

By Senator Campbell

33-877A-02

1 A bill to be entitled
2 An act relating to telecommunications switched
3 network access charges; amending s. 364.163,
4 F.S.; eliminating the current procedures for
5 setting switched network access charges and
6 basic local service charges for purposes of
7 setting revenue neutral rates; establishing
8 limitations for switched network access
9 charges; establishing requirements on the
10 interexchange telecommunications carriers in
11 adjusting their intrastate long distance rates;
12 retaining jurisdiction of the Florida Public
13 Service Commission over switched network access
14 charges; creating s. 364.164, F.S.;
15 establishing a parity rate for intrastate
16 switched network access prices; authorizing the
17 Florida Public Service Commission to verify and
18 approve price-reduction timetables;
19 establishing criteria for annual reductions;
20 defining the terms "parity," "intrastate
21 switched network access price," and "revenue
22 neutral"; providing an effective date.

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

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26 Section 1. Section 364.163, Florida Statutes, is
27 amended to read:28 364.163 Network access services.--~~For purposes of this~~
29 ~~section, "network access service" is defined as any service~~
30 ~~provided by a local exchange telecommunications company to a~~
31 ~~telecommunications company certificated under this chapter or~~

1 ~~licensed by the Federal Communications Commission to access~~
2 ~~the local exchange telecommunications network, excluding the~~
3 ~~local interconnection arrangements in s. 364.16 and the resale~~
4 ~~arrangements in s. 364.161. Each local exchange~~
5 ~~telecommunications company subject to s. 364.051 shall~~
6 ~~maintain tariffs with the commission containing the terms,~~
7 ~~conditions, and rates for each of its network access services.~~

8 ~~(1) Effective January 1, 1999, the rates for switched~~
9 ~~network access services of each company subject to this~~
10 ~~section shall be capped at the rates in effect on January 1,~~
11 ~~1999, and shall remain capped until January 1, 2001. Upon the~~
12 ~~date of filing its election with the commission, the network~~
13 ~~access service rates of a company that elects to become~~
14 ~~subject to this section shall be capped at the rates in effect~~
15 ~~on that date and shall remain capped for 5 years.~~

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

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1 ~~Survey of Current Business, or successor publication, by the~~
2 ~~United States Department of Commerce.~~

3 ~~(3) After the termination of the caps imposed on rates~~
4 ~~by subsection (1), a company subject to this section may, at~~
5 ~~any time, petition the commission for a network access service~~
6 ~~rate change to recover the cost of governmentally mandated~~
7 ~~projects or programs or an increase in federal or state income~~
8 ~~tax incurred after that date. The costs and expenses of the~~
9 ~~government program or project required in part II of this~~
10 ~~chapter shall not be recovered under this subsection unless~~
11 ~~such costs and expenses are incurred in the absence of a bid~~
12 ~~and subject to carrier of last resort obligations as provided~~
13 ~~for in part II of this chapter. With respect to~~
14 ~~governmentally mandated projects and programs, such petition~~
15 ~~shall be acted upon no later than 90 days after the date of~~
16 ~~filing. A company subject to this section shall show the~~
17 ~~commission that the cost of a project or program is not~~
18 ~~recoverable either from the government mandating the project~~
19 ~~or program or from the beneficiaries of the project or program~~
20 ~~through user fees or other new revenue sources from the~~
21 ~~project or program, and to the extent that cost decreases~~
22 ~~resulting from the project or program are reflected as an~~
23 ~~offset to cost increases. A company subject to this section~~
24 ~~shall decrease its network access rates by amounts that~~
25 ~~reflect any federal or state income tax reduction. Nothing~~
26 ~~contained in this section shall allow any revisions in the~~
27 ~~rates, terms, and conditions for commercial mobile radio~~
28 ~~service access, which revisions are inconsistent with the~~
29 ~~requirements or methodologies of the Federal Communications~~
30 ~~Commission.~~

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

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

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1 ~~(6) Any local exchange telecommunications company with~~
2 ~~more than 100,000, but fewer than 3 million, basic local~~
3 ~~telecommunications service access lines in service on July 1,~~
4 ~~1995, shall reduce its intrastate switched access rates by 5~~
5 ~~percent on July 1, 1998, and by 10 percent on October 1, 1998.~~

6 (2) Any interexchange telecommunications company whose
7 intrastate switched access rate is reduced as a result of the
8 rate adjustments decreases made by a local exchange
9 telecommunications company in accordance with s. 364.164 this
10 subsection shall decrease its intrastate long distance
11 revenues rates by the amount necessary to return the benefits
12 of such reduction to both its residential and business
13 customers. Notwithstanding the provisions of this section, any
14 interexchange telecommunications carrier that charged an
15 in-state connection fee as of July 15, 2001, or later, must no
16 longer charge that fee. Moreover, the fee may not be offset by
17 any access charge decrease. but shall not reduce per minute
18 intra-LATA toll rates by a percentage greater than the per
19 minute intrastate switched access rate reductions required by
20 this act. The interexchange telecommunications carrier may
21 determine the specific intrastate rates to be decreased, if
22 any, provided that residential and business customers benefit
23 from the rate decreases. Any tariff changes made by the
24 interexchange telecommunications carrier to carry out the
25 requirements of this subsection are presumed valid and become
26 effective on 1 day's notice.

27 ~~(7) Telecommunications company intrastate switched~~
28 ~~access and customer long distance rate reductions shall become~~
29 ~~effective on October 1 of each relevant year. Rate decreases~~
30 ~~proposed in tariff revisions filed by the telecommunications~~
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1 ~~companies with the commission shall be presumed valid and~~
2 ~~become effective on October 1 of each relevant year.~~

3 ~~(8) No later than 30 days after the filing of such~~
4 ~~tariff, the commission may, with respect to determining the~~
5 ~~correctness of any rate decrease, vote, without hearing, the~~
6 ~~telecommunications company to hold subject to refund all~~
7 ~~intrastate switched access or customer long distance rate~~
8 ~~revenues collected after the rate decrease. Within 60 days~~
9 ~~after such order, the commission must make a determination~~
10 ~~either compelling a refund of the appropriate part of such~~
11 ~~revenues or releasing all such revenues from such requirement.~~

12 ~~(3)(9)~~ The commission has ~~shall have~~ continuing
13 regulatory oversight of intrastate switched access and
14 customer long distance rates for purposes of determining the
15 correctness of any rate decrease by a telecommunications
16 company resulting from the application of s. 364.164 ~~this~~
17 ~~section~~ and making any necessary adjustments to those rates,
18 establishing reasonable service quality criteria, and assuring
19 resolution of service complaints.

20 Section 2. Section 364.164, Florida Statutes, is
21 created to read:

22 365.164 Intrastate switched network access price.--

23 (1) Notwithstanding the provisions of s. 364.051(3),
24 effective December 1, 2002, each local exchange
25 telecommunications company with more than 1 million access
26 lines in service shall, for purposes of this section only,
27 establish a revenue category to include both basic local
28 telecommunications service revenues and intrastate switched
29 network access revenues and shall notify the commission that
30 this revenue category has been established. The company's
31 notification to the commission that it has established the

1 revenue category must include a timetable for reducing the
2 company's intrastate switched network access service prices
3 within that revenue category to or below parity. The
4 commission shall approve the switched network access service
5 price reductions timetable within 60 days after being filed
6 with the commission if the submitted timetable reaches parity
7 or below parity with 2 to 5 years and includes reductions
8 equal in amount once each year.

9 (2) When the commission approves the intrastate
10 switched network access price reduction timetable, the local
11 exchange telecommunications company shall thereafter, on 45
12 days notice, adjust the various prices and rates of the
13 services within its revenue category authorized by this
14 section once in any 12-month period in a revenue neutral
15 manner. All annual rate adjustments within the revenue
16 category established under this section must be implemented
17 contemporaneously and be revenue neutral. The commission
18 shall, within 21 days after the rate adjustment filing, issue
19 a final order confirming compliance with this section.

20 (3) Any filing under this section must be based on the
21 company's most recent 12 months' pricing units in accordance
22 with paragraph (6)(b) for any service included in the revenue
23 category established under this section. The commission has
24 the authority to verify the pricing units only for the purpose
25 of ensuring that the company's specific adjustments, as
26 authorized by this section, make the revenue category revenue
27 neutral for each filing. Any discovery or information requests
28 under this section are limited to a verification of historical
29 pricing units necessary to fulfill the commission's specific
30 responsibilities under this section of ensuring that the

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1 company's rate adjustments make the revenue category revenue
2 neutral for each annual filing.

3 (4) This section does not affect the local exchange
4 telecommunications company's exemptions under s.
5 364.051(1)(c).

6 (5) As used in this section, the term "parity" means
7 that the local exchange telecommunications company's
8 intrastate switched network access price is equal to its
9 interstate switched network access price in effect on January
10 1, 2002, if the company has more than 4 million access lines
11 in service. If the company has less than 4 million access
12 lines in service, the term "parity" means that its intrastate
13 switched network access price is equal to 2 cents per minute.
14 This section does not prevent the company, within the revenue
15 category established in this section, from making further
16 reductions in its intrastate switched network access price
17 below parity on a revenue neutral basis or from making other
18 revenue neutral rate adjustments within this category.

19 (6) As used in this section, the term:

20 (a) "Intrastate switched network access price" means
21 the composite of the originating and terminating network
22 access prices for carrier common line, local channel/entrance
23 facility, switched common transport, access tandem switching,
24 interconnection charge, information surcharge, and local
25 switching.

26 (b) "Revenue neutral" means that the total revenue
27 within the revenue category established under this section
28 remains the same before and after the local exchange
29 telecommunications company implements any rate adjustments
30 under this section. Calculation of revenue received from each
31 service before implementation of any rate adjustment shall be

1 made by multiplying the then-current rate for each service by
2 the most recent 12 months' actual pricing units for each
3 service within the category, without any adjustments to the
4 number of pricing units. Calculation of revenue for each
5 service to be received after implementation of rate
6 adjustments shall be made by multiplying the rate to be
7 applicable for each service by the most recent 12 months'
8 actual pricing units for each service within the category,
9 without any adjustments to number of pricing units.

10 Section 3. This act shall take effect upon becoming a
11 law.

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14 SENATE SUMMARY

15 Eliminates the current procedures for price regulation of
16 specified telecommunications companies. Establishes
17 limitations for switched network access charges. Revises
18 regulation of interexchange telecommunications carriers.
19 Provides for a new revenue category combining basic local
20 telecommunications service revenues and intrastate
21 switched network access revenues. Establishes a parity
22 rate. (See bill for details.)
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