

By the Committee on Regulated Industries; and Senator Campbell

315-2041-02

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)(a) 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 (b) Each local exchange telecommunications company
17 subject to paragraph (a) shall provide to each state and
18 federal agency that provides benefits to persons who are
19 eligible for Lifeline Assistance applications, brochures,
20 pamphlets, or other materials that inform such persons of
21 their eligibility for Lifeline Assistance, and each state
22 agency providing such benefits shall furnish such materials to
23 affected persons at the time such persons apply for benefits.

24 Section 2. Section 364.163, Florida Statutes, is
25 amended to read:

26 364.163 Network access services.--For purposes of this
27 section, "network access service" is defined as any service
28 provided by a local exchange telecommunications company to a
29 telecommunications company certificated under this chapter or
30 licensed by the Federal Communications Commission to access
31 the local exchange telecommunications network, excluding the

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

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

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

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

29 ~~(4) A company subject to this section may choose to~~
30 ~~implement all or a portion of a rate increase allowed for~~
31 ~~network access service by subsections (1), (2), and (3).~~

1 ~~Notwithstanding subsections (1), (2), and (3), a company~~
2 ~~subject to this section may choose to decrease network service~~
3 ~~rates at any time, and decreased rates shall become effective~~
4 ~~upon 7 days' notice.~~

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

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

28 ~~(2)(6) Any local exchange telecommunications company~~
29 ~~with more than 100,000, but fewer than 3 million, basic local~~
30 ~~telecommunications service access lines in service on July 1,~~
31 ~~1995, shall reduce its intrastate switched access rates by 5~~

1 ~~percent on July 1, 1998, and by 10 percent on October 1, 1998.~~
2 Any interexchange telecommunications carrier company whose
3 intrastate switched network access rate is reduced as a result
4 of the rate adjustments ~~decreases~~ made by a local exchange
5 telecommunications company in accordance with s. 364.164 ~~this~~
6 ~~subsection~~ shall decrease its intrastate long distance
7 ~~revenues~~ rates by the amount necessary to return the benefits
8 of such reduction to both its residential and business
9 customers ~~but shall not reduce per minute intra-LATA toll~~
10 ~~rates by a percentage greater than the per minute intrastate~~
11 ~~switched access rate reductions required by this act.~~ The
12 interexchange telecommunications carrier may determine the
13 specific intrastate rates to be decreased, provided that
14 residential and business customers benefit proportionally
15 according to the respective proportion of residential and
16 business access lines from the rate decreases. However, any
17 interexchange telecommunications carrier that charges an
18 in-state connection fee shall use any decrease in the
19 intrastate switched network access rate reductions required by
20 s. 364.164 to first eliminate that fee before it reduces its
21 long distance toll rates. In any event, any in-state
22 connection fee shall be eliminated by March 1, 2004, provided
23 that the timetable approved pursuant to s. 364.164(1)(a)
24 reduces intrastate switched network access rates in an amount
25 that results in the elimination of the access recovery charge
26 in a revenue-neutral manner. The tariff changes, if any, made
27 by the interexchange telecommunications carrier to carry out
28 the requirements of this subsection shall be presumed valid
29 and become effective on 1 day's notice.

30 ~~(7) Telecommunications company intrastate switched~~
31 ~~access and customer long distance rate reductions shall become~~

1 ~~effective on October 1 of each relevant year. Rate decreases~~
2 ~~proposed in tariff revisions filed by the telecommunications~~
3 ~~companies with the commission shall be presumed valid and~~
4 ~~become effective on October 1 of each relevant year.~~

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

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

23 Section 3. Section 364.164, Florida Statutes, is
24 created to read:

25 364.164 Switched network access rate reduction.--

26 (1)(a) Notwithstanding the provisions of s.
27 364.051(3), effective December 1, 2002, each local exchange
28 telecommunications company with more than 1 million access
29 lines in service shall, for purposes of this section only,
30 establish a revenue category to include both basic local
31 telecommunications service revenues and intrastate switched

1 network access revenues, and it shall notify the commission
2 that it has established this revenue category. The company's
3 notification to the commission that it has established such
4 revenue category shall include a timetable for reducing the
5 company's intrastate switched network access rates within that
6 revenue category to or below parity. The commission shall
7 approve such switched network access rate reductions timetable
8 within 60 days after the timetable is filed with the
9 commission, provided the submitted timetable reaches parity or
10 below parity within 2 to 5 years and includes switched network
11 access rate reductions equal in amounts once in any 12-month
12 period. However, the commission may, only after consultation
13 with the company, adjust the timetable for reducing intrastate
14 switched network access rates filed by the company if the
15 commission finds that it is in the public interest to do so
16 and so long as the adjusted timetable for reducing intrastate
17 switched network access rates is within 2 to 5 years and the
18 intrastate switched network access rate reductions are equal
19 in amounts and occur once in any 12-month period.

20 (b) Notwithstanding the provisions of s. 364.051(2),
21 effective December 1, 2003, each local exchange
22 telecommunications company with 1 million or less access lines
23 in service may, for purposes of this section only, establish a
24 revenue category to include both basic local
25 telecommunications service revenues and intrastate switched
26 network access revenues, and shall notify the commission that
27 the revenue category has been established. The company's
28 notification to the commission that it has established such
29 revenue category shall include a timetable for reducing the
30 company's intrastate switched network access service rates
31 within that revenue category to or below parity. The

1 commission shall approve such switched network access service
2 rate reductions timetable within 60 days after the timetable
3 is filed with the commission, provided the submitted timetable
4 reaches parity or below parity within 2 to 5 years and
5 includes switched network access service rate reductions equal
6 in amounts once in any 12-month period. However, the
7 commission may, only after consultation with the company,
8 adjust the timetable for reducing intrastate switched network
9 access rates filed by the company if the commission finds that
10 it is in the public interest to do so and so long as the
11 adjusted timetable for reducing intrastate switched network
12 access rates is within 2 to 5 years and the intrastate
13 switched network access rate reductions are equal in amounts
14 and occur once in any 12-month period.

15 (c) The revenue category created pursuant to this
16 section shall not include revenues generated from pay
17 telephone access lines.

18 (2) Upon the commission's approval of the intrastate
19 switched network access rate reduction timetable, the local
20 exchange telecommunications company shall thereafter, on 45
21 days' notice, adjust the various prices and rates of the
22 services within its revenue category authorized by this
23 section once in any 12-month period in a revenue-neutral
24 manner. All annual rate adjustments within the revenue
25 category established pursuant to this section shall be
26 implemented simultaneously and shall be revenue neutral. The
27 commission shall, within 45 days after the rate adjustment
28 filing, issue a final order confirming compliance with this
29 section, and such order shall be final for all purposes.

30 (3) Any filing under this section shall be based on
31 the company's most recent 12 months' pricing units in

1 accordance with subsection (7) for any service included in the
2 revenue category established under this section. The
3 commission shall have the authority only to verify the pricing
4 units for the purpose of ensuring that the company's specific
5 adjustments, as authorized by this section, make the revenue
6 category revenue neutral for each filing. Any discovery or
7 information requests under this section shall be limited to a
8 verification of historical pricing units necessary to fulfill
9 the commission's specific responsibilities under this section
10 of ensuring that the company's rate adjustments make the
11 revenue category revenue neutral for each annual filing.

12 (4) Nothing in this section shall affect the local
13 exchange telecommunications company's exemptions pursuant to
14 s. 364.051(1)(c) or authorize any local exchange
15 telecommunications company to increase the cost of local
16 exchange services to any person providing services under s.
17 364.3375.

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

1 below parity on a revenue-neutral basis, or from making other
2 revenue neutral rate adjustments within this category.

3 (6) For purposes of this section, "intrastate switched
4 network access rate" means the composite of the originating
5 and terminating network access rate for carrier common line,
6 local channel/entrance facility, switched common transport,
7 access tandem switching, interconnection charge, information
8 surcharge, and local switching.

9 (7) For purposes of this section, "revenue neutral"

10 means that the total revenue within the revenue category
11 established pursuant to this section remains the same before
12 and after the local exchange telecommunications company
13 implements any rate adjustments under this section.

14 Calculation of revenue received from each service prior to
15 implementation of any rate adjustment shall be made by
16 multiplying the then-current rate for each service by the most
17 recent 12 months' actual pricing units for each service within
18 the category, without any adjustments to the number of pricing
19 units. Calculation of revenue for each service to be received
20 after implementation of rate adjustments shall be made by
21 multiplying the rate to be applicable for each service by the
22 most recent 12 months' actual pricing units for each service
23 within the category, without any adjustments to the number of
24 pricing units.

25 Section 4. This act shall take effect upon becoming a
26 law.

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STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN
COMMITTEE SUBSTITUTE FOR
SB 988

The CS/SB 988 expands the lifeline eligibility to 125 percent of the federal poverty guidelines and designates the Office of Public Counsel to certify and maintain claims. The committee substitute modifies the provision relating to the in-state connection fee to allow until March 1, 2004 its decrease before other long distance toll rates are reduced. The commission may, after consultation with a company, adjust the timetable for adjusting access rates and local service rates so long as the adjusted timetable is within 2 to 5 years and the rate reductions are in equal amounts and occur once in any 12-month period. The committee substitute also allows small LECs to establish revenue neutral categories consistent with the criteria established in the bill and parity is set for small LECs at 8 cents per minute. Finally, the committee substitute clarifies that the commission's authority to set service quality criteria and resolve consumer complaints for all telecommunications companies remains the same as their authority prior to the passage of this bill.