SUBSTITUTE FOR HOUSE BILL NO. 4314

A bill to amend 1991 PA 179, entitled
"Michigan telecommunications act,"
by amending sections 101, 102, 103, 201, 202, 205, 210, 213, 303, 304, 305, 305b, 309, 310a, 313, 315, 316, 353a, 401, 502, and 503 (MCL 484.2101, 484.2102, 484.2103, 484.2201, 484.2202, 484.2205, 484.2210, 484.2213, 484.2303, 484.2304, 484.2305, 484.2305b, 484.2309, 484.2310a, 484.2313, 484.2315, 484.2316, 484.2353a, 484.2401, 484.2502, and 484.2503), sections 101, 102, 103, 201, 202, 205, 210, 213, 303, 304, 305, 309, 315, 316, 401, and 502 as amended and sections 305b, 310a, and 353a as added by 2005 PA 235 and section 503 as amended by 2000 PA 295; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 101. (1) This act shall be known and may be cited as the

- 1 "Michigan telecommunications act".
- 2 (2) The purpose of this act is to do all of the following:
- 3 (a) Ensure that every person has access to just, reasonable,
- 4 and affordable basic residential telecommunication service.
- 5 (b) Allow and encourage competition to determine the
- 6 availability, prices, terms, and other conditions of providing
- 7 telecommunication services.
- 8 (c) Restructure regulation to focus on price and quality of
- 9 service and not on the provider. Supplement existing state and
- 10 federal law regarding antitrust, consumer protection, and fair
- 11 trade to provide additional safeguards for competition and
- 12 consumers.
- 13 (C) (d) Encourage the introduction of new services, the entry
- 14 of new providers, the development of new technologies, and increase
- 15 investment in the telecommunication infrastructure in this state
- 16 through incentives to providers to offer the most efficient
- 17 services and products.
- 18 (D) (e)—Improve the opportunities for economic development and
- 19 the delivery of essential services including education and health
- 20 care.
- 21 (f) Streamline the process for setting and adjusting the rates
- 22 for regulated services that will ensure effective rate review and
- 23 reduce the costs and length of hearings associated with rate cases.
- 24 (E) (g) Encourage the use of existing educational
- 25 telecommunication networks and networks established by other
- 26 commercial providers as building blocks for a cooperative and
- 27 efficient statewide educational telecommunication system.

- (F) (h) Ensure effective and timely review and disposition of
 disputes between telecommunication providers.
- (G) (i) Authorize actions to encourage the development of a
 competitive telecommunication industry.
- 5 Sec. 102. As used in this act:
- 6 (a) "Access service" means access to a local exchange network
- 7 for the purpose of enabling a provider to originate or terminate
- 8 telecommunication services within the local exchange. Except for
- 9 end-user common line services, access service does not include
- 10 access service to a person who is not a provider.
- 11 (b) "Basic local exchange service" or "local exchange service"
- 12 means the provision of an access line and usage within a local
- 13 calling area for the transmission of high-quality 2-way interactive
- 14 switched voice or data communication.
- 15 (c) "Broadband service" means a retail service capable of
- 16 transmitting data over an access line at a rate greater than 200
- 17 kilobits per second.
- 18 (d) "Cable service" means 1-way transmission to subscribers of
- 19 video programming or other programming services and subscriber
- 20 interaction for the selection of video programming or other
- 21 programming services.
- (e) "Commission" means the Michigan public service commission.
- 23 (f) "Contested case" or "case" means a proceeding as defined
- 24 in section 3 of the administrative procedures act of 1969, 1969 PA
- 25 306, MCL 24.203.
- 26 (g) "Educational institution" means a public educational
- 27 institution or a private non-profit educational institution

- 1 approved by the department of education to provide a program of
- 2 primary, secondary, or higher education, a public library, or a
- 3 nonprofit association or consortium whose primary purpose is
- 4 education. A nonprofit association or consortium under this
- 5 subdivision shall consist of 2 or more of the following:
- 6 (i) Public educational institutions.
- 7 (ii) Nonprofit educational institutions approved by the
- 8 department of education.
- 9 (iii) The state board of education.
- 10 (iv) Telecommunication providers.
- (v) A nonprofit association of educational institutions or
- 12 consortium of educational institutions.
- (h) "End user" means the retail subscriber of a
- 14 telecommunication service.
- 15 (i) "Energy management services" means a service of a public
- 16 utility providing electric power, heat, or light for energy use
- 17 management, energy use control, energy use information, and energy
- 18 use communication.
- 19 (j) "Exchange" means 1 or more contiguous central offices and
- 20 all associated facilities within a geographical area in which basic
- 21 local exchange service is offered by a provider.
- (k) "Information services" or "enhanced services" means the
- 23 offering of a capability for generating, acquiring, storing,
- 24 transforming, processing, retrieving, utilizing, or making
- 25 available information, including energy management services, that
- 26 is conveyed by telecommunications. Information services or enhanced
- 27 services do not include the use of such THAT capability for the

- 1 management, control, or operation of a telecommunications system or
- 2 the management of a telecommunications service.
- 3 (l) "Interconnection" means the technical arrangements and
- 4 other elements necessary to permit the connection between the
- 5 switched networks of 2 or more providers to enable a
- 6 telecommunication service originating on the network of 1 provider
- 7 to terminate on the network of another provider.
- 8 (m) "License" means a license issued pursuant to UNDER this
- 9 act.
- 10 (n) "Line" or "access line" means the medium over which a
- 11 telecommunication user connects into the local exchange.
- 12 (o) "Local calling area" means a geographic area encompassing
- 13 1 or more local communities as described in maps, tariffs, or rate
- 14 schedules filed with and approved by the commission.
- 15 (p) "Local directory assistance" means the provision by
- 16 telephone of a listed telephone number within the caller's area
- **17** code.
- (q) "Local exchange rate" means the monthly and usage rate,
- 19 including all necessary and attendant charges, imposed for basic
- 20 local exchange service to customers.
- 21 (r) "Loop" means the transmission facility between the network
- 22 interface on a subscriber's premises and the main distribution
- 23 frame in the servicing central office.
- 24 (s) "Operator service" means a telecommunication service that
- 25 includes automatic or live assistance to a person to arrange for
- 26 completion and billing of a telephone call originating within this
- 27 state that is specified by the caller through a method other than 1

- 1 of the following:
- 2 (i) Automatic completion with billing to the telephone from
- 3 which the call originated.
- 4 (ii) Completion through an access code or a proprietary account
- 5 number used by the person, with billing to an account previously
- 6 established with the provider by the person.
- 7 (iii) Completion in association with directory assistance
- 8 services.
- 9 (t) "Operator service provider" or "OSP" means a provider of
- 10 operator service.
- 11 (u) "Payphone service" means a telephone call provided from a
- 12 public, semipublic, or individually owned and operated telephone
- 13 that is available to the public and is accessed by the depositing
- 14 of coin or currency or by other means of payment at the time the
- 15 call is made.
- 16 (v) "Person" means an individual, corporation, partnership,
- 17 association, governmental entity, or any other legal entity.
- 18 (w) "Person with disabilities" means a person AN INDIVIDUAL
- 19 who has 1 or more of the following physical characteristics:
- (i) Blindness.
- 21 (ii) Inability to ambulate more than 200 feet without having to
- 22 stop and rest during any time of the year.
- 23 (iii) Loss of use of 1 or both legs or feet.
- 24 (iv) Inability to ambulate without the prolonged use of a
- 25 wheelchair, walker, crutches, braces, or other device required to
- 26 aid mobility.
- 27 (v) A lung disease from which the person's INDIVIDUAL'S

- 1 expiratory volume for 1 second, when measured by spirometry, is
- 2 less than 1 liter, or from which the person's INDIVIDUAL'S arterial
- 3 oxygen tension is less than 60 mm/hg of room air at rest.
- 4 (vi) A cardiovascular disease from which the person INDIVIDUAL
- 5 measures between 3 and 4 on the New York heart classification
- 6 scale, or from which a marked limitation of physical activity
- 7 causes fatigue, palpitation, dyspnea, or anginal pain.
- 8 (vii) Other diagnosed disease or disorder including, but not
- 9 limited to, severe arthritis or a neurological or orthopedic
- 10 impairment that creates a severe mobility limitation.
- 11 (x) "Port", except for the loop, means the entirety of local
- 12 exchange, including dial tone, a telephone number, switching
- 13 software, local calling, and access to directory assistance, a
- 14 white pages listing, operator services, and interexchange and
- 15 intra-LATA toll carriers.
- 16 (y) "Primary basic local exchange service" means the provision
- 17 of 1 primary access line to a residential customer for voice
- 18 communication and shall include all of the following:
- 19 (i) Not fewer than 100 outgoing calls per month.
- 20 (ii) Not less than 12,000 outgoing minutes per month.
- 21 (iii) Unlimited incoming calls.
- 22 (Y) (z)—"Public safety system" means a communication system
- 23 operated by a public entity to provide emergency police, fire,
- 24 medical, and other first responder services. Public safety system
- 25 includes the Michigan state police communication system.
- 26 (Z) (aa) "Reasonable rate" or "just and reasonable rate" means
- 27 a rate that is not inadequate, excessive, or unreasonably

- 1 discriminatory. A rate is inadequate if it is less than the total
- 2 service long run incremental cost of providing the service.
- 3 (AA) (bb) "Residential customer" means a person to whom
- 4 telecommunication services are furnished predominantly for personal
- 5 or domestic purposes at the person's dwelling.
- 6 (BB) (cc) "Special access" means the provision of access
- 7 service, other than switched access service, to a local exchange
- 8 network for the purpose of enabling a provider to originate or
- 9 terminate telecommunication service within the exchange, including
- 10 the use of local private lines.
- 11 (CC) (dd)—"State institution of higher education" means an
- 12 institution of higher education described in sections 4, 5, and 6
- 13 of article VIII of the state constitution of 1963.
- 14 (DD) (ee) "Telecommunications act of 1996" means Public Law
- **15** 104-104.
- 16 (EE) (ff) "Telecommunication provider" or "provider" means a
- 17 person that for compensation provides 1 or more telecommunication
- 18 services. Telecommunication provider does not include a provider of
- 19 commercial mobile service as defined in section 332(d)(1) of the
- 20 telecommunications act of 1996, 47 USC 332.
- 21 (FF) (gg)—"Telecommunication services" or "services" includes
- 22 regulated and unregulated services offered to customers for the
- 23 transmission of 2-way interactive communication and associated
- 24 usage. A telecommunication service is not a public utility service.
- 25 (GG) (hh)—"Toll service" means the transmission of 2-way
- 26 interactive switched communication between local calling areas.
- 27 Toll service does not include individually negotiated contracts for

- 1 similar telecommunication services or wide area telecommunications
- 2 service.
- 3 (HH) (ii) "Total service long run incremental cost" means,
- 4 given current service demand, including associated costs of every
- 5 component necessary to provide the service, 1 of the following:
- 6 (i) The total forward-looking cost of a telecommunication
- 7 service, relevant group of services, or basic network component,
- 8 using current least cost technology that would be required if the
- 9 provider had never offered the service.
- (ii) The total cost that the provider would incur if the
- 11 provider were to initially offer the service, group of services, or
- 12 basic network component.
- (II) (jj) "Wide area telecommunications service" or "WATS"
- 14 means the transmission of 2-way interactive switched communication
- 15 over a dedicated access line.
- 16 Sec. 103. (1)—Except as otherwise provided in this act, this
- 17 act shall not be construed to prevent any person from providing
- 18 telecommunication services in competition with another
- 19 telecommunication provider.
- 20 (2) The commission shall submit an annual report describing
- 21 the status of competition in telecommunication services in this
- 22 state, including, but not limited to, the toll and local exchange
- 23 service markets in this state. The report required under this
- 24 section shall be submitted to the governor and the house and senate
- 25 standing committees with oversight of telecommunication issues.
- 26 (3) A provider shall submit to the commission all information
- 27 requested by the commission necessary for the preparation of the

- 1 annual report under this section.
- 2 Sec. 201. (1) Except as otherwise provided by this act or
- 3 federal law, the Michigan public service commission shall have HAS
- 4 the jurisdiction and authority to administer this act and all
- 5 federal telecommunications laws, rules, orders, and regulations
- 6 that are delegated to the state, INCLUDING, BUT NOT LIMITED TO, THE
- 7 AUTHORITY TO ARBITRATE AND ENFORCE INTERCONNECTION AGREEMENTS AND
- 8 TO ESTABLISH RATES IN ACCORDANCE WITH THE STANDARDS SET FORTH BY
- 9 APPLICABLE LAW.
- 10 (2) The commission shall exercise its jurisdiction and
- 11 authority consistent with this act and all federal
- 12 telecommunications laws, rules, orders, and regulations.
- Sec. 202. (1) In addition to the other powers and duties
- 14 prescribed by this act, the commission shall do all of the
- 15 following:
- 16 (a) Establish by order the manner and form in which
- 17 telecommunication providers of regulated services within the state
- 18 keep accounts, books of accounts, and records in order to determine
- 19 the total service long-run incremental costs and imputation COST
- 20 requirements of this act of providing a service. The commission
- 21 requirements under this subdivision shall be consistent with any
- 22 regulations covering the same subject matter made by the federal
- 23 communications commission.
- 24 (b) Require EXCEPT AS OTHERWISE PROVIDED IN THIS SUBDIVISION,
- 25 REQUIRE by order that a provider of a regulated service, including
- 26 access service, make available for public inspection and file with
- 27 the commission a schedule of the provider's rates, services, and

- 1 conditions of service, including access service provided by
- 2 contract. EXCEPT FOR ACCESS SERVICE, A PROVIDER IS EXEMPT FROM ANY
- 3 COMMISSION ORDER REQUIRING THAT PROVIDER TO FILE WITH THE
- 4 COMMISSION ITS RATES, SERVICES, AND CONDITIONS OF REGULATED SERVICE
- 5 IF THE PROVIDER FILES A CERTIFICATION WITH THE COMMISSION OPTING
- 6 OUT OF THE FILING REQUIREMENT. A CERTIFICATION UNDER THIS
- 7 SUBDIVISION SHALL BE SIGNED BY AN OFFICER OF THE PROVIDER.
- 8 (c) Promulgate rules under section 213 to establish and
- 9 enforce quality standards for all of the following:
- (i) The provision of basic local exchange service to end users.
- 11 (ii) The provision of unbundled network elements and local
- 12 interconnection services to providers which are used in the
- 13 provision of basic local exchange service.
- 14 (iii) The timely and complete transfer of an end user from 1
- 15 provider of basic local exchange service to another provider.
- 16 (iv) Providers of basic local exchange service that cease to
- 17 provide the service to any segment of end users or geographic area,
- 18 go out of business, or withdraw from the state, including the
- 19 transfer of customers to other providers and the reclaiming of
- 20 unused telephone numbers.
- 21 (d) Preserve the provision of high quality basic local
- 22 exchange service.
- 23 (2) Rules promulgated under subsection (1)(c) shall include
- 24 remedies for the enforcement of the rules that are consistent with
- 25 this act and federal law. Rules promulgated under subsection
- 26 (1)(c)(ii) shall not apply to the provision of unbundled network
- 27 elements and local interconnection services subject to quality

- 1 standards in an interconnection agreement approved by the
- 2 commission. In promulgating any rules under subsection (1)(c), the
- 3 commission shall consider to what extent current market conditions
- 4 are sufficient to provide adequate service quality to basic local
- 5 exchange service end users. Any service quality rules promulgated
- 6 by the commission shall expire within 3 years of the effective date
- 7 of the rules. The commission may, prior to the expiration of the
- 8 rules, promulgate new rules under subsection (1)(c). ANY SERVICE
- 9 QUALITY RULES PROMULGATED BY THE COMMISSION UNDER SUBSECTION
- 10 (1)(C)(i) AND ANY RETAIL SERVICE QUALITY RULES PROMULGATED BEFORE
- 11 JANUARY 1, 2006 SHALL EXPIRE ON JUNE 30, 2011.
- 12 (3) The commission shall permit the electronic filing of any
- 13 pleadings, tariffs, or any other document required or allowed to be
- 14 filed with the commission under this act.
- Sec. 205. (1) The commission may investigate and resolve
- 16 complaints under this act. The penalties under this act shall not
- 17 be imposed for a violation that occurred more than 2 years before
- 18 the date the complaint was filed.
- 19 (2) If the commission finds, after notice and hearing, that
- 20 the rates, quality, general availability, or conditions for a
- 21 regulated service violate this act, an order of the commission
- 22 under this act, or is adverse to the public interest, the
- 23 commission may require changes in how the telecommunication
- 24 services are provided. The commission's authority includes, but is
- 25 not limited to, the revocation of a license and issuing cease and
- 26 desist orders.
- 27 Sec. 210. (1) Except under the terms of a mandatory protective

- 1 order, trade secrets and commercial or financial information
- 2 submitted under this act are exempt from the freedom of information
- 3 act, 1976 PA 442, MCL 15.231 to 15.246.
- 4 (2) If information is disclosed pursuant to UNDER a mandatory
- 5 protective order, then the information may be included in the
- 6 commission's evidentiary record if admissible, but shall remain
- 7 confidential.
- 8 (3) There is a rebuttable presumption that cost studies,
- 9 customer usage data, marketing studies, and contracts between
- 10 providers are trade secrets or commercial or financial information
- 11 protected under subsection (1). The burden of removing the
- 12 presumption under this subsection is with the party seeking to have
- 13 the information disclosed.
- 14 (4) INFORMATION REGARDING SETTLEMENT, INCLUDING A RECOMMENDED
- 15 SETTLEMENT ISSUED BY A MEDIATOR IN A PROCEEDING, SHALL BE DISCLOSED
- 16 ONLY TO THE PARTIES TO THE PROCEEDING UNLESS ALL PARTIES CONSENT TO
- 17 DISCLOSURE. A MEDIATOR'S RECOMMENDED SETTLEMENT MAY BE DISCLOSED TO
- 18 THE COMMISSION AFTER THE COMMISSION HAS ISSUED A FINAL ORDER. THE
- 19 ADMINISTRATIVE LAW JUDGE ASSIGNED TO ANY CONTESTED CASE PROCEEDING
- 20 ARISING FROM A MEDIATION SHALL NOT BE MADE AWARE OF THE ACCEPTANCE
- OR REJECTION BY THE PARTIES OF THE RECOMMENDED SETTLEMENT, OR THE
- 22 TERMS OF THE RECOMMENDED SETTLEMENT. THE PARTIES TO THE MEDIATION
- 23 SHALL NOT DISCLOSE OR REVEAL THE TERMS OF THE RECOMMENDED
- 24 SETTLEMENT TO ANYONE OTHER THAN THE PARTIES TO THE MEDIATION.
- 25 Sec. 213. (1) Subject to section 201 AND LIMITED TO ITS
- 26 SPECIFIC AUTHORITY OVER A SERVICE AS PROVIDED UNDER THIS ACT, the
- 27 commission may promulgate rules under the administrative procedures

- 1 act of 1969, 1969 PA 306, MCL 24.201 to 24.328.
- 2 (2) The following administrative rules shall not apply to
- 3 telecommunication providers or telecommunication services:
- 4 (a) Electric power and communication lines: R 460.581 to R
- 5 460.592.
- 6 (b) Intrastate telephone services and facilities: R 460.1951
- 7 to R 460.1968.
- 8 (c) Filing procedures for communications common carriers
- 9 tariffs: R 460.2051 to R 460.2057.
- 10 (d) Consumer standards and billing practices, residential
- 11 telephone service: R 460.2211 to R 460.2279.
- 12 (e) Uniform systems of accounts for class A and class B
- telephone companies: R 460.9041 and R 460.9059.
- 14 (2) (3)—A proceeding before the commission to promulgate rules
- 15 under this act shall be concluded within 180 days from the date
- 16 that the proceeding is initiated.
- 17 (3) ANY RULES PROMULGATED BY THE COMMISSION UNDER THIS SECTION
- 18 BEFORE THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS
- 19 SUBSECTION THAT ARE INCONSISTENT WITH THE LIMITED RULE-MAKING
- 20 AUTHORITY IN THIS SECTION ARE RESCINDED.
- 21 Sec. 303. (1) The sale or transfer of shares of stock of a
- 22 provider of primary basic local exchange service is not a sale or
- 23 transfer of a license or a discontinuance of service.
- 24 (2) The commission has the authority to approve or deny a
- 25 proposed addition, elimination, or modification of an area code in
- 26 this state. The commission shall give public notice and shall
- 27 conduct a public hearing in the affected geographic area before an

- 1 addition, elimination, or modification of an area code is made in
- 2 this state.
- 3 (3) A license issued under this act is not transferable to an
- 4 unlicensed provider.
- 5 (4) In case of the bankruptcy of a licensed provider, the
- 6 commission shall establish the procedures for the transfer of the
- 7 license to another qualified provider.
- 8 Sec. 304. (1) The rates for primary basic local exchange
- 9 service shall be just and reasonable. Each provider shall set the
- 10 initial rates for primary basic local exchange service to be
- 11 effective no later than April 1, 2006. Except as provided under
- 12 section 310a or a higher rate approved by the commission under
- 13 subsection (2)(d), the initial rates may not exceed the rates for
- 14 the lowest cost calling plan that includes a limited number of
- 15 outgoing calls of the provider in place before the rates are set
- 16 under this subsection. If a provider does not offer a calling plan
- 17 with a limited number of outgoing calls, the provider shall set the
- 18 initial rate for primary basic local exchange service which shall
- 19 be just and reasonable and may be subject to commission review.
- 20 (2) A provider may alter its rates for primary basic local
- 21 exchange services by 1 or more of the following:
- 22 (a) Filing with the commission notice of a reduction in a
- 23 primary basic local exchange rate. A rate alteration under this
- 24 subdivision shall become effective without commission review or
- 25 approval.
- 26 (b) Filing with the commission a notice of an increase in a
- 27 primary basic local exchange rate to a level not to exceed the rate

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established under subsection (1) or subdivisions (c) and (d). A 1 rate alteration under this subdivision is effective without 2 commission review or approval. 3 (c) Filing with the commission notice of an increase in a 4 5 basic local exchange rate that does not exceed 1% less than the consumer price index. Unless the commission determines that the 6 rate alteration exceeds the allowed increase under this 7 subdivision, the rate alteration shall take effect 90 days from the 8 9 date of the notice required under subsection (3). As used in this 10 subdivision, "consumer price index" means the most recent reported 11 annual average percentage increase in the Detroit consumer price 12 index for all items for the prior 12 month period by the United 13 States department of labor. (d) Filing with the commission an application to increase a 14 primary basic local exchange rate in an amount greater than that 15 allowed under subsection (1) or subdivision (c). The application 16 17 shall be accompanied with sufficient documentary support that the 18 rate alteration is just and reasonable. The commission shall make a determination within the 90-day period provided for in subsection 19 20 (5) of 1 of the following: 21 (i) That the rate alteration is just and reasonable. 22 — (ii) That a filing under section 203 is necessary to review the 23 rate alteration. 24 — (3) Notice to customers of a rate alteration is required for a

rate alteration under subsection (2)(c) or (d) and shall be

included in or on the bill of each affected customer of the

provider at least 1 billing cycle before the effective date of the

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- 1 rate alteration.
- 2 (4) The notice required under subsection (3) shall contain at
- 3 least all of the following information:
- 4 (a) A statement that the customer's rate may change.
- 5 (b) An estimate of the amount of the annual change for the
- 6 typical residential customer that would result by the rate change.
- 7 (c) A statement that a customer may comment on or receive
- 8 complete details of the rate alteration by calling or writing the
- 9 commission. The statement shall also include the telephone number
- 10 and address of the commission. Complete details of the rate
- 11 alteration shall be provided free of charge to the customer at the
- 12 expense of the provider.
- 13 (5) Except as otherwise provided in subsections (2) and (6),
- 14 an altered primary basic local exchange rate shall take effect 90
- 15 days from the date of the notice required by subsection (3).
- 16 (6) Upon receiving a complaint or pursuant to a determination
- 17 under subsection (2)(d), the commission may require a filing under
- 18 section 203 to review a proposed rate alteration under subsection
- 19 (2) (d). The commission's final order may approve, modify, or reject
- 20 the rate alteration.
- 21 (7) In reviewing a rate alteration under subsection (6), the
- 22 commission shall consider only 1 or more of the following factors
- 23 if relevant to the rate alteration as specified by the provider:
- 24 (a) Total service long run incremental cost of basic local
- 25 exchange services.
- 26 (b) Comparison of the proposed rate to the rates charged by
- 27 other providers in this state for the same service.

- 1 (c) Whether a new function, feature, or capability is being
- 2 offered as a component of basic local exchange service.
- 3 (d) Whether there has been an increase in the costs to provide
- 4 basic local exchange service in the geographic area of the proposed
- 5 rate.
- 6 (e) Whether the provider's further investment in the network
- 7 infrastructure of the geographic area of the proposed rate is
- 8 economically justifiable without the proposed rate.
- 9 (8) A provider shall be allowed only 1 rate increase for each
- 10 regulated service during any 12-month period.
- 11 (9) A call made to a local calling area adjacent to the
- 12 caller's local calling area shall be IS considered a local call and
- 13 shall be billed as a local call. Effective December 31, 2007, a
- 14 call made to a called party who is not located within the
- 15 geographic area of the caller's local calling area or an adjacent
- 16 local calling area as defined by the commission's order in case
- 17 numbers U-12515 and U-12528, dated February 5, 2001, is not a local
- 18 call if the tariff of the provider originating the call does not
- 19 classify the call as a local call. The commission shall convene a
- 20 workgroup of interested parties for the purpose of resolving issues
- 21 surrounding virtual NXX. Virtual NXX is the assignment of a
- 22 telephone number to customers who are not physically located in the
- 23 exchange to which the NXX is assigned. The workgroup shall consider
- 24 the utilization of virtual NXX services to transport interexchange
- 25 traffic and the associated inter-carrier compensation. Prior to
- 26 BEFORE July 1, 2006, the commission shall submit a report to the
- 27 governor and the house and senate standing committees with

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- 1 oversight of telecommunication issues on the progress of workgroup
- 2 discussions. The report shall include a commission policy statement
- 3 relating to the provision of virtual NXX services, and
- 4 recommendations for legislation, if any.
- 5 (10) A provider not in compliance with subsection (9), or not
- 6 already the subject of a commission order on adjacent local
- 7 calling, shall submit to the commission an adjacent local calling
- 8 plan to implement subsection (9) no later than October 1, 2006. In
- 9 reviewing the plan, the commission shall give consideration to the
- 10 revenues lost and additional cost incurred by the provider in
- 11 implementing the plan and shall approve or modify the plan or find
- 12 that the plan is not required because a cost benefit analysis
- 13 demonstrates that the plan is not in the best interest of the
- 14 customers.
- 15 (11) An alteration by a provider to the rate of a package,
- 16 combination, or bundle of telecommunication or other services which
- 17 includes primary basic local exchange service is not subject to
- 18 this section as long as the primary basic local exchange service
- 19 component of the package, combination, or bundle is available for
- 20 purchase on a stand-alone basis.
- 21 (12) A provider shall offer its unregulated calling features
- 22 on a stand-alone basis to its primary basic local exchange service
- 23 customers. The purchase of a calling feature under this subsection
- 24 shall not affect the regulated rate of the primary basic local
- 25 exchange service.
- 26 (13) A person with disabilities or who is voluntarily
- 27 providing a service for an organization classified by the internal

- 1 revenue service as a section 501(c)(3) or (19) organization, or a
- 2 person who provides a service for a congressionally chartered
- 3 veterans organization or their duly authorized foundations, is
- 4 exempt from the 100 calls per month limitation and shall receive a
- 5 flat rate allowing unlimited calls per month. A person exempt from
- 6 the call cap under this subsection shall not be charged a rate
- 7 greater than the flat rate charged residential customers for
- 8 primary basic local exchange service.
- 9 (14) Except as provided in subsection (15), for the purposes
- 10 of this section and the act, providers who, together with any
- 11 affiliated providers, provide basic local exchange service or basic
- 12 local exchange and toll service to less than 250,000 end-users in
- 13 this state may determine total service long run incremental cost
- 14 through preparation of a cost study or may determine that their
- 15 total service long run incremental cost is the same as that of a
- 16 provider with more than 250,000 end-users.
- 17 (15) A provider of basic local exchange service with less than
- 18 15,000 end-users in this state may determine that their total
- 19 service long run incremental cost is the same as that of a provider
- 20 with more than 250,000 end-users.
- 21 (16) A provider shall file with the commission for review and
- 22 approval a tariff for the rates and charges for calls made that
- 23 exceed the 100-call limit of primary basic local exchange service.
- Sec. 305. A provider of basic local exchange service shall not
- 25 do any of the following:
- 26 (a) Discriminate against another provider by refusing or
- 27 delaying access service to the local exchange.

- 1 (b) Refuse or delay interconnections or provide inferior
- 2 connections to another provider.
- 3 (c) Degrade the quality of access service provided to another
- 4 provider.
- 5 (d) Impair the speed, quality, or efficiency of lines used by
- 6 another provider.
- 7 (e) Develop new services to take advantage of planned but not
- 8 publicly known changes in the underlying network.
- 9 (f) Refuse or delay a request of another provider for
- 10 information regarding the technical design, equipment capabilities
- 11 and features, geographic coverage, and traffic patterns of the
- 12 local exchange network.
- 13 (g) Refuse or delay access service or be unreasonable in
- 14 connecting another provider to the local exchange whose product or
- 15 service requires novel or specialized access service requirements.
- 16 (h) Upon a request, fail to fully disclose in a timely manner
- 17 all available information necessary for the design of equipment
- 18 that will meet the specifications of the local exchange network.
- 19 (i) Discriminate against any provider or any party who
- 20 requests the information for commercial purposes in the
- 21 dissemination of customer proprietary information. A provider shall
- 22 provide without unreasonable discrimination or delay telephone
- 23 directory listing information and related services to persons
- 24 purchasing telephone directory listing information to the same
- 25 extent and in the same quality as provided to the provider,
- 26 affiliates of the provider, or any other listing information
- 27 purchaser.

- 1 (j) Refuse or delay access service by any person to another
- 2 provider.
- 3 (k) Sell, lease, or otherwise transfer an asset to an
- 4 affiliate for an amount less than the fair market value of the
- 5 asset.
- 7 of the provider for an amount greater than the fair market value of
- 8 the asset.
- 9 (K) (m)—Bundle unwanted services or products for sale or lease
- 10 to another provider.
- 11 (l) Perform any act that has been prohibited by this act or
- 12 an order of the commission.
- 13 (M) (o) Sell services or products, extend credit, or offer
- 14 other terms and conditions on more favorable terms to an affiliate
- 15 of the provider than the provider offers to other providers.
- 16 (p) Discriminate in favor of an affiliated burglar and fire
- 17 alarm service over a similar service offered by another provider.
- 18 Sec. 305b. A provider of any telecommunication service shall
- 19 do all BOTH of the following:
- 20 (a) Prior to the customer purchasing the service or upon
- 21 request, provide each customer a clear and simple explanation of
- 22 the terms and conditions of the services purchased by the customer
- 23 including, but not limited to, a statement of all fees, charges,
- 24 and taxes that will be included in the customer's monthly bill.
- 25 (b) The statement required under subdivision (a) shall include
- 26 a good faith estimate by the provider of the actual monthly cost
- 27 that the customer will be required to pay if the service is

- 1 purchased.
- 2 (A) (c) Comply with all federal and state requirements
- 3 regarding truth in billing, E 9-1-1 services, and primary basic
- 4 local exchange service.
- 5 (B) (d) If E 9-1-1 service is not available to the customer,
- 6 ensure that the customer has an alternative means to reach
- 7 emergency service responders.
- 8 (e) Comply with sections 505 and 507.
- 9 Sec. 309. (1) A provider of basic local exchange service shall
- 10 provide to each customer local directory assistance and MAY
- 11 DISTRIBUTE A PRINTED TELEPHONE DIRECTORY TO EACH CUSTOMER. IF A
- 12 PROVIDER OF BASIC LOCAL EXCHANGE SERVICE ELECTS NOT TO DISTRIBUTE A
- 13 PRINTED TELEPHONE DIRECTORY TO EACH CUSTOMER, A CUSTOMER MAY
- 14 REQUEST EITHER A PRINTED TELEPHONE DIRECTORY OR AN ELECTRONIC
- 15 TELEPHONE DIRECTORY FROM THE PROVIDER THAT SHALL PROVIDE THAT
- 16 DIRECTORY at no additional charge to the customer. , an annual
- 17 printed telephone directory.
- 18 (2) A provider of basic local exchange service shall provide
- 19 each customer at no additional charge the option of having access
- 20 to 900 prefix services blocked through the customer's exchange
- 21 service.
- 22 Sec. 310a. (1) After June 1, 2007, all providers of
- 23 telecommunication services in this state shall not charge, assess,
- 24 or impose on end-users an intrastate subscriber line charge or end-
- 25 user line charge.
- 26 (2) If a provider is charging, assessing, or imposing an
- 27 intrastate subscriber line charge or end-user line charge on July

- 1 1, 2005, the provider may no later than June 1, 2007 file with the
- 2 commission under section 304(2)(d) notice of an increase in the
- 3 primary basic local exchange rate in an amount not to exceed the
- 4 provider's intrastate subscriber line charge or end-user line
- 5 charge in effect on July 1, 2005.
- 6 Sec. 313. (1) A telecommunication provider that provides
- 7 either basic local exchange or toll service, or both, may SHALL not
- 8 discontinue either service to an exchange unless 1 or more
- 9 alternative telecommunication providers are furnishing the same
- 10 telecommunication A COMPARABLE VOICE service to the customers in
- 11 the exchange. A COMPARABLE VOICE SERVICE INCLUDES ANY 2-WAY VOICE
- 12 SERVICE OFFERED THROUGH ANY FORM OF TECHNOLOGY THAT IS CAPABLE OF
- 13 PLACING AND RECEIVING CALLS FROM A PROVIDER OF BASIC LOCAL EXCHANGE
- 14 SERVICE, INCLUDING VOICE OVER INTERNET PROTOCOL SERVICES AND
- 15 WIRELESS SERVICES.
- 16 (2) A telecommunication provider proposing to discontinue a
- 17 regulated service to an exchange shall file a notice of the
- 18 discontinuance of service with the commission, publish the notice
- 19 in a newspaper of general circulation within the exchange, and
- 20 provide other reasonable notice as required by the commission.
- 21 (3) Within 30 days after the date of publication of the notice
- 22 required by subsection (2), a person or other telecommunication
- 23 provider affected by a discontinuance of services by a
- 24 telecommunication provider may apply to the commission to determine
- 25 if the discontinuance of service is authorized pursuant to UNDER
- 26 this act.
- 27 (4) DISCONTINUANCE OF BASIC LOCAL EXCHANGE SERVICE UNDER THIS

- 1 SECTION BY AN INCUMBENT LOCAL EXCHANGE CARRIER DOES NOT AFFECT THE
- 2 REQUIREMENTS OF THAT INCUMBENT LOCAL EXCHANGE CARRIER UNDER FEDERAL
- 3 LAW. AS USED IN THIS SUBDIVISION, "INCUMBENT LOCAL EXCHANGE
- 4 CARRIER" MEANS THAT TERM AS DEFINED IN SECTION 251(H) OF THE
- 5 TELECOMMUNICATIONS ACT OF 1996, 47 USC 251.
- 6 Sec. 315. (1) The commission shall require each provider of
- 7 basic local exchange service to provide a text telephone-
- 8 telecommunications device for the deaf at costs COST to each
- 9 individual who is certified as deaf or hard of hearing or speech-
- 10 impaired by a licensed physician, licensed audiologist, or
- 11 qualified state agency, and to each public safety answering point
- 12 as defined in section 102 of the emergency telephone 9-1-1 service
- 13 enabling act, 1986 PA 32, MCL 484.1102.
- 14 (2) The commission shall require each provider of basic local
- 15 exchange service to provide a telecommunication relay service
- 16 whereby persons using a text telephone-telecommunications device
- 17 for the deaf can communicate with persons using a voice telephone
- 18 through the use of third party intervention or automated
- 19 translation. Each provider of basic local exchange service shall
- 20 determine whether to provide a telecommunication relay service on
- 21 its own, jointly with other basic local exchange providers, or by
- 22 contract with other telecommunication providers. The commission
- 23 shall determine the technical standards and essential features of
- 24 text telephone and telecommunication relay service to ensure their
- 25 compatibility and reliability.
- 26 (3) The Michigan telecommunication relay service advisory
- 27 board is created within the department. The board shall consist of

26

9 members. One member shall be the chair of the commission or his 1 or her designated representative. One member shall be the director 2 of the division on deaf and hard of hearing within the department 3 or his or her designated representative. One member shall be a deaf 4 consumer appointed by the director of the department upon the 5 recommendation of the Michigan deaf association. One member shall 6 be a hard of hearing consumer appointed by the department upon the 7 recommendation of Michigan self-help for hard of hearing. One 8 9 member shall be a speech impaired consumer appointed by the director of the department. Four members shall be appointed by the 10 11 director of the department to represent telecommunication 12 providers. Appointed members shall be appointed for terms of 4 years. A vacancy on the board shall be filled in the same manner as 13 the original appointment for the remainder of the unexpired term. 14 (4) The board shall designate from among its appointed members 15 a chairperson and vice-chairperson, who shall serve for 2-year 16 terms and who may be reelected. The board shall meet not less than 17 4 times each year. Special meetings may be called by the 18 19 chairperson, or upon written request of not less than 4 board 20 members. Meetings shall be held at a location designated by the 21 chairperson. (5) Members of the board shall serve without compensation, but 22 23 shall be reimbursed for actual and necessary expenses. 24 (6) Staff services shall be performed by personnel of the 25 department. Assistance shall also be made available, as requested by the board, from other agencies, departments, and authorities of 26 27 the state. The board may employ a staff to assist it in the

- 1 performance of its duties, subject to civil service rules and
- 2 within fiscal restraints.
- 3 (7) A majority of the members appointed to and serving on the
- 4 board constitute a quorum. A majority vote of the members voting
- 5 shall be required to pass upon any question, action, or business of
- 6 the board.
- 7 (8) The business performed by the board shall be conducted at
- 8 a public meeting of the board. The board shall keep minutes of its
- 9 proceedings, showing the vote of each member on each proposition or
- 10 question, or indicating if a member is absent or fails to vote. A
- 11 record of board action and business shall be made and maintained.
- 12 (9) A writing prepared, owned, used, in the possession of, or
- 13 retained by the board in the performance of an official function
- 14 shall be made available to the public.
- 15 (3) (10) Rates and charges for calls placed through a
- 16 telecommunication relay service shall not exceed the rates and
- 17 charges for calls placed directly from the same originating
- 18 location to the same terminating location. Unless ordered by the
- 19 commission, a provider of a telecommunications relay service shall
- 20 not be required to handle calls from public telephones except for
- 21 calls charged collect —OR TO cash, to—a credit card, or A third
- 22 party number.
- 23 (4) (11) Notwithstanding any other provision of this act, a
- 24 provider may offer discounts on toll calls where a text telephone-
- 25 telecommunications device for the deaf is used. The commission
- 26 shall not prohibit such discounts on toll calls placed through a
- 27 telecommunication relay service.

- 1 (5) $\frac{(12)}{(12)}$ The commission shall establish a rate for each
- 2 subscriber line of a provider to allow the provider to recover
- 3 costs incurred under this section and may waive the costs assessed
- 4 under this section to individuals who are deaf or severely hearing
- 5 impaired or speech impaired. THE RATE ESTABLISHED BY THE COMMISSION
- 6 UNDER THIS SUBSECTION MAY BE ASSESSED AS A LINE ITEM ON AN END-
- 7 USER'S BILL.
- 8 (13) No later than January 1, 2008, the board shall conduct a
- 9 study and report to the governor and the house and senate standing
- 10 committees with oversight of telecommunication issues on the
- 11 ability for deaf, hard of hearing, and speech-impaired customers to
- 12 access telecommunication services. The report shall include, but is
- 13 not limited to, activities by the commission to ensure reasonable
- 14 access, impediments to access, identification of activities in
- 15 other states to improve access, and recommendations for
- 16 legislation, if any.
- 17 (14) As used in this section:
- 18 (a) "Board" means the Michigan telecommunication relay service
- 19 advisory board created under subsection (3).
- 20 (b) "Department" means the department of labor and economic
- 21 growth.
- 22 Sec. 316. (1) The commission shall require each provider of
- 23 residential basic local exchange service to offer certain low
- 24 income customers the availability of basic local exchange service
- 25 and access service at reduced rates as described in subsections (2)
- **26** and (3).
- 27 (2) Except as provided under subsections (3) and (4), the rate

- 1 reductions for low income customers shall be at a minimum, 20% of
- 2 the basic local exchange rate or \$8.25, which shall be, inclusive
- 3 of any federal contribution, whichever is greater.
- 4 (3) If EXCEPT AS PROVIDED UNDER SUBSECTION (4), IF the low
- 5 income customer is 65 years of age or more OLDER, the rate
- 6 reduction shall be, at a minimum, 25% of the basic local exchange
- 7 rate or \$12.35, which shall be inclusive of any federal
- 8 contribution, whichever is greater.
- 9 (4) The total reduction under subsection (2) or (3) shall not
- 10 exceed 100% of all end-user common line charges and the basic local
- 11 exchange rate. The dollar amounts in subsections (2) and (3) shall
- 12 be adjusted annually to reflect any increases or decreases in the
- 13 federal contribution.
- 14 (5) To qualify for the reduced rate under this section, the
- 15 person's annual income shall not exceed 150% of the federal poverty
- 16 income standards as determined by the United States office of
- 17 management and budget GUIDELINES PUBLISHED ANNUALLY IN THE FEDERAL
- 18 REGISTER BY THE UNITED STATES DEPARTMENT OF HEALTH AND HUMAN
- 19 SERVICES and as approved by the state treasurer, or the person must
- 20 participate in 1 of the following federal assistance programs:
- 21 (a) Medicaid.
- 22 (b) Food stamps.
- (c) Supplemental security income.
- 24 (d) Federal public housing assistance.
- 25 (e) Low-income home energy assistance program.
- 26 (f) National school lunch program's free lunch program.
- 27 (g) Temporary assistance for needy families.

- 1 (6) The commission shall establish a rate for each subscriber
- 2 line of a provider to allow the provider to recover costs incurred
- 3 under this section. THE RATE ESTABLISHED BY THE COMMISSION UNDER
- 4 THIS SUBSECTION MAY BE ASSESSED AS A LINE ITEM ON AN END-USER'S
- 5 BILL.
- 6 (7) The commission shall take necessary action to notify the
- 7 general public of the availability of lifeline services including,
- 8 but not limited to, public service announcements, newspaper
- 9 notices, and such ANY other notice reasonably calculated to reach
- 10 those who may benefit from the services.
- 11 Sec. 353a. (1) When negotiating a successor interconnection
- 12 agreement, unless the parties agree otherwise, the parties shall
- 13 use an interconnection agreement which has been approved by the
- 14 commission in the 3-year period immediately preceding the
- 15 commencement of negotiations as the baseline document. A party
- 16 requesting the adoption of language different than that found in
- 17 the baseline document in an arbitration proceeding bears the burden
- 18 of persuasion that the requested change is lawful and appropriate.
- 19 (2) If a party negotiating an interconnection agreement takes
- 20 a position that the opposing party believes is contrary to a prior
- 21 ruling of the commission in an arbitration proceeding, the opposing
- 22 party shall MAY file a motion with the commission for a
- 23 determination under this section. The motion shall be filed no
- 24 later than 90 days from the commencement of negotiations. The
- 25 commission shall rule upon the motion within 21 days of the date
- 26 the motion is filed, and the commission shall determine the extent
- 27 to which the issue may be relitigated.

- 1 Sec. 401. (1) Except as otherwise provided by law or preempted
- 2 by federal law, the commission shall DOES not have authority over
- 3 enhanced services, paging, cellular, mobile, answering services,
- 4 retail broadband service, video, cable service, pay-per-view,
- 5 shared tenant, private networks, financial services networks, radio
- 6 and television, WATS, personal communication networks, municipally
- 7 owned telecommunication system, 800 prefix services, burglar and
- 8 fire alarm services, energy management services, except for state
- 9 institutions of higher education the reselling of centrex or its
- 10 equivalent, payphone services, INTERCONNECTED VOICE OVER INTERNET
- 11 PROTOCOL SERVICE, and the reselling of an unlicensed
- 12 telecommunication service. The foregoing services shall not be
- 13 considered part of basic local exchange service.
- 14 (2) The commission shall have HAS authority over the
- 15 telecommunication services specifically provided for in this act.
- 16 Sec. 502. (1) A provider of a telecommunication BASIC LOCAL
- 17 EXCHANGE service shall not do any of the following:
- 18 (a) Make a statement or representation, including the omission
- 19 of material information, regarding the rates, terms, or conditions
- 20 of providing a telecommunication—service that is INTENTIONALLY
- 21 false, misleading, or deceptive. As used in this subdivision,
- 22 "material information" includes, but is not limited to, A GOOD
- 23 FAITH ESTIMATE OF all applicable fees, taxes, and charges that will
- 24 be billed to the end-user, regardless of whether the fees, taxes,
- 25 or charges are authorized by state or federal law.
- 26 (b) Charge an end-user for a subscribed service that the end-
- 27 user did not make an initial affirmative order. Failure to refuse

- 1 an offered or proposed subscribed service is not an affirmative
- 2 order for the service.
- 3 (B) (c)—If an end-user has canceled a service, charge the end-
- 4 user for service provided after the effective date the service was
- 5 canceled.
- 6 (d) If a residential end-user has orally ordered a service,
- 7 fail to confirm the order in writing within 15 days after the
- 8 service is ordered.
- 9 (e) State to an end-user that their basic local exchange
- 10 service or other regulated service will be discontinued unless the
- 11 end-user pays a charge that is due for an unregulated service.
- 12 (f) Disparage the services, business, or reputation of another
- 13 by false, deceptive, or misleading representation of fact.
- 14 (g) Represent to a party to whom services are supplied that
- 15 the services are being supplied in response to a request made by or
- on behalf of the party when they are not.
- 17 (C) (h)—Cause a probability of confusion or a misunderstanding
- 18 as to the legal rights, obligations, or remedies of a party to a
- 19 transaction by making a—AN INTENTIONALLY false, deceptive, or
- 20 misleading statement or by failing to inform the customer of a
- 21 material fact, the omission of which is deceptive or misleading.
- 22 (D) (i) Represent or imply that the subject of a transaction
- 23 will be provided promptly, or at a specified time, or within a
- 24 reasonable time, if the provider knows or has reason to know it
- 25 will not be so provided.
- 26 (j) Cause coercion and duress as a result of the time and
- 27 nature of a sales presentation.

- 1 (E) (k)—Require the purchase of a regulated service of the
- 2 provider as a condition of purchasing an unregulated service.
- 3 (F) $\frac{(l)}{(l)}$ If a BONA FIDE dispute exists between a customer and
- 4 the provider, disconnect **THE** service to the customer before the
- 5 resolution of a THAT dispute.
- 6 (2) When the commission has authority to bring a proceeding
- 7 for A violation of this section, the commission may accept an
- 8 assurance of discontinuance of a method, act, or practice which
- 9 THAT is alleged to be unlawful under this section from the person
- 10 who is alleged to have engaged, be engaging, or be about to engage
- 11 in the method, act, or practice. The assurance shall not be OF
- 12 DISCONTINUANCE IS NOT an admission of quilt or AND SHALL NOT be
- 13 introduced in any other proceeding. Unless rescinded by the parties
- 14 or voided by the court for good cause, the PARTIES TO THE assurance
- 15 OF DISCONTINUANCE may be enforced ENFORCE THE ASSURANCE in the
- 16 circuit court. by the parties to the assurance. The assurance OF
- 17 DISCONTINUANCE may include a stipulation for any of the following:
- 18 (a) The voluntary payment by the person for the cost of
- 19 investigation.
- 20 (b) An amount to be held in escrow pending the outcome of an
- 21 action.
- (c) An amount for restitution to an aggrieved person.
- 23 Sec. 503. (1) The commission shall promulgate rules that
- 24 establish privacy guidelines in the providing of telecommunication
- 25 services.
- 26 (2) The rules promulgated under this section shall include,
- 27 but need not be limited to, protections against the releasing of

- 1 certain customer information and customer privacy intrusions.
- 2 (3) A person who obtains an unpublished telephone number using
- 3 a telephone caller identification service shall not do any of the
- 4 following without the written consent of the customer of the
- 5 unpublished telephone number:
- **6** (a) Disclose the unpublished telephone number to another
- 7 person for commercial gain.
- 8 (b) Use the unpublished telephone number to solicit business.
- 9 (c) Intentionally disclose the unpublished telephone number
- 10 through a computer data base, on-line bulletin board, or other
- 11 similar mechanism.
- 12 Enacting section 1. Sections 301a, 306, 308, 309a, 309b, 311,
- 13 312, 314, 321, 362, 504, and 602 of the Michigan telecommunications
- 14 act, 1991 PA 179, MCL 484.2301a, 484.2306, 484.2308, 484.2309a,
- **15** 484.2309b, 484.2311, 484.2312, 484.2314, 484.2321, 484.2362,
- 16 484.2504, and 484.2602, are repealed.