

By the Committee on Regulated Industries

315-1792-00

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A bill to be entitled  
An act relating to telecommunications; amending  
s. 364.025, F.S.; extending certain dates  
regarding service obligations; providing an  
effective date.  
Be It Enacted by the Legislature of the State of Florida:  
Section 1. Section 364.025, Florida Statutes, is  
amended to read:  
364.025 Universal service.--  
(1) For the purposes of this section, the term  
"universal service" means an evolving level of access to  
telecommunications services that, taking into account advances  
in technologies, services, and market demand for essential  
services, the commission determines should be provided at  
just, reasonable, and affordable rates to customers, including  
those in rural, economically disadvantaged, and high-cost  
areas. It is the intent of the Legislature that universal  
service objectives be maintained after the local exchange  
market is opened to competitively provided services. It is  
also the intent of the Legislature that during this transition  
period the ubiquitous nature of the local exchange  
telecommunications companies be used to satisfy these  
objectives. For a period of 8 5 years after January 1, 1996,  
each local exchange telecommunications company shall be  
required to furnish basic local exchange telecommunications  
service within a reasonable time period to any person  
requesting such service within the company's service  
territory.

1           (2) The Legislature finds that each telecommunications  
2 company should contribute its fair share to the support of the  
3 universal service objectives and carrier-of-last-resort  
4 obligations. For a transitional period not to exceed January  
5 1, 2004 ~~2001~~, the ~~an~~ interim mechanism for maintaining  
6 universal service objectives and funding  
7 carrier-of-last-resort obligations shall be established by the  
8 commission, pending the implementation of a permanent  
9 mechanism. The interim mechanism shall be applied in a manner  
10 that ensures that each alternative local exchange  
11 telecommunications company contributes its fair share to the  
12 support of universal service and carrier-of-last-resort  
13 obligations. The interim mechanism applied to each  
14 alternative local exchange telecommunications company shall  
15 reflect a fair share of the local exchange telecommunications  
16 company's recovery of investments made in fulfilling its  
17 carrier-of-last-resort obligations, and the maintenance of  
18 universal service objectives. The commission shall ensure that  
19 the interim mechanism does not impede the development of  
20 residential consumer choice or create an unreasonable barrier  
21 to competition. In reaching its determination, the commission  
22 shall not inquire into or consider any factor that is  
23 inconsistent with s. 364.051(1)(c). The costs and expenses of  
24 any government program or project required in part II of this  
25 chapter shall not be recovered under this section.

26           (3) In the event any party, prior to January 1, 2004  
27 ~~2001~~, believes that circumstances have changed substantially  
28 to warrant a change in the interim mechanism, that party may  
29 petition the commission for a change, but the commission shall  
30 grant such petition only after an opportunity for a hearing  
31 and a compelling showing of changed circumstances, including

1 that the provider's customer population includes as many  
2 residential as business customers. The commission shall act  
3 on any such petition within 120 days.

4 (4)(a) Prior to January 1, 2004 ~~2001~~, the Legislature  
5 shall establish a permanent universal service mechanism upon  
6 the effective date of which any interim recovery mechanism for  
7 universal service objectives or carrier-of-last-resort  
8 obligations imposed on alternative local exchange  
9 telecommunications companies shall terminate.

10 (b) To assist the Legislature in establishing a  
11 permanent universal service mechanism, the commission, by  
12 February 15, 1999, shall determine and report to the President  
13 of the Senate and the Speaker of the House of Representatives  
14 the total forward-looking cost, based upon the most recent  
15 commercially available technology and equipment and generally  
16 accepted design and placement principles, of providing basic  
17 local telecommunications service on a basis no greater than a  
18 wire center basis using a cost proxy model to be selected by  
19 the commission after notice and opportunity for hearing.

20 (c) In determining the cost of providing basic local  
21 telecommunications service for small local exchange  
22 telecommunications companies, which serve less than 100,000  
23 access lines, the commission shall not be required to use the  
24 cost proxy model selected pursuant to paragraph (b) until a  
25 mechanism is implemented by the Federal Government for small  
26 companies, but no sooner than January 1, 2001. The commission  
27 shall calculate a small local exchange telecommunications  
28 company's cost of providing basic local telecommunications  
29 services based on one of the following options:

30 1. A different proxy model; or  
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1           2. A fully distributed allocation of embedded costs,  
2 identifying high-cost areas within the local exchange area the  
3 company serves and including all embedded investments and  
4 expenses incurred by the company in the provision of universal  
5 service. Such calculations may be made using fully distributed  
6 costs consistent with 47 C.F.R. parts 32, 36, and 64. The  
7 geographic basis for the calculations shall be no smaller than  
8 a census block group.

9           (d) The commission, by February 15, 1999, shall  
10 determine and report to the President of the Senate and the  
11 Speaker of the House of Representatives the amount of support  
12 necessary to provide residential basic local  
13 telecommunications service to low-income customers. For  
14 purposes of this section, low-income customers are customers  
15 who qualify for Lifeline service as defined in s. 364.10(2).

16           (5) After January 1, 2001, an alternative local  
17 exchange telecommunications company may petition the  
18 commission to become the universal service provider and  
19 carrier of last resort in areas requested to be served by that  
20 alternative local exchange telecommunications company. Upon  
21 petition of an alternative local exchange telecommunications  
22 company, the commission shall have 120 days to vote on  
23 granting in whole or in part or denying the petition of the  
24 alternative local exchange company. The commission may  
25 establish the alternative local exchange telecommunications  
26 company as the universal service provider and carrier of last  
27 resort, provided that the commission first determines that the  
28 alternative local exchange telecommunications company will  
29 provide high-quality, reliable service. In the order  
30 establishing the alternative local exchange telecommunications  
31 company as the universal service provider and carrier of last

1 resort, the commission shall set the period of time in which  
2 such company must meet those objectives and obligations and  
3 shall set up any mechanism needed to aid such company in  
4 carrying out these duties.

5 Section 2. This act shall take effect upon becoming a  
6 law.

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8 STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN  
9 COMMITTEE SUBSTITUTE FOR  
10 Senate Bill 218

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11 The Committee Substitute for Senate Bill 218 extends until  
12 January 1, 2004, the carrier-of-last-resort obligations of  
13 incumbent local exchange telecommunications companies and the  
interim mechanism for maintaining universal service  
objectives.

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