

State of Florida



Public Service Commission

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DATE: March 13, 2012
TO: Ann Cole, Commission Clerk, Office of Commission Clerk
FROM: Kiwanis L. Curry, Regulatory Analyst III, Division of Regulatory Analysis
RE: Docket No. 110303-OT

Please add the attached responses to the survey questions regarding Rule 25-4.0161, F.A.C., Regulatory Assessment Fees. The responses were submitted by BullsEye Telecom, Inc. (TX679).

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Rule 25-4.0161, F.A.C. – Survey Questions

The following survey questions apply to **Rule 25-4.0161, F.A.C., Regulatory Assessment Fees; Telecommunications Companies**. For responding to these questions, please refer to Subsection 120.541(2), F.S., and Subparagraph 120.745(1)(b)2, F.S. “Transactional costs” are defined in Subparagraph 120.541(2)(d), F.S., as:

...direct costs that are readily ascertainable based upon standard business practices, including filing fees, the cost of obtaining a license, the cost of equipment required to be installed or used or procedures required to be employed in complying with the rule, additional operating costs incurred, the cost of monitoring and reporting, and any other costs necessary to comply with the rule.

The company’s response data to these survey questions should be provided for the entire rule, unless the response data is available by rule section, in which case we request the response data be provided by rule section. Please present data in annualized format, if possible, and all cost or benefit dollar estimates should be stated in nominal terms.

1. What are the estimated transactional costs resulting from the Company’s compliance of Rule 25-4.0161, F.A.C., for the five year period beginning July 1, 2011? **Estimated cost of compliance for BullsEye Telecom Inc. per year is \$3,100. This includes the cost of a third party vendor to track and complete the filing, compliance with other licensing laws, monitoring our systems and organizing data to report accurate reports and the fee itself.**

a. What are your actual transactional costs resulting from your Company’s compliance with Rule 25-4.0161, F.A.C., for the period July 1, 2011 through December 31, 2011? **\$1,500.**

2. What is your estimate of the likely impact, stated in terms of costs and/or benefits, on small businesses (as defined by Section 288.703, F.S.) located in the Company’s service territory, resulting from the compliance of Rule 25-4.0161, F.A.C., for the five year period beginning July 1, 2011? **The cost of compliance continues to increase and this makes it more difficult for smaller telecom companies to compete. More resources are forced to be allocated toward compliance instead of customer satisfaction and with the limited budgets of smaller companies, it may lead to less competition.**

3. What is your estimate of the likely impact, stated in terms of costs and/or benefits, on small counties and small cities (as defined in Section 120.52, F.S.) located in the Company’s service territory, resulting from the compliance of 25-4.0161, F.A.C., for the five year period beginning July 1, 2011? **The small counties and cities will have less choice for their telecom needs which will mean higher prices for telecom services and less customer focus.**

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Rule 25-4.0161, F.A.C. – Survey Questions
BullsEye Telecom Inc.

4. What is your estimate of the likely impact, stated in terms of costs and/or benefits, on entities located in the Company's service territory other than those specifically identified in Questions 2 and 3, resulting from the compliance of 25-4.0161, F.A.C., for the five year period beginning July 1, 2011?

5. What expected impact do you believe Rule 25-4.0161, F.A.C., will have on economic growth, private sector job creation or employment, and private sector investment for the five year period July 1, 2011 in the Company's service territory? **When a small company, which is who employs most of the working population, is forced to spend more resources on compliance, it takes away resources for job creation and puts it toward third party compliance costs. This may in turn create more compliance jobs with the third party, but not as rapid of a pace as it would be if the cost of compliance was reduced.**

6. What expected impact do you believe Rule 25-4.0161, F.A.C., will have on business competitiveness, including the ability of persons doing business in the Company's service territory to compete with persons doing business in states other than Florida or other domestic markets, productivity, and innovation, for the five year period July 1, 2011? **Florida's regulatory burden is not the worst in the country, however the minimum regulatory fees do put the small telecom companies at a disadvantage. A company may determine that having all its certifications obtained at once is more cost effective than obtaining them once needed, but if there is no receipts for that type of service, a fee must still be paid. Eliminating the minimum fee would help the small competitors.**

7. What are the benefits to your Company associated with Rule 25-4.0161, F.A.C.? **Less competition from small companies.**

8. Since the December 4, 2011 rule change has your Company revised customer rates in order to comply with Rule 25-4.0161, F.A.C.? If so, please explain any rate changes that were made. **We have not imposed rate changes in response to this Rule as of yet, but may consider it at a later time.**

9. If the Company did revise customer rates after the rule change, what were the specific costs associated with processing and implementing these rate changes?

10. Does the Company anticipate having to revise customer rates in the future in order to comply with Rule 25-4.0161, F.A.C.? If so, please explain any anticipated rate changes for the five year period beginning July 1, 2011. **Yes, however we do not yet have a complete analysis for a rate change; there are only so many resources that can be allocated to this analysis and now they must go toward compliance costs.**

11. If the company anticipates revising customer rates in order to comply with Rule 25-4.0161, F.A.C., what costs does the company expect to incur to process and implement the rate changes for the five year period beginning July 1, 2011? **More regulatory costs for posting new rates, notifying customers, cost of analysis for competitive pricing, modifying the billing system with new rates, customer service calls explaining why the rates increased.**