

Bill No. CS for SB 988

Amendment No.      Barcode 254502

<u>Senate</u>	CHAMBER ACTION	<u>House</u>
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11 Senator Campbell moved the following amendment:

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13 **Senate Amendment (with title amendment)**

14 Delete everything after the enacting clause

16 and insert:

17 Section 1. Subsection (3) is added to section 364.10,

18 Florida Statutes, to read:

19 364.10 Undue advantage to person or locality

20 prohibited; exception.--

21 (3)(a) Any local exchange telecommunications company

22 authorized by the commission to reduce its switched network

23 access rate pursuant to s. 364.164, shall, effective March 31,

24 2003, have tariffed and shall provide Lifeline Assistance Plan

25 service to any otherwise eligible customer or potential

26 customer who meets an income eligibility test at 125 percent

27 or less of the federal poverty income guidelines for Lifeline

28 Assistance Plan customers. Such test for eligibility shall

29 augment, rather than replace, the eligibility standards

30 established by federal law and based on participation in

31 certain low-income assistance programs. Each interexchange

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1 telecommunications carrier shall, effective March 31, 2003,  
2 file a tariff providing, at a minimum, the interexchange  
3 telecommunications carrier's current Lifeline Assistance Plan  
4 benefits and exemptions to Lifeline Assistance Plan customers  
5 who meet the income eligibility test set forth in this  
6 subsection. The Office of Public Counsel shall serve as the  
7 state agency which certifies and maintains claims submitted by  
8 a customer for eligibility under the income test authorized by  
9 this subsection.

10 (b) Each local exchange telecommunications company  
11 subject to this subsection shall provide each state and  
12 federal agency that provides benefits to persons that are  
13 eligible for the Lifeline Assistance Plan service with  
14 applications, brochures, pamphlets, or other materials which  
15 inform such persons of their eligibility for the Lifeline  
16 Assistance Plan service, and each state agency providing such  
17 benefits shall furnish such materials to affected persons at  
18 the time such persons apply for benefits.

19 (c) Any local exchange telecommunications company  
20 customer receiving Lifeline Assistance Plan benefits shall not  
21 be subject to any residential basic local telecommunications  
22 service rate increases authorized by s. 364.164 until such  
23 time as the local exchange telecommunications company reaches  
24 parity as defined in s. 364.164(6) or until the customer no  
25 longer qualifies for the Lifeline Assistance Plan benefits  
26 established by this section or s. 364.105, or unless otherwise  
27 determined by the commission upon petition by a local exchange  
28 telecommunications company.

29 (d) Each agency that provides benefits to persons that  
30 are eligible for the Lifeline Assistance Plan service shall,  
31 by December 31, 2002, notify each such person by postcard of

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1 his or her eligibility for the Lifeline Assistance Plan  
2 service, together with the name of the local exchange  
3 telecommunications company. The direct cost of this postcard  
4 production and mailing shall be paid by the local exchange  
5 telecommunications companies with more than one million access  
6 lines in service. The commission shall report to the  
7 Governor, the Speaker of the House of Representatives, and the  
8 President of the Senate by December 31st of each year on the  
9 number of customers who are subscribing to Lifeline Assistance  
10 Plan service.

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.~~

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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(6), 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~~

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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~~

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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 proportionally from

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

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

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

30 ~~(3)(9)~~ The commission shall have continuing regulatory  
31 oversight of intrastate switched network access and customer

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

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

13 364.164 Switched network access rate reduction.--

14 (1) The Legislature finds the following:

15 (a) Residential local exchange competition is in the  
16 best interest of Florida and its telecommunications consumers;

17 (b) Residential basic local telecommunications service  
18 prices are, on average, below cost, being subsidized with  
19 revenues from other services including switched network access  
20 charges;

21 (c) The intrastate switched network access charges  
22 paid by interexchange telecommunications companies in Florida  
23 are above cost and are higher than the interstate switched  
24 network access charges which such companies pay to the same  
25 local exchange telecommunications companies in Florida;

26 (d) The subsidization of residential basic local  
27 telecommunications service prices with revenues from  
28 intrastate switched network access charges is inhibiting the  
29 development of residential basic local exchange service  
30 competition;

31 (e) Restructuring the prices for residential basic



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1 local telecommunications service and intrastate switched  
2 network access closer to the cost of providing these services  
3 should promote local and long distance competition; and

4 (f) The Florida Public Service Commission is the  
5 appropriate body to determine whether intrastate switched  
6 network access charges and basic local telecommunications  
7 service prices will be adjusted in a manner which is revenue  
8 neutral to the local exchange telecommunications company and  
9 beneficial to residential consumers.

10 (2) Each local exchange telecommunications company  
11 with more than 1 million access lines in service may, after  
12 December 1, 2002, petition the commission to reduce its  
13 intrastate switched network access rates in a revenue neutral  
14 manner. Any local exchange telecommunications company with 1  
15 million or less access lines in service may, after December 1,  
16 2003, petition the commission to reduce its intrastate  
17 switched network access rates in a revenue neutral manner.  
18 The commission shall issue its final order granting or denying  
19 any petition filed pursuant to this section within 90 days.  
20 The commission shall grant the petition if it finds that  
21 granting the petition:

22 (a) Will result in switched network access rate  
23 reductions that will be implemented during a period to be  
24 determined by the commission, but such period shall not be  
25 less than 2 years or more than 5 years;

26 (b) Will benefit residential consumers by reducing or  
27 eliminating the subsidy to residential basic local  
28 telecommunications service rates provided by intrastate  
29 switched network access rates;

30 (c) Will move intrastate switched network access rates  
31 to parity;

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1           (d) Will create a more favorable competitive  
2 environment;

3           (e) Will be revenue neutral to the local exchange  
4 telecommunications company as set forth in subsection (3); and

5           (f) Will result in benefits to toll customers.

6           (3) In the event the commission grants the local  
7 exchange telecommunications company's petition, the local  
8 exchange telecommunications company is authorized, the  
9 requirements of s. 364.051(3) notwithstanding, to immediately  
10 implement a revenue category mechanism consisting of basic  
11 local telecommunications service revenues and intrastate  
12 switched network access revenues, to achieve revenue  
13 neutrality. The local exchange telecommunications company  
14 shall thereafter, on 45 days' notice, adjust the various  
15 prices and rates of the services within its revenue category  
16 authorized by this section once in any 12-month period in a  
17 revenue neutral manner. In no event shall any adjustment in  
18 rates be offset entirely by the monthly recurring rate for  
19 basic local telecommunications service. All annual rate  
20 adjustments within the revenue category established pursuant  
21 to this section shall be implemented simultaneously and shall  
22 be revenue neutral. The commission shall, within 45 days  
23 after the rate adjustment filing, issue a final order  
24 confirming compliance with this section, and such order shall  
25 be final for all purposes.

26           (4) Any filing under this section shall be based on  
27 the company's most recent 12 months' pricing units in  
28 accordance with subsection (8) for any service included in the  
29 revenue category established under this section. The  
30 commission shall have the authority only to verify the pricing  
31 units for the purpose of ensuring that the company's specific

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1 adjustments, as authorized by this section, make the revenue  
2 category revenue neutral for each filing. Any discovery or  
3 information requests under this section shall be limited to a  
4 verification of historical pricing units necessary to fulfill  
5 the commission's specific responsibilities under this section  
6 of ensuring that the company's rate adjustments make the  
7 revenue category revenue neutral for each annual filing.

8 (5) Nothing in this section shall affect the local  
9 exchange telecommunications company's exemptions pursuant to  
10 s. 364.051(1)(c) or authorize any local exchange  
11 telecommunications company to increase the cost of local  
12 exchange services to any person providing services under s.  
13 364.3375.

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

30 (7) For purposes of this section, "intrastate switched  
31 network access rate" means the composite of the originating

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1 and terminating network access rate for carrier common line,  
2 local channel/entrance facility, switched common transport,  
3 access tandem switching, interconnection charge, information  
4 surcharge, and local switching.

5 (8) For purposes of this section, "revenue neutral"  
6 means that the total revenue within the revenue category  
7 established pursuant to this section remains the same before  
8 and after the local exchange telecommunications company  
9 implements any rate adjustments under this section.

10 Calculation of revenue received from each service prior to  
11 implementation of any rate adjustment shall be made by  
12 multiplying the then-current rate for each service by the most  
13 recent 12 months' actual pricing units for each service within  
14 the category, without any adjustments to the number of pricing  
15 units. Calculation of revenue for each service to be received  
16 after implementation of rate adjustments shall be made by  
17 multiplying the rate to be applicable for each service by the  
18 most recent 12 months' actual pricing units for each service  
19 within the category, without any adjustments to the number of  
20 pricing units. Billing units associated with Lifeline  
21 Assistance Plan service shall not be included in any  
22 calculation under this subsection.

23 Section 4. This act shall take effect upon becoming a  
24 law.

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26  
27 ===== T I T L E A M E N D M E N T =====

28 And the title is amended as follows:

29 Delete everything before the enacting clause

30  
31 and insert:

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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; providing for  
14          notification; amending s. 364.163, F.S. ;  
15          revising provisions relating to caps on rates;  
16          deleting provisions relating to recovery of  
17          costs of government programs; revising  
18          provisions relating to rate changes; providing  
19          for adjustments in long distance revenues and  
20          pass-through to customers; maintaining  
21          continuing oversight by the commission;  
22          creating s.364.164, F.S.; providing findings;  
23          providing for petition to the commission for  
24          reduction of access rates; providing for final  
25          order; providing for criteria; providing for  
26          establishment of revenue category mechanisms;  
27          providing for notification; providing for  
28          revenue neutrality; providing for notice;  
29          providing limitations on adjustments; providing  
30          for pricing units; maintaining exemptions;  
31          providing definitions; providing an effective

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