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House Bill 4314 (Substitute S-2 as reported)
Sponsor: Representative Ken Horn
House Committee: Energy and Technology
Senate Committee: Energy and Technology

CONTENT

The bill would amend the Michigan Telecommunications Act (MTA) to eliminate various provisions, repeal a number of sections, and make a number of other changes.

The bill would repeal sections that do the following:

- Require each telecommunication provider to offer primary basic local exchange service to its residential customers.
- Require the Public Service Commission (PSC) to order a toll provider to interconnect with a basic local exchange service provider that does not offer toll or have interconnection with a toll provider.
- Prohibit the use of rates or proceeds from rate-acquired assets to subsidize the cost of other products and services.
- Require a provider of both basic local exchange service and toll service to impute to itself certain prices.
- Require the PSC to mandate that toll service be universally available to all people within the State.
- Prohibit a provider from discontinuing a regulated service for a customer's failure to pay for an unregulated service.
- Prohibit a provider of a regulated service from charging less than the total service long-run incremental cost (TSLRIC) of providing it.
- Require a provider to file with the PSC a small and minority-owned telecommunication business participation plan.
- Prohibit a provider from passing on to its customers the cost of any remedies or penalties the provider is ordered to pay for an MTA violation.

"Primary basic local exchange service" means the provision of one primary access line to a residential customer for voice communication, including at least 100 outgoing calls per month, at least 12,000 outgoing minutes per month, and unlimited incoming calls. The bill would delete this definition, as well as all provisions related to primary basic local exchange service.

The bill would eliminate the following:

- A provision stating that a rate is inadequate if it is less than the TSLRIC of providing the service.
- A requirement that the PSC preserve the provision of high-quality basic local exchange service.

- A requirement that the PSC report annually on the state of competition in telecommunication services in Michigan after 2013.
- Provisions authorizing the PSC to require changes to the provision of regulated services by a provider who violates the MTA or a Commission order.
- Provisions prohibiting a basic local exchange service provider from acquiring assets from or transferring them to an affiliate for less than the fair market value.
- A requirement that a provider give each customer a printed telephone directory.
- A requirement that the PSC promulgate rules establishing privacy guidelines.

The bill also would do the following:

- Revise the Act's purposes.
- Limit the scope of the Public Service Commission's (PSC's) rule-making authority to the authority granted in the Act, and rescind existing rules pertaining to privacy standards, billing standards, and service quality.
- Specify that the PSC would not have authority over voice over internet protocol (VoIP).
- Allow a telecommunication provider to opt out of a requirement to file a schedule of rates, services, and conditions of service with the PSC.
- Establish an expiration date of June 30, 2011, on certain service quality rules.
- Require, rather than permit, the PSC to investigate complaints alleging violations of requirements related to a provider originating or forwarding an intrastate call that is terminated on the network of another provider; and to assess a fine against a violator.
- Allow a basic local exchange service provider with fewer than 10,000 Michigan end-users, rather than 15,000, to determine that its TSLRIC is the same as that of a provider with more than 250,000 end-users.
- Prescribe emergency power requirements for a basic local exchange service provider.
- Allow a provider to discontinue service to an exchange only if an alternative basic local exchange provider offers a comparable service, rather than the same service, or if two alternative toll providers offer a comparable service.
- Require a telecommunication provider proposing to discontinue a regulated service to an exchange to notify each affected customer by mail or within the customer's bill.
- Give a person affected by a discontinuance of service 30 rather than 60 days to apply to the PSC to determine if the discontinuance is authorized, and require the Commission issue a final order within 180 days.
- Prohibit basic local exchange service providers, rather than telecommunication providers, from taking certain actions, and delete some actions from the list of prohibitions.

MCL 484.2101 et al.

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

While the bill would likely have many impacts on businesses and customers in the telecommunications industry, it is not clear that the bill would have a significant impact on State or local finances. Most of the changes to the MTA would affect the responsibilities of telecommunications companies and would not significantly change the mission or responsibilities of the Public Service Commission as they relate to the industry.

Date Completed: 5-25-11

Fiscal Analyst: Josh Sefton

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.