

By the Council for Ready Infrastructure and 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; requiring certain local exchange  
8           telecommunications companies to provide  
9           specified materials relating to the plan;  
10          requiring state agencies to provide such  
11          material to affected applicants; exempting plan  
12          beneficiaries from certain rate increases under  
13          certain circumstances; amending s. 364.163,  
14          F.S.; revising provisions relating to caps on  
15          rates; deleting provisions relating to recovery  
16          of costs of government programs; revising  
17          provisions relating to rate changes; providing  
18          for adjustments in long distance revenues and  
19          pass-through to customers; creating s. 364.164,  
20          F.S.; providing for establishment of revenue  
21          categories; providing for notification;  
22          providing for timetable for reductions in  
23          access rates; providing for revenue neutrality;  
24          providing for notice; providing definitions;  
25          providing for oversight of local exchange  
26          companies; providing an effective date.

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

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

1           364.10 Undue advantage to person or locality  
2 prohibited; exception.--  
3           (3)(a) Any local exchange telecommunications company  
4 subject to the provisions of s. 364.164(1)(a) and any  
5 telecommunications company electing under s. 364.164(1)(b)  
6 shall, effective March 31, 2003, have tariffed and shall  
7 provide Lifeline Assistance Plan service to any otherwise  
8 eligible customer or potential customer who meets an income  
9 eligibility test at 125 percent or less of the federal poverty  
10 income guidelines for Lifeline Assistance Plan customers. Such  
11 test for eligibility shall augment, rather than replace, the  
12 eligibility standards established by federal law and based on  
13 participation in certain low-income assistance programs. Each  
14 interexchange telecommunications carrier shall, effective  
15 March 31, 2003, file a tariff providing, at a minimum, the  
16 current Lifeline Assistance Plan benefits and exemptions to  
17 Lifeline Assistance Plan customers who meet the income  
18 eligibility test set forth in this subsection. The Office of  
19 Public Counsel shall serve as the state agency which certifies  
20 and maintains claims submitted by a customer for eligibility  
21 under the income test authorized by this subsection.  
22           (b) Each local exchange telecommunications company  
23 subject to this subsection shall provide to each state and  
24 federal agency that provides benefits to persons that are  
25 eligible for the Lifeline Assistance Plan applications,  
26 brochures, pamphlets, or other materials which inform such  
27 persons of their eligibility for the Lifeline Assistance Plan,  
28 and each state agency providing such benefits shall furnish  
29 such materials to affected persons at the time such persons  
30 apply for benefits.  
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1       (c) Any local exchange telecommunications company  
2 customer receiving Lifeline Assistance Plan benefits shall not  
3 be subject to any residential basic local telecommunications  
4 service rate increases authorized by s. 364.164 until such  
5 time as the local exchange telecommunications company reaches  
6 parity as defined in s. 364.164(5) or until the customer no  
7 longer qualifies for the Lifeline Assistance Plan benefits  
8 established by this section or s. 364.105, or unless otherwise  
9 determined by the commission upon petition by a local exchange  
10 telecommunications company.

11           Section 2. Section 364.163, Florida Statutes, is  
12 amended to read:

13           364.163 Network access services.--For purposes of this  
14 section, "network access service" is defined as any service  
15 provided by a local exchange telecommunications company to a  
16 telecommunications company certificated under this chapter or  
17 licensed by the Federal Communications Commission to access  
18 the local exchange telecommunications network, excluding the  
19 local interconnection arrangements in s. 364.16 and the resale  
20 arrangements in s. 364.161. Each local exchange  
21 telecommunications company subject to s. 364.051 shall  
22 maintain tariffs with the commission containing the terms,  
23 conditions, and rates for each of its network access services.

24           ~~(1) Effective January 1, 1999, the rates for switched~~  
25 ~~network access services of each company subject to this~~  
26 ~~section shall be capped at the rates in effect on January 1,~~  
27 ~~1999, and shall remain capped until January 1, 2001. Upon the~~  
28 ~~date of filing its election with the commission, the network~~  
29 ~~access service rates of a company that elects to become~~  
30 ~~subject to this section shall be capped at the rates in effect~~  
31 ~~on that date and shall remain capped for 5 years.~~

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

18        ~~(3)~~ After the termination of the caps imposed on rates  
19 by subsection (1), a company subject to this section may, at  
20 any time, petition the commission for a network access service  
21 rate change to recover the cost of governmentally mandated  
22 projects or programs or an increase in federal or state income  
23 tax incurred after that date. The costs and expenses of the  
24 government program or project required in part II of this  
25 chapter shall not be recovered under this subsection unless  
26 such costs and expenses are incurred in the absence of a bid  
27 and subject to carrier of last resort obligations as provided  
28 for in part II of this chapter. With respect to  
29 governmentally mandated projects and programs, such petition  
30 shall be acted upon no later than 90 days after the date of  
31 filing. A company subject to this section shall show the

1 ~~commission that the cost of a project or program is not~~  
2 ~~recoverable either from the government mandating the project~~  
3 ~~or program or from the beneficiaries of the project or program~~  
4 ~~through user fees or other new revenue sources from the~~  
5 ~~project or program, and to the extent that cost decreases~~  
6 ~~resulting from the project or program are reflected as an~~  
7 ~~offset to cost increases. A company subject to this section~~  
8 ~~shall decrease its network access rates by amounts that~~  
9 ~~reflect any federal or state income tax reduction. Nothing~~  
10 ~~contained in this section shall allow any revisions in the~~  
11 ~~rates, terms, and conditions for commercial mobile radio~~  
12 ~~service access, which revisions are inconsistent with the~~  
13 ~~requirements or methodologies of the Federal Communications~~  
14 ~~Commission.~~

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

22 ~~(5) Company proposed changes to the terms and~~  
23 ~~conditions for existing network access services in accordance~~  
24 ~~with subsections (1), (2), (3), and (4) shall be presumed~~  
25 ~~valid and become effective upon 15 days' notice.~~  
26 ~~Company proposed rate reductions shall become effective upon 7~~  
27 ~~days' notice. Rate increases made by the local exchange~~  
28 ~~telecommunications company shall be presumed valid and become~~  
29 ~~effective on the date specified in the tariff, but in no event~~  
30 ~~earlier than 30 days after the filing of such tariff. The~~  
31 ~~commission shall have continuing regulatory oversight of local~~

1 ~~exchange telecommunications company-provided network access~~  
2 ~~services for purposes of determining the correctness of any~~  
3 ~~price increase resulting from the application of the inflation~~  
4 ~~index and making any necessary adjustments, establishing~~  
5 ~~reasonable service quality criteria, and assuring resolution~~  
6 ~~of service complaints. No later than 30 days after the filing~~  
7 ~~of such tariff, the commission may, with respect to~~  
8 ~~determining the correctness of any price increase, vote,~~  
9 ~~without hearing, the local exchange telecommunications company~~  
10 ~~to hold subject to refund all revenues collected under the~~  
11 ~~rate increase. Within 60 days after such order, the commission~~  
12 ~~must make a determination either compelling a refund of all or~~  
13 ~~part of such revenues or releasing them from such requirement.~~

14 ~~(2)(6) Any local exchange telecommunications company~~  
15 ~~with more than 100,000, but fewer than 3 million, basic local~~  
16 ~~telecommunications service access lines in service on July 1,~~  
17 ~~1995, shall reduce its intrastate switched access rates by 5~~  
18 ~~percent on July 1, 1998, and by 10 percent on October 1, 1998.~~  
19 ~~Any interexchange telecommunications carrier company whose~~  
20 ~~intrastate switched network access rate is reduced as a result~~  
21 ~~of the rate adjustments decreases made by a local exchange~~  
22 ~~telecommunications company in accordance with s. 364.164 this~~  
23 ~~subsection shall decrease its intrastate long distance~~  
24 ~~revenues rates by the amount necessary to return the benefits~~  
25 ~~of such reduction to both its residential and business~~  
26 ~~customers but shall not reduce per minute intra-LATA toll~~  
27 ~~rates by a percentage greater than the per minute intrastate~~  
28 ~~switched access rate reductions required by this act. The~~  
29 ~~interexchange telecommunications carrier may determine the~~  
30 ~~specific intrastate rates to be decreased, provided that~~  
31 ~~residential and business customers benefit from the rate~~

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

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

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

29 (3)(9) The commission shall have continuing regulatory  
30 oversight of intrastate switched network access and customer  
31 long distance rates for purposes of determining the

1 correctness of any rate decrease by a telecommunications  
2 company resulting from the application of s. 364.164 ~~this~~  
3 ~~section~~ and making any necessary adjustments to those rates,  
4 establishing reasonable service quality criteria, and assuring  
5 resolution of service complaints. Nothing in this subsection  
6 shall be construed to mean that the commission does not have  
7 continuing regulatory oversight of service quality criteria or  
8 the authority to resolve service complaints for all  
9 telecommunications companies subject to this section.

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

12 364.164 Switched network access rate reduction.--  
13 (1)(a) Notwithstanding the provisions of s.  
14 364.051(3), effective December 1, 2002, each local exchange  
15 telecommunications company with more than 1 million access  
16 lines in service shall, for purposes of this section only,  
17 establish a revenue category to include both basic local  
18 telecommunications service revenues and intrastate switched  
19 network access revenues, and it shall notify the commission  
20 that it has established this revenue category. The company's  
21 notification to the commission that it has established such  
22 revenue category shall include a timetable for reducing the  
23 company's intrastate switched network access rates within that  
24 revenue category to or below parity. The commission shall  
25 approve such switched network access rate reductions timetable  
26 within 60 days after the timetable is filed with the  
27 commission, provided the submitted timetable reaches parity or  
28 below parity within 2 to 5 years and includes switched network  
29 access rate reductions equal in amounts once in any 12-month  
30 period. However, the commission may, only after consultation  
31 with the company, adjust the timetable for reducing intrastate



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

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. Billing units associated with Lifeline  
14 Assistance Plan service shall not be included in any  
15 calculation under this subsection.

16           Section 4. This act shall take effect upon becoming a  
17 law.

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