

By the Committee on Utilities & Telecommunications and
 Representative Maygarden

1 A bill to be entitled
 2 An act relating to switched network access
 3 rates; amending s. 364.10, F.S.; revising
 4 provisions for Lifeline Assistance Plan
 5 service; providing for certification and
 6 maintenance of claims by Office of Public
 7 Counsel; amending s. 364.163, F.S.; revising
 8 provisions relating to caps on rates; deleting
 9 provisions relating to recovery of costs of
 10 government programs; revising provisions
 11 relating to rate changes; providing for
 12 adjustments in long distance revenues and
 13 pass-through to customers; creating s. 364.164,
 14 F.S.; providing for establishment of revenue
 15 categories; providing for notification;
 16 providing for timetable for reductions in
 17 access rates; providing for revenue neutrality;
 18 providing for notice; providing definitions;
 19 providing for oversight of local exchange
 20 companies; providing an effective date.

21
 22 Be It Enacted by the Legislature of the State of Florida:
 23

24 Section 1. Subsection (3) is added to section 364.10,
 25 Florida Statutes, to read:

26 364.10 Undue advantage to person or locality
 27 prohibited; exception.--

28 (3) Any local exchange telecommunications company
 29 subject to the provisions of s. 364.164(1)(a) and any
 30 telecommunications company electing under s. 364.164(1)(b)
 31 shall, effective March 31, 2003, have tariffed and shall

1 provide Lifeline Assistance Plan service to any otherwise
2 eligible customer or potential customer who meets an income
3 eligibility test at 125 percent of the federal poverty income
4 guidelines for Lifeline Assistance Plan customers. Such test
5 for eligibility shall augment, rather than replace, the
6 eligibility standards established by federal law and based on
7 participation in certain low-income assistance programs. Each
8 interexchange telecommunications carrier shall, effective
9 March 31, 2003, file a tariff providing, at a minimum, the
10 current Lifeline Assistance Plan benefits and exemptions to
11 Lifeline Assistance Plan customers who meet the income
12 eligibility test set forth in this subsection. The Office of
13 Public Counsel shall serve as the state agency which certifies
14 and maintains claims submitted by a customer for eligibility
15 under the income test authorized by this subsection.

16 Section 2. Section 364.163, Florida Statutes, is
17 amended to read:

18 364.163 Network access services.--For purposes of this
19 section, "network access service" is defined as any service
20 provided by a local exchange telecommunications company to a
21 telecommunications company certificated under this chapter or
22 licensed by the Federal Communications Commission to access
23 the local exchange telecommunications network, excluding the
24 local interconnection arrangements in s. 364.16 and the resale
25 arrangements in s. 364.161. Each local exchange
26 telecommunications company subject to s. 364.051 shall
27 maintain tariffs with the commission containing the terms,
28 conditions, and rates for each of its network access services.

29 ~~(1) Effective January 1, 1999, the rates for switched~~
30 ~~network access services of each company subject to this~~
31 ~~section shall be capped at the rates in effect on January 1,~~

1 ~~1999, and shall remain capped until January 1, 2001. Upon the~~
2 ~~date of filing its election with the commission, the network~~
3 ~~access service rates of a company that elects to become~~
4 ~~subject to this section shall be capped at the rates in effect~~
5 ~~on that date and shall remain capped for 5 years.~~

6 (1)(2) ~~After the termination of the caps imposed on~~
7 ~~rates by subsection (1) and after a local exchange~~
8 ~~telecommunications company's intrastate switched network~~
9 ~~access rates are reduced to or below reach parity, as defined~~
10 ~~in s. 364.164(5), the company's intrastate switched network~~
11 ~~access rates shall be capped and shall remain capped for 3~~
12 ~~years thereafter.with its interstate switched access rates, a~~
13 ~~company subject to this section may, on 30 days' notice,~~
14 ~~annually adjust any specific network access service rate in an~~
15 ~~amount not to exceed the cumulative change in inflation~~
16 ~~experienced after the date of the last adjustment, provided,~~
17 ~~however, that no such adjustment shall ever exceed 3 percent~~
18 ~~annually of the then-current prices. Inflation shall be~~
19 ~~measured by the changes in Gross Domestic Product Fixed 1987~~
20 ~~Weights Price Index, or successor fixed weight price index,~~
21 ~~published in the Survey of Current Business, or successor~~
22 ~~publication, by the United States Department of Commerce.~~

23 ~~(3) After the termination of the caps imposed on rates~~
24 ~~by subsection (1), a company subject to this section may, at~~
25 ~~any time, petition the commission for a network access service~~
26 ~~rate change to recover the cost of governmentally mandated~~
27 ~~projects or programs or an increase in federal or state income~~
28 ~~tax incurred after that date. The costs and expenses of the~~
29 ~~government program or project required in part II of this~~
30 ~~chapter shall not be recovered under this subsection unless~~
31 ~~such costs and expenses are incurred in the absence of a bid~~

1 ~~and subject to carrier of last resort obligations as provided~~
2 ~~for in part II of this chapter. With respect to~~
3 ~~governmentally mandated projects and programs, such petition~~
4 ~~shall be acted upon no later than 90 days after the date of~~
5 ~~filing. A company subject to this section shall show the~~
6 ~~commission that the cost of a project or program is not~~
7 ~~recoverable either from the government mandating the project~~
8 ~~or program or from the beneficiaries of the project or program~~
9 ~~through user fees or other new revenue sources from the~~
10 ~~project or program, and to the extent that cost decreases~~
11 ~~resulting from the project or program are reflected as an~~
12 ~~offset to cost increases. A company subject to this section~~
13 ~~shall decrease its network access rates by amounts that~~
14 ~~reflect any federal or state income tax reduction. Nothing~~
15 ~~contained in this section shall allow any revisions in the~~
16 ~~rates, terms, and conditions for commercial mobile radio~~
17 ~~service access, which revisions are inconsistent with the~~
18 ~~requirements or methodologies of the Federal Communications~~
19 ~~Commission.~~

20 ~~(4) A company subject to this section may choose to~~
21 ~~implement all or a portion of a rate increase allowed for~~
22 ~~network access service by subsections (1), (2), and (3).~~
23 ~~Notwithstanding subsections (1), (2), and (3), a company~~
24 ~~subject to this section may choose to decrease network service~~
25 ~~rates at any time, and decreased rates shall become effective~~
26 ~~upon 7 days' notice.~~

27 ~~(5) Company-proposed changes to the terms and~~
28 ~~conditions for existing network access services in accordance~~
29 ~~with subsections (1), (2), (3), and (4) shall be presumed~~
30 ~~valid and become effective upon 15 days' notice.~~
31 ~~Company-proposed rate reductions shall become effective upon 7~~

1 ~~days' notice. Rate increases made by the local exchange~~
2 ~~telecommunications company shall be presumed valid and become~~
3 ~~effective on the date specified in the tariff, but in no event~~
4 ~~earlier than 30 days after the filing of such tariff. The~~
5 ~~commission shall have continuing regulatory oversight of local~~
6 ~~exchange telecommunications company-provided network access~~
7 ~~services for purposes of determining the correctness of any~~
8 ~~price increase resulting from the application of the inflation~~
9 ~~index and making any necessary adjustments, establishing~~
10 ~~reasonable service quality criteria, and assuring resolution~~
11 ~~of service complaints. No later than 30 days after the filing~~
12 ~~of such tariff, the commission may, with respect to~~
13 ~~determining the correctness of any price increase, vote,~~
14 ~~without hearing, the local exchange telecommunications company~~
15 ~~to hold subject to refund all revenues collected under the~~
16 ~~rate increase. Within 60 days after such order, the commission~~
17 ~~must make a determination either compelling a refund of all or~~
18 ~~part of such revenues or releasing them from such requirement.~~

19 (2)(6) ~~Any local exchange telecommunications company~~
20 ~~with more than 100,000, but fewer than 3 million, basic local~~
21 ~~telecommunications service access lines in service on July 1,~~
22 ~~1995, shall reduce its intrastate switched access rates by 5~~
23 ~~percent on July 1, 1998, and by 10 percent on October 1, 1998.~~
24 Any interexchange telecommunications carrier company whose
25 intrastate switched network access rate is reduced as a result
26 of the rate adjustments ~~decreases~~ made by a local exchange
27 telecommunications company in accordance with s. 364.164 ~~this~~
28 ~~subsection~~ shall decrease its intrastate long distance
29 revenues ~~rates~~ by the amount necessary to return the benefits
30 of such reduction to both its residential and business
31 ~~customers but shall not reduce per minute intra-LATA toll~~

1 ~~rates by a percentage greater than the per minute intrastate~~
2 ~~switched access rate reductions required by this act. The~~
3 ~~interexchange telecommunications carrier may determine the~~
4 ~~specific intrastate rates to be decreased, provided that~~
5 ~~residential and business customers benefit from the rate~~
6 ~~decreases. However, any interexchange telecommunications~~
7 ~~carrier that charges an in-state connection fee shall use any~~
8 ~~decrease in the intrastate switched network access rate~~
9 ~~reductions required by s. 364.164 to first eliminate that fee~~
10 ~~before it reduces its long distance toll rates. In any event,~~
11 ~~any in-state connection fee shall be eliminated by March 1,~~
12 ~~2004, provided that the timetable approved pursuant to s.~~
13 ~~364.164(1)(a) reduces intrastate switched network access rates~~
14 ~~in an amount that results in the elimination of the access~~
15 ~~recovery charge in a revenue-neutral manner. The tariff~~
16 ~~changes, if any, made by the interexchange telecommunications~~
17 ~~carrier to carry out the requirements of this subsection shall~~
18 ~~be presumed valid and become effective on 1 day's notice.~~

19 ~~(7) Telecommunications company intrastate switched~~
20 ~~access and customer long distance rate reductions shall become~~
21 ~~effective on October 1 of each relevant year. Rate decreases~~
22 ~~proposed in tariff revisions filed by the telecommunications~~
23 ~~companies with the commission shall be presumed valid and~~
24 ~~become effective on October 1 of each relevant year.~~

25 ~~(8) No later than 30 days after the filing of such~~
26 ~~tariff, the commission may, with respect to determining the~~
27 ~~correctness of any rate decrease, vote, without hearing, the~~
28 ~~telecommunications company to hold subject to refund all~~
29 ~~intrastate switched access or customer long distance rate~~
30 ~~revenues collected after the rate decrease. Within 60 days~~
31 ~~after such order, the commission must make a determination~~

1 ~~either compelling a refund of the appropriate part of such~~
2 ~~revenues or releasing all such revenues from such requirement.~~

3 ~~(3)(9)~~ The commission shall have continuing regulatory
4 oversight of intrastate switched network access and customer
5 long distance rates for purposes of determining the
6 correctness of any rate decrease by a telecommunications
7 company resulting from the application of s. 364.164 ~~this~~
8 ~~section~~ and making any necessary adjustments to those rates,
9 establishing reasonable service quality criteria, and assuring
10 resolution of service complaints.

11 Section 3. Section 364.164, Florida Statutes, is
12 created to read:

13 364.164 Switched network access rate reduction.--

14 (1)(a) Notwithstanding the provisions of s.
15 364.051(3), effective December 1, 2002, each local exchange
16 telecommunications company with more than 1 million access
17 lines in service shall, for purposes of this section only,
18 establish a revenue category to include both basic local
19 telecommunications service revenues and intrastate switched
20 network access revenues, and it shall notify the commission
21 that it has established this revenue category. The company's
22 notification to the commission that it has established such
23 revenue category shall include a timetable for reducing the
24 company's intrastate switched network access rates within that
25 revenue category to or below parity. The commission shall
26 approve such switched network access rate reductions timetable
27 within 60 days after the timetable is filed with the
28 commission, provided the submitted timetable reaches parity or
29 below parity within 2 to 5 years and includes switched network
30 access rate reductions equal in amounts once in any 12-month
31 period. However, the commission may, only after consultation

1 with the company, adjust the timetable for reducing intrastate
2 switched network access rates filed by the company if the
3 commission finds that it is in the public interest to do so
4 and so long as the adjusted timetable for reducing intrastate
5 switched network access rates is within 2 to 5 years and the
6 intrastate switched network access rate reductions are equal
7 in amounts and occur once in any 12-month period.
8 (b) Notwithstanding the provisions of s. 364.051(2),
9 effective December 1, 2003, each local exchange
10 telecommunications company with 1 million or less access lines
11 in service may, for purposes of this section only, establish a
12 revenue category to include both basic local
13 telecommunications service revenues and intrastate switched
14 network access revenues, and shall notify the commission that
15 the revenue category has been established. The company's
16 notification to the commission that it has established such
17 revenue category shall include a timetable for reducing the
18 company's intrastate switched network access service rates
19 within that revenue category to or below parity. The
20 commission shall approve such switched network access service
21 rate reductions timetable within 60 days after the timetable
22 is filed with the commission, provided the submitted timetable
23 reaches parity or below parity within 2 to 5 years and
24 includes switched network access service rate reductions equal
25 in amounts once in any 12-month period. However, the
26 commission may, only after consultation with the company,
27 adjust the timetable for reducing intrastate switched network
28 access rates filed by the company if the commission finds that
29 it is in the public interest to do so and so long as the
30 adjusted timetable for reducing intrastate switched network
31 access rates is within 2 to 5 years and the intrastate

1 switched network access rate reductions are equal in amounts
2 and occur once in any 12-month period.

3 (c) The revenue category created pursuant to this
4 section shall not include revenues generated from pay
5 telephone access lines.

6 (2) Upon the commission's approval of the intrastate
7 switched network access rate reduction timetable, the local
8 exchange telecommunications company shall thereafter, on 45
9 days' notice, adjust the various prices and rates of the
10 services within its revenue category authorized by this
11 section once in any 12-month period in a revenue-neutral
12 manner. All annual rate adjustments within the revenue
13 category established pursuant to this section shall be
14 implemented simultaneously and shall be revenue neutral. The
15 commission shall, within 45 days after the rate adjustment
16 filing, issue a final order confirming compliance with this
17 section, and such order shall be final for all purposes.

18 (3) Any filing under this section shall be based on
19 the company's most recent 12 months' pricing units in
20 accordance with subsection (7) for any service included in the
21 revenue category established under this section. The
22 commission shall have the authority only to verify the pricing
23 units for the purpose of ensuring that the company's specific
24 adjustments, as authorized by this section, make the revenue
25 category revenue neutral for each filing. Any discovery or
26 information requests under this section shall be limited to a
27 verification of historical pricing units necessary to fulfill
28 the commission's specific responsibilities under this section
29 of ensuring that the company's rate adjustments make the
30 revenue category revenue neutral for each annual filing.

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1 (4) Nothing in this section shall affect the local
2 exchange telecommunications company's exemptions pursuant to
3 s. 364.051(1)(c) or authorize any local exchange
4 telecommunications company to increase the cost of local
5 exchange services to any person providing services under s.
6 364.3375.

7 (5) For purposes of this section, "parity" means that
8 the local exchange telecommunications company's intrastate
9 switched network access rate is equal to its interstate
10 switched network access rate in effect on January 1, 2002, if
11 the company has more than 4 million access lines in service.
12 If the company has 4 million or less and more than 1 million
13 access lines in service, "parity" means that the company's
14 intrastate switched network access rate is equal to 2 cents
15 per minute. If the company has 1 million or less access lines
16 in service, "parity" means that the company's intrastate
17 switched network access rate is equal to 8 cents per minute.
18 Nothing in this section shall prevent the company from making
19 further reductions in its intrastate switched network access
20 rate, within the revenue category established in this section,
21 below parity on a revenue-neutral basis, or from making other
22 revenue neutral rate adjustments within this category.

23 (6) For purposes of this section, "intrastate switched
24 network access rate" means the composite of the originating
25 and terminating network access rate for carrier common line,
26 local channel/entrance facility, switched common transport,
27 access tandem switching, interconnection charge, information
28 surcharge, and local switching.

29 (7) For purposes of this section, "revenue neutral"
30 means that the total revenue within the revenue category
31 established pursuant to this section remains the same before

1 and after the local exchange telecommunications company
2 implements any rate adjustments under this section.
3 Calculation of revenue received from each service prior to
4 implementation of any rate adjustment shall be made by
5 multiplying the then-current rate for each service by the most
6 recent 12 months' actual pricing units for each service within
7 the category, without any adjustments to the number of pricing
8 units. Calculation of revenue for each service to be received
9 after implementation of rate adjustments shall be made by
10 multiplying the rate to be applicable for each service by the
11 most recent 12 months' actual pricing units for each service
12 within the category, without any adjustments to the number of
13 pricing units.

14 Section 4. This act shall take effect upon becoming a
15 law.

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18 HOUSE SUMMARY

19 Revises provisions relating to switched network access.
20 Provides income standards test for eligibility for
21 Lifeline Assistance Plan service by certain local
exchange telecommunications companies.

22 Revises provisions relating to rate caps and provides for
23 3-year caps on intrastate switched network access rates
24 under described conditions. Revises provisions relating
25 to rate changes. Provides for return of benefits of
26 certain rate adjustments to both business and residential
customers. Eliminates in-state connection fees. Provides
presumption of validity of certain tariff changes.

27 Provides for switched network access rate reductions,
28 timetables therefor, adjustments, and oversight by the
Public Service Commission.

29 See bill for details.
30
31