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Public Service Commission

June 1, 2009

Ms. Kathy DuBose, Staff Director
Joint Legislative Auditing Committee
111 West Madison Street
Tallahassee, Florida 32399-1100

Dear Ms. DuBose:

Pursuant to Section 20.055(5)(h), Florida Statutes, enclosed is a copy of my report to the Commission Chairman on the corrective actions taken in response to Office of Program Policy Analysis and Government Accountability November 2008 report entitled *The PSC and Legislature Could Consider Several Options to Enhance Services and Consumer Protection.*

If you have questions or require additional information, please advise.

Sincerely,

Steven J. Stolting
Inspector General

SJS:ld

Enclosure

JLAC
Rec 6/3/2009

State of Florida

Public Service Commission

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-M-E-M-O-R-A-N-D-U-M-

DATE: June 1, 2009

TO: Matthew M. Carter II, Chairman

FROM: Steven J. Stolting, Inspector General

RE: Status of Agency Actions Regarding OPPAGA Report (OIG 08/09-56)

Pursuant to Section 20.055(5)(h), Florida Statutes, the Office of Inspector General is required to report to you regarding the status of the Commission's response to recommendations by the Office of Program Policy Analysis and Government Accountability (OPPAGA) six months after issuance of their report. In November 2008, OPPAGA issued an evaluation of the Commission entitled *The PSC and Legislature Could Consider Several Options to Enhance Services and Consumer Protection,* containing three finding areas and corresponding recommendations for improvement. The following provides the original recommendation, our initial response, and summarizes our actions in response and the current status of the recommendation.

Recommendation #1: To centralize telecommunications complaint processing, the Legislature may wish to consider transferring responsibility for resolving wireless complaints from the Department of Agriculture and Consumer Services (DACS) to the Public Service Commission. This would give consumers one point of contact for resolving all types of telecommunications related complaints.

Initial Response: The Commission agrees that centralizing responsibility for receiving and resolving telecommunications complaints could improve timeliness, ensure technical expertise is available, and provide greater clarity for consumers. If the Legislature chooses to consider this change, the Commission is prepared to assist in addressing implementation and resource issues.

Current status: NOT IMPLEMENTED. This recommendation was directed to the Legislature, and has not been considered at this time. The Commission remains prepared to assist in consideration of the option as needed, and cited this issue in the *Report on the Status of Competition in the Telecommunications Industry* (as of December 31, 2008). Commission staff have also prepared the necessary statutory language to effect this change should it be requested.

Recommendation #2: To further increase Lifeline participation rates, the PSC could provide additional guidance to telecommunications companies. To encourage more consumers to participate in the program, the Public Service Commission should develop guidelines for eligible telecommunications carriers responsible for providing Lifeline discounts. These guidelines should address outreach and other issues that limit

participation, such as how denied applications are handled. At a minimum, these guidelines should direct all eligible telecommunications carriers to

- **develop procedures to ensure that all denied applicants are notified of the rejection, given the reason for the denial, and provided contact information for the person that can address questions regarding the application;**
- **develop outreach materials for specific consumer groups, such as young and rural populations, and wireless users; and**
- **develop outreach strategies to reach households that do not currently have telephone service.**

Initial Response: As noted in the finding, some guidelines such as eligibility criteria have been established. However, we agree that additional guidelines regarding outreach and other related issues could increase Lifeline participation, and the Commission will consider mechanisms to improve guidance to companies.

Current status: IN PROGRESS. The Commission is currently promulgating rules to provide additional guidance to eligible telecommunications companies regarding outreach and other issues that limit participation such as how denied applications are handled. These include:

- **improved guidance, including procedures for handling denied applications:** The Commission is currently engaged in Lifeline and Link-Up comprehensive rulemaking proceedings to address this issue, and some of the draft rule requirements have already been voluntarily implemented by telecommunications companies. The companies have been involved in this rule development, and were required to submit data on potential fiscal impacts by May 12, 2009. Once the development process is complete, these rules will be presented to the Commission for adoption. The draft rules specifically address the report recommendations that all denied applicants are notified of the rejection, given the reason for the denial, and provided contact information for the person who can address questions regarding the application.
- **development of outreach materials for specific consumer groups, such as young and rural populations, and wireless users:** The Commission is also involved in comprehensive telecommunications rulemaking proceedings to require companies eligible to participate in the program to notify each of their new customers in writing of the availability of the Lifeline and Link-Up or activation fee assistance programs within 30 days after receiving telecommunications services. The proposed rule requires outreach materials to target consumer groups such as seniors, young adults, consumers who live in remote areas, wireless users, non-English speaking populations, the disabled community, users of telecommunications relay services, and the unemployed.
- **development of outreach strategies to reach households that do not currently have telephone service:** The Commission's proposed telecommunications rulemaking also would require companies to develop outreach materials and methods designed to reach households that do not currently have telephone service. The outreach materials must be

placed in locations where low-income individuals are likely to visit, such as shelters, soup kitchens, public assistance agencies, and on public transportation. Multi-media outreach approaches such as newspaper advertisements, articles in consumer newsletters, press releases, radio commercials, and radio and television public service announcements would also be acceptable.

Recommendation #3: The PSC should monitor small water and wastewater utilities to ensure adequate investment in infrastructure. To ensure the long-term financial viability of small water and wastewater utilities, the commission should closely monitor the infrastructure needs of such utilities.

Initial Response: As discussed in the finding, the Commission currently has processes in place to monitor the earnings and financial health of small water and wastewater utilities. However, we agree that increasing these efforts and focusing on infrastructure needs of small companies could provide data necessary to determine if additional mechanisms such as surcharges may be warranted to fund capital improvements. The Commission agrees to consider these issues and propose additional monitoring efforts where indicated.

Current Status: IN PROGRESS. On April 3, 2009, the Commission sent a letter to all small (Class C) regulated water and wastewater utilities seeking information about the age of infrastructure facilities and planned improvements. This information was due May 15, 2009. As the information is received, Commission staff will compile and analyze these responses to determine what, if any, additional action is necessary.

We found that Commission management and staff have made significant efforts to address the report recommendations, and for areas remaining "in progress," processes have begun that require longer time periods to meet the requirements of the recommendation. My office will continue to monitor and assist in these activities as needed.

If you have any questions or need additional information please let me know.

SS/ld