Wisconsin Department of Administration
Division of Executive Budget and Finance

Fiscal Estimate - 2003 Session

☒ Original ☐ Updated ☐ Corrected ☐ Supplemental

LRB Number **03-3973/1**	Introduction Number **SB-370**

Subject

Petitions for the PSC to determine rates for unbundled network or service elements

Fiscal Effect

State:

☐ No State Fiscal Effect
☒ Indeterminate
- ☐ Increase Existing Appropriations
- ☐ Decrease Existing Appropriations
- ☐ Create New Appropriations
- ☐ Increase Existing Revenues
- ☐ Decrease Existing Revenues
- ☒ Increase Costs - May be possible to absorb within agency's budget
  - ☐ Yes ☒ No
- ☐ Decrease Costs

Local:

☐ No Local Government Costs
☐ Indeterminate
1. ☐ Increase Costs
   ☐ Permissive ☐ Mandatory
2. ☐ Decrease Costs
   ☐ Permissive ☐ Mandatory
3. ☐ Increase Revenue
   ☐ Permissive ☐ Mandatory
4. ☐ Decrease Revenue
   ☐ Permissive ☐ Mandatory

5. Types of Local Government Units Affected
   ☐ Towns ☐ Village ☐ Cities
   ☐ Counties ☐ Others 0
   ☐ School Districts ☐ WTCS Districts

Fund Sources Affected

☐ GPR ☐ FED ☒ PRO ☐ PRS ☐ SEG ☐ SEGS 20.155 (1) (g)

Affected Ch. 20 Appropriations

Agency/Prepared By	Authorized Signature	Date
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Fiscal Estimate Narratives

PSC 1/13/2004

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Subject		
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Assumptions Used in Arriving at Fiscal Estimate

Unbundled Network Elements (UNE's) cost and price determination is a complex and controversial matter. UNE rates have multiple components and are based on cost of service studies that are subject to dispute. Under federal law, UNE prices must comply with total element long run incremental cost. UNE prices are the critical factor in determining CLEC profitablility and, consequently, facilitating competition in the local exchange markets.

This bill would establish a 180 day decision requirement on the PSC to decide petitions filed in the area of rates for unbundled network or service elements. In one of the Commission proceedings involving UNE issues, the parties involved in the SBC UNE proceeding essentially agreed to the schedule that was followed. It is not uncommon that parties in these proceedings mutually agree to lengthy schedules. Routinely, parties ask to extend filing dates and postpone hearings to later dates to manage their own case loads and to afford themselves adequate due process. Compressing the schedule to 180 days will preclude accomodating parties in this fashion. Objections and lawsuits over procedural due process will likely be raised by parties already adversely affected by the decision. A successful challege may result in voiding the Commission's decision and will result in a remand back to the Commission. Similarly, any decision rendered after the 180 day limit will result in a challenge to the Commission's jurisdiction. There will be costs to the Commission and all of the parties associated with defending those lawsuits and rehearing the matter on remand.

A compressed schedule will also increase the workload on Commission staff. Presently, the workload is managed over a longer period of time. If staff must produce the same amount of work in a shorter period of time, increases in staffing levels will be required. Given the complexity of the subject matter and the temporary nature of the increased work effort, hiring outside consultants to work at the direction of the Commission, but at the expense of the applicant, would better address the needs of the Commission than hiring additional staff. The cost required to hire staff and/or outside consultants would vary greatly depending on the number of petitions, the types of issues covered in the petitions, and the effects of the proposals on the parties subject to the UNE rates. Therefore, a definte cost cannot be determined.

Long-Range Fiscal Implications

Unknown