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2 An act relating to telecommunications; amending
3 s. 364.025, F.S.; extending certain time
4 periods for provision of universal service
5 obligations; providing an effective date.
6

7 Be It Enacted by the Legislature of the State of Florida:
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9 Section 1. Subsections (1), (2), (3), and (4) of
10 section 364.025, Florida Statutes, are amended to read:

11 364.025 Universal service.--

12 (1) For the purposes of this section, the term
13 "universal service" means an evolving level of access to
14 telecommunications services that, taking into account advances
15 in technologies, services, and market demand for essential
16 services, the commission determines should be provided at
17 just, reasonable, and affordable rates to customers, including
18 those in rural, economically disadvantaged, and high-cost
19 areas. It is the intent of the Legislature that universal
20 service objectives be maintained after the local exchange
21 market is opened to competitively provided services. It is
22 also the intent of the Legislature that during this transition
23 period the ubiquitous nature of the local exchange
24 telecommunications companies be used to satisfy these
25 objectives. For a period of 8 5 years after January 1, 1996,
26 each local exchange telecommunications company shall be
27 required to furnish basic local exchange telecommunications
28 service within a reasonable time period to any person
29 requesting such service within the company's service
30 territory.
31

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