



HOUSE BILL No. 5117

November 9, 1999, Introduced by Rep. Middaugh and referred to the Committee on Energy and Technology.

A bill to amend 1991 PA 179, entitled "Michigan telecommunications act," by amending section 304a (MCL 484.2304a), as added by 1995 PA 216.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 304a. (1) Upon filing with and the approval of the
2 commission, a basic local exchange provider shall restructure its
3 rates for basic local exchange, toll, and access services to
4 ensure that the rates are not less than the total service long
5 run incremental cost of providing each service.

6 (2) NO LATER THAN APRIL 1, 2000, A BASIC LOCAL EXCHANGE PRO-
7 VIDER SHALL FILE WITH THE COMMISSION THE COST STUDY OR THE
8 ADOPTED TOTAL SERVICE LONG RUN INCREMENTAL COST THAT THE PROVIDER
9 WILL USE TO RESTRUCTURE ITS RATES UNDER SUBSECTION (1). The
10 provider may determine when each rate is restructured and may

1 phase in the IMPLEMENTATION OF THE rate restructuring until
2 ~~January 1~~ DECEMBER 31, 2000. ~~After January 1~~ NO LATER THAN
3 DECEMBER 31, 2000, the provider's rates for basic local exchange,
4 toll, and access services shall not be less than the total serv-
5 ice long run incremental cost for each service.

6 (3) The rate restructuring may include, but is not limited
7 to, 1 or more of the following:

8 (a) Touchtone capability and associated charges into basic
9 local exchange services at rate levels no greater than the sum of
10 the current basic local exchange service rates and the touchtone
11 service rates. Residential customers with rotary dial service
12 may retain such service at their current rate.

13 (b) Within basic local exchange rates, all or part of the
14 existing rate elements and charges for other services that are
15 designed to recover the costs associated with the local exchange
16 network.

17 (c) Restructure existing basic local exchange rates to
18 reflect the existing variations in costs to provide basic local
19 exchange services based upon differences in geographic areas,
20 classes of customers, calling patterns and volumes, technology,
21 and other factors.

22 (4) The commission shall have 45 days from the date of a
23 filing under this section to review the proposed rate restructur-
24 ing to ensure that the rates are not less than the total service
25 long run incremental costs of the service, or that the rate
26 restructuring brings rates that are below such costs closer to
27 the costs. If the commission is unable to make a determination

1 within the allowed 45 days under this subsection, the commission
2 shall have an additional 45 days to review the rate
3 restructuring.

4 (5) If the commission does not complete its review within
5 the time period required under subsection (4), the rate restruc-
6 turing is considered approved under this section. The basic
7 local exchange provider may implement the restructured rates
8 10 days following commission approval or the end of the period
9 provided for commission review, whichever is earlier.

10 (6) Except as provided in subsection (7), for the purposes
11 of this section and the act, providers who, together with any
12 affiliated providers, provide basic local exchange service or
13 basic local exchange and toll service to less than 250,000
14 end-users in this state may determine total service long run
15 incremental cost through preparation of a cost study or may
16 determine that their total service long run incremental cost is
17 the same as that of a provider with more than 250,000 end-users.

18 (7) A provider of basic local exchange service with less
19 than 15,000 end-users in this state may determine that their
20 total service long run incremental cost is the same as that of a
21 provider with more than 250,000 end-users.

22 (8) NOTWITHSTANDING ANY OTHER PROVISION OF THIS ACT, THE
23 COMMISSION SHALL DO BOTH OF THE FOLLOWING:

24 (A) NO LATER THAN JULY 1, 2000, INVESTIGATE THE NECESSITY OF
25 AND, IF APPROPRIATE, IMPLEMENT AN INTRASTATE UNIVERSAL SERVICE
26 SUPPORT FUND TO SUPPORT CERTAIN BASIC LOCAL EXCHANGE PROVIDERS
27 WHO ARE ELIGIBLE TELECOMMUNICATIONS CARRIERS, UNDER 47

1 U.S.C. 214(e)(2) AND THE RULES OF THE FEDERAL COMMUNICATIONS
2 COMMISSION. A PROVIDER MAY RECEIVE SUPPORT IF ITS TOTAL SERVICE
3 LONG RUN INCREMENTAL COSTS PLUS A REASONABLE SHARE OF THE COMMON
4 COSTS OF PROVIDING SERVICES FOR WHICH UNIVERSAL SERVICE SUPPORT
5 MAY BE MADE AVAILABLE EXCEED THE BENCHMARK RATE AS DETERMINED BY
6 THE COMMISSION FOR THE SERVICES. THE SUPPORT SHALL BE LESS ANY
7 FEDERAL UNIVERSAL SERVICE SUPPORT RECEIVED OR OTHER REVENUE
8 RECEIVED FOR RECOVERY OF THE SAME OR SIMILAR COSTS OF PROVIDING
9 THE SUPPORTED SERVICES. IF A UNIVERSAL SERVICE SUPPORT FUND IS
10 ESTABLISHED, THE COMMISSION SHALL REQUIRE THAT ALL COSTS OF THE
11 FUND BE RECOVERED FROM ALL TELECOMMUNICATIONS PROVIDERS THAT PRO-
12 VIDE SERVICES IN THIS STATE ON A COMPETITIVELY NEUTRAL AND NON-
13 DISCRIMINATORY BASIS. THE GROUP OF SERVICE FUNCTIONALITIES TO BE
14 INCLUDED AS SUPPORTED TELECOMMUNICATIONS SERVICES THAT CONSTITUTE
15 UNIVERSAL SERVICE SHALL BE THE SAME AS THOSE DEFINED BY THE FED-
16 ERAL COMMUNICATIONS COMMISSION FOR HIGH COST SUPPORT. THE SUP-
17 PORT SHALL BE PORTABLE AMONG ALL ELIGIBLE TELECOMMUNICATIONS CAR-
18 RIERS IN THE SAME MANNER PRESCRIBED BY THE RULES OF THE FEDERAL
19 COMMUNICATIONS COMMISSION. IN DETERMINING WHETHER THERE IS A
20 NECESSITY FOR THE UNIVERSAL SERVICE SUPPORT FUND, THE COMMISSION
21 SHALL MAKE FINDINGS REGARDING ALL OF THE FOLLOWING:

22 (i) VERIFY THAT BEFORE RECEIVING ANY FUNDS FROM A UNIVERSAL
23 SERVICE SUPPORT FUND, THAT THE BASIC LOCAL EXCHANGE PROVIDER IS
24 CHARGING A RATE NO LESS THAN THE BENCHMARK RATE.

25 (ii) ESTABLISH A BENCHMARK RATE FOR THE SUPPORTED GROUP OF
26 TELECOMMUNICATIONS SERVICE FUNCTIONALITIES. THE BENCHMARK RATE
27 SHALL BE 135% OF THE COMPARABLE WEIGHTED AVERAGE BASIC LOCAL

1 EXCHANGE SERVICE RATE PROVIDED FOR UNDER SECTION 304B(1)(B) OF
2 THE 2 PROVIDERS OF BASIC LOCAL EXCHANGE SERVICE WITH THE GREATEST
3 NUMBER OF ACCESS LINES IN THIS STATE AT THE TIME THE FUND IS
4 CREATED.

5 (iii) IDENTIFY THE TELECOMMUNICATIONS PROVIDERS FROM WHOM
6 THE COSTS OF THE FUND SHALL BE RECOVERED AND THE MECHANISMS TO BE
7 USED TO DETERMINE AND ESTABLISH A COMPETITIVELY NEUTRAL AND NON-
8 DISCRIMINATORY FUNDING BASIS. PROVIDERS SHALL ESTABLISH A COM-
9 PETITIVELY NEUTRAL BASIS UPON WHICH THEIR CONTRIBUTIONS TO THE
10 FUND ARE RECOVERED.

11 (iv) APPROVE A PLAN FOR THE ADMINISTRATION AND OPERATION OF
12 THE FUND BY A NEUTRAL THIRD PARTY THAT PROVIDES FOR IMPLEMENTA-
13 TION OF THE FUND TO OCCUR BY OCTOBER 1, 2000 AND IS CONSISTENT
14 WITH THE REQUIREMENTS OF THIS SUBSECTION.

15 (B) UPON REQUEST OR ITS OWN MOTION, AFTER NOTICE AND HEAR-
16 ING, DETERMINE WHETHER, BASED UPON CHANGES IN TECHNOLOGY OR OTHER
17 FACTORS, THE FINDINGS MADE UNDER SUBDIVISION (A) SHOULD BE
18 AMENDED CONSISTENT WITH SUBDIVISION (A).