



State of Florida
Public Service Commission
INTERNAL AFFAIRS AGENDA

Tuesday, February 14, 2012
Immediately Following Commission Conference
Betty Easley Conference Center, Room 140

1. Approve January 25, 2012, Internal Affairs Meeting Minutes. (Attachment 1)
2. Draft Congressional Letter Regarding Universal Service Support Distribution. Approval is sought. (Attachment 2)
3. Legislative Update. (No Attachment)
4. Executive Director's Report. (No Attachment)
5. Other Matters.

BB/css

OUTSIDE PERSONS WISHING TO ADDRESS THE COMMISSION ON
ANY OF THE AGENDAED ITEMS SHOULD CONTACT THE
OFFICE OF THE EXECUTIVE DIRECTOR AT (850) 413-6463.



State of Florida
Public Service Commission
INTERNAL AFFAIRS MINUTES
Wednesday - January 25, 2012
9:30 am – 10:10 am
Room 140 - Betty Easley Conference Center

COMMISSIONERS PRESENT: Chairman Brisé
Commissioner Edgar
Commissioner Graham
Commissioner Balbis
Commissioner Brown

STAFF PARTICIPATING: Baez, Hill, Kiser, Futrell, Lewis

OTHERS PARTICIPATING: John Wilson and Natalie Mims – Southern Alliance for Clean Energy (SACE)

1. Approve January 11, 2012, Internal Affairs Meeting Minutes.

The Minutes were approved.

Commissioners participating: Brisé, Edgar, Graham, Balbis, Brown

2. Draft Report on Activities Pursuant to the Florida Energy Efficiency and Conservation Act (FEECA).

After some discussion, the draft FEECA report was approved with some modifications.

Commissioners participating: Brisé, Edgar, Graham, Balbis, Brown

3. Legislative Update.

Mr. Kiser updated the Commissioners on Legislative matters of interest.

Commissioners participating: Brisé, Edgar, Graham, Balbis, Brown

4. Executive Director's Report.

Mr. Baez updated the Commissioners on the status of next fiscal year's budget.

Commissioners participating: Brisé, Edgar, Graham, Balbis, Brown

5. Other matters.

Chairman Brisé and Commissioner Edgar advised that they have both been selected to sit on panels for the upcoming NARUC.

Commissioners participating: Brisé, Edgar, Graham, Balbis, Brown

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: February 1, 2012
TO: Braulio L. Baez, Executive Director
FROM: Gregory D. Fogleman, Economic Analyst, Division of Regulatory Analysis
Cindy B. Miller, Senior Attorney, Office of the General Counsel *CM*
RE: Draft Letter to Congressional delegation regarding the Federal Communications
Commission Order on universal Service *2/7*

Critical Information: Please place on the February 14, 2012, Internal Affairs.
Commission guidance/approval is sought.

At the January 11, 2012, Internal Affairs, staff was directed to prepare a draft letter to the Florida Congressional delegation regarding concerns with the Federal Universal Service fund, and a proposal to address the inequitable distribution of the funds among the states.

Attached is a draft letter for the Commission's consideration.

STATE OF FLORIDA

RONALD A. BRISÉ
CHAIRMAN



Capital Circle Office Center
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850
(850) 413-6046

Public Service Commission

February 14, 2012

The Honorable
716 Hart Senate Office Building
United States Senate
Washington, DC 20510

Re: Distribution of Universal Service Support

Dear Senator :

The Florida Public Service Commission continues to have concerns about the cost of the Federal Universal Service Fund and the inequitable distribution of funds. Since the passage of the Telecommunications Act of 1996, the size of the fund has escalated significantly. Further growth could threaten the "affordability" that the program was intended to safeguard. Based on current projections for the first quarter of 2012, the assessment factor paid by consumers will rise from 15.3 percent to 17.9 percent, the highest assessment factor in history. We estimate that this increase in the assessment factor resulted in an increase of approximately \$20 million for the first quarter in support being collected from consumers in Florida.

The FCC's new Report and Order on Universal Service, released October 27, 2011, is in some ways helpful to net contributor states (i.e., a state where consumers pays more into the federal fund than it receives back) such as Florida. The Order attempts to place a limit on growth by establishing a \$4.5 billion budget. While it is not a hard cap, it is an effort to control the future increases of the fund. However, the FPSC is concerned that this budgetary goal will not be sufficient to limit prospective growth in the fund.

A Congressional solution may be the only way to lessen the burden on consumers and to more fairly distribute that burden among the states. There should be a new principle added to Section 254 of the Federal Telecommunications Act that in no event shall a state's consumers receive less than a specific percentage of the money they pay into the Universal Service Fund. We believe that at a minimum 80 percent of the money collected from consumers within a state for the federal universal service fund should be targeted to that state. Support targeted to Florida in 2010 amounted to about 50 percent, or \$.50 on the dollar collected. Consumers in Florida contributed \$527 million into the federal fund, while only \$264 million was returned to support services within the state for 2010. By comparison in 2005, consumers in Florida contributed \$475 million into the federal fund, while only \$163 million was returned to support services within the state. Section 254(b)(5) recognizes that there is both a state and a federal role to advance universal service goals. Such a cap on the amount of support redistributed to other states would recognize these joint responsibilities and could keep some of these inequities from recurring.

Sincerely,

Ronald A. Brisé
Chairman