline the reporting requirements and allow filing of the same report furnished to the Federal Communications Commission with Florida data broken out by local exchange. This local Florida data compilation can be done easily by computer program. This will streamline the response and save much time and effort while accomplishing the goal of the PSC to have accurate Florida specific data. The bill also clarifies that companies will continue to respond to qualitative informational requests of the PSC.

This bill would also give the flexibility to the telecommunications company to respond directly to the PSC data request rather than file the Federal form should it choose to do so. This additional information which

some carriers now provide on a voluntary basis is helpful to the commission and companies are free to continue to provide it should they choose to do so. The bill should continue to provide sufficient information for the report to be provided to the Legislature yet ease the reporting requirements and the cost to telecommunications companies.

IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES

On March 29, 2007, the Jobs and Entrepreneurship Council adopted a strike all amendment. This amendment:

- Changed the due date of the report to August 1.
- Clarified that providers are required to file their responses to the PSC's annual data request by April 15.
- Required that if the provider chooses the option of filing the FCC Form 477 data with the PSC, the provider must also provide the number of provisioned access lines by telephone exchange location.

This analysis is adopted to the strike-all.