

Report Highlights

PUC Filing and Reporting Requirements on Local Exchange Carriers

House Resolution 786 calls on the LB&FC to conduct a study of the continued need for the filing and reporting requirements imposed by the PA Public Utility Commission on local telephone exchanges (LECs) operating in Pennsylvania. The report contains information on the purposes of the 30 reports currently required by statute, regulation, or PUC Order; how those reports are used by the PUC; and the position of both the PUC and the Pennsylvania Telephone Association (the association representing PA's LECs) on the continued need for the report.

Findings:

- **Chapter 30 envisioned reduced regulatory burdens, especially for smaller telecommunications carriers.** The PTA believes the regulatory relief intended by Chapter 30, PA's 1993 law restructuring local telephone rate regulation, has not been fully realized. The PTA estimates it takes between 244 and 402 hours to complete all the reporting and filing requirements submitted to the Commission. The PTA believes 15 of the PUC's 30 required reports should be eliminated and another report, the Annual Financial Report, be streamlined to consolidate information from several of the "eliminated" reports.
- **The PUC has made some changes to its reporting requirements.** The PUC has waived, suspended or otherwise no longer requires 8 reports affecting some or all LECs and is re-evaluating the need for a 9th report. The PUC also identified other efforts it has undertaken to lessen reporting burdens in the changing regulatory environment.

Recommendations

We recommend the PUC:

1. **Update and modernize its computer capability as a way of streamlining reporting requirements.** The PUC's management information systems are not currently sufficient to allow its employees to extract data for separate analysis. As a consequence, some reports duplicate at least some of the information contained in other PUC reports. The PUC received authorization an expenditure of \$660,000 for FY 2004-05, which represents one-tenth of the total estimated cost for the project.
2. **Consolidate similar information into the Annual Financial Report.** The PTA estimates the AFR takes 80 to 110 hours to complete. In addition to the balance sheet and other financial statements, companies must attach additional schedules to the AFR, some of which duplicate information contained in part or in whole in other reports. We recommend the PUC consolidate the information it needs from these various reports into the AFR. We also recommend the PUC waive or delete information and schedules that are no longer needed, particularly for LECs that are no longer subject to rate base/rate of return regulation.
3. **Specify the nature of the Service Records reporting requirement.** PUC regulations require LECs to maintain records on activities such as service complaints and the length of time required to respond to trouble reports. The regulations further require that "records pertaining to reasonableness and adequacy of utility service ... shall be filed with the Commission." The exact nature of these records, however, is not defined and has become an issue as a result of recent requests. We recommend the PUC clarify the meaning of the records requirement and establish a requirement that a reasonable basis exist for such a records request.
4. **Unless circumstances change, within 3 years eliminate the reports that are currently waived, suspended or otherwise no longer required.** The PUC does not want to eliminate some reports entirely in case PA reverts to rate base/rate of return regulation.
5. **Explore the feasibility of obtaining information from nonLEC sources when others are responsible to maintain the data.**