

Fiscal Estimate Narratives
PSC 2/6/02

LRB Number 01-4151/3	Introduction Number SB-408	Estimate Type Original
Subject Regulation of large price-regulated telecommunications utilities		

Assumptions Used in Arriving at Fiscal Estimate

SB 408 applies only to large price-regulated telecommunication utilities; it changes the regulation imposed on such utilities and creates certain standards for service - both retail and wholesale. Several provisions in the bill will impact the workload of the PSC.

Rule Making

PSC must promulgate rules to administer the standard on missed repair appointments. (s.196.197(2)(d))

If the utility violates certain retail service standards it is subject to forfeitures by the PSC and amounts are specified in the bill. However, the PSC may impose smaller forfeitures. The PSC must promulgate rules to establish a range of smaller forfeitures. (s.196.197(4)(a)2.)

The PSC must promulgate rules establishing a report for reporting by the utility on its compliance with retail and wholesale service standards. (s.196.197(5)(c))

The bill requires emergency rules and the submittal of rules within seven (7) months. (Bill section 28)

Enforcement and Assessments

For non-compliance with retail service standards, the PSC must directly assess the utility a forfeiture. (s.196.197(4))

The bill gives the PSC the authority to take enforcement actions against the utility and to assess forfeitures (s.196.662)

Waivers

A large price-regulated telecommunications utility may petition the PSC to waive forfeitures or compensation required by the bill. The PSC may waive the requirement if satisfied with the utility's demonstration that the failure to comply was caused by natural disaster, act of God, military action, insurrection, or riot. (s.196.197(4)(d))

Orders

No later than nine (9) months after the effective date of the bill the PSC must issue an order to establish a compliance plan related to non-discriminatory access to the utility's services and network elements. The plan must include procedures for measuring compliance. (s.196.1995(5))

The PSC is required to order the structural separation of the utility under certain conditions. (s.196.196.(7)(b)) This order would be made after notice and hearing (if requested). Given the litigious nature of the players in this market, an extensive hearing would seem likely. It also would be necessary for the PSC to track those circumstances or make findings on various factors that would require the separation order.

The PSC may approve a transition plan for implementation of structural separation if it is required. (s.196.196(7)(e))

Other PSC Requirements

The PSC is to consider various factors in making telecommunications-related actions. (s.196.025(lm))

The PSC's advice to the FCC a on large price-regulated telecommunications utility entry into interLATA long distance markets must meet certain stated criteria. (s.196.196(8))

The PSC must impose rate of return regulation on a large price-regulated telecommunications utility if it rescinds its election to be price regulated. (s.196.196(9))

All these new requirements on the PSC will be resource intensive. Given the experience of the Commission to date on matters related to wholesale service quality, extensive disputes between the competitors and a large price-regulated telecommunications utility can be anticipated. In addition, the rule making dockets may be very contentious and time consuming. The orders required in certain circumstances are after an opportunity for hearing and such hearing requests seem likely. It is probable that there would be frequent requests from a large price-regulated utility for waivers of monthly forfeitures and compensation payments. There is an extensive reporting mandate on large price-regulated utilities, however, those reports must be administered and monitored by the PSC.

All these activities will be time consuming. It appears these requirements can be absorbed into the Commission's workload, although some vacancies may need to be filled and positions shifted to the Telecommunications Division and Office of General Counsel to address the increased mandates.

Long-Range Fiscal Implications

Long range implications depend on the extent of additional work as a result of the provisions of the bill and the number of staff re-assigned to insure compliance of the company to the provisions of the law.
