

By Senator Brown-Waite

10-272-98

1                                   A bill to be entitled  
2           An act relating to telecommunications; amending  
3           s. 364.163, F.S.; requiring certain local  
4           telecommunications companies to reduce their  
5           intrastate switched access rates; providing an  
6           effective date for the reductions; authorizing  
7           a local exchange telecommunications company to  
8           petition the Florida Public Service Commission  
9           if it believes a reduction in intrastate  
10          switched access rates will impair its financial  
11          viability; providing for a hearing; providing  
12          for determining the company's achieved rate of  
13          return; authorizing the commission to examine  
14          books and records of the petitioning company  
15          and its affiliated companies; providing an  
16          effective date.

17

18 Be It Enacted by the Legislature of the State of Florida:

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20           Section 1. Subsections (6) and (7) of section 364.163,  
21          Florida Statutes, are amended, present subsection (9) of that  
22          section is redesignated as subsection (10), and a new  
23          subsection (9) is added to that section, to read:

24           364.163 Network access services.--For purposes of this  
25          section, "network access service" is defined as any service  
26          provided by a local exchange telecommunications company to a  
27          telecommunications company certificated under this chapter or  
28          licensed by the Federal Communications Commission to access  
29          the local exchange telecommunications network, excluding the  
30          local interconnection arrangements in s. 364.16 and the resale  
31          arrangements in s. 364.161. Each local exchange

1 telecommunications company subject to s. 364.051 shall  
2 maintain tariffs with the commission containing the terms,  
3 conditions, and rates for each of its network access services.

4       (6) Any local telecommunications company with more  
5 than 100,000 but fewer than 3 million basic local  
6 telecommunications service access lines in service on July 1,  
7 1995, shall reduce its intrastate switched access rates to the  
8 level in effect on March 1, 1998, for those local  
9 telecommunications companies with more than 3 million basic  
10 local telecommunications service access lines in service on  
11 July 1, 1995. ~~Any local exchange telecommunications company~~  
12 ~~whose current intrastate switched access rates are higher than~~  
13 ~~its interstate switched access rates in effect on December 31,~~  
14 ~~1994, shall reduce its intrastate switched access rates by 5~~  
15 ~~percent annually beginning October 1, 1996. Any such company~~  
16 ~~shall be relieved of this requirement if it reduces such rates~~  
17 ~~by a greater percentage by the relevant date or earlier,~~  
18 ~~taking into account any reduction made pursuant to Florida~~  
19 ~~Public Service Commission Order No. PSC 94-0172-FOF-TL. Upon~~  
20 ~~reaching parity between intrastate and 1994 interstate~~  
21 ~~switched access rates, no further reductions shall be~~  
22 ~~required.~~ Any telecommunications company whose intrastate  
23 switched access rate is reduced by this subsection shall  
24 decrease its customer long distance rates by the amount  
25 necessary to return the benefits of such reduction to its  
26 customers. These reductions shall be made to the rates for  
27 each customer class based on the share of the total volume of  
28 long distance traffic for each customer class.

29       (7) Telecommunications company intrastate switched  
30 access ~~and customer long distance~~ rate reductions pursuant to  
31 subsection (6) shall become effective on July 1, 1998 ~~October~~

1 ~~1 of each relevant year~~. Rate decreases proposed in tariff  
2 revisions filed by the telecommunications companies with the  
3 commission shall be presumed valid and become effective on  
4 July 1, 1998 ~~October 1 of each relevant year~~.

5 (9) Any local exchange telecommunications company that  
6 believes a reduction in its intrastate switched access rates  
7 to the level required by subsection (6) will impair its  
8 financial viability may petition the commission for a smaller  
9 reduction in its intrastate access rates. The commission shall  
10 consider such a petition in a proceeding conducted in  
11 accordance with ss. 120.569 and 120.57(1). The scope of the  
12 proceeding shall be limited to a determination of the ability  
13 of the local exchange company to reduce its switched access  
14 rates without impairing its financial viability. At the  
15 conclusion of the proceeding, the commission shall reduce the  
16 petitioning company's intrastate switched access rates to the  
17 level required by subsection (6) if doing so will not cause  
18 the company's achieved rate of return to fall below the  
19 minimum of the range of its last authorized rate of return on  
20 equity, or reduce the petitioning company's intrastate access  
21 rates to a level that will cause the company to earn a rate of  
22 return at the minimum of the range of the last authorized rate  
23 of return on equity as determined by the commission in the  
24 company's most recent individual rate proceeding. In  
25 determining the company's achieved rate of return, the  
26 commission shall consider all revenues and expenses of the  
27 local exchange company, including each of its affiliates  
28 involved in the provision within this state of  
29 telecommunications service, cable television or other video  
30 entertainment service, yellow page advertising, inside wire  
31 maintenance, and sales of customer premises equipment. In

1 determining the achieved rate of return, the commission may  
2 use actual revenues and expenses for the most recent 12-month  
3 period or projected revenues and expenses for the 1998  
4 calendar year, or a combination thereof. The commission shall,  
5 upon petition or upon its own motion, exclude from the  
6 calculation any extraordinary or imprudently incurred  
7 expenditures, including any imprudent transactions of the  
8 local exchange with any of its affiliates. The burden of  
9 proving that the reduction of intrastate switched access rates  
10 required by subsection (6) will impair the company's financial  
11 viability by reducing its achieved rate of return below the  
12 minimum of the range established in the most recent individual  
13 rate proceeding shall be upon the petitioning local exchange  
14 telecommunications company. The commission may examine all  
15 books and records of the petitioning company and its  
16 affiliated companies, including its parent company, which are  
17 reasonably necessary for the disposition of any proceeding  
18 conducted pursuant to this subsection. The commission shall  
19 make its determination regarding any petition filed pursuant  
20 to this subsection within 180 days after the petition is  
21 filed.

22 Section 2. This act shall take effect July 1, 1998.

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25 SENATE SUMMARY

26 Requires local telecommunications companies with more  
27 than 100,000 but fewer than 3 million basic local  
28 telecommunications service access lines in service on  
29 July 1, 1995, to reduce their intrastate switched access  
30 rates effective July 1, 1998. Establishes a procedure by  
31 which a local exchange telecommunications company may  
petition the Public Service Commission for partial relief  
from the reduction in rates based on a showing of  
financial hardship.