

By Senator Bennett

21-1282-03

1 A bill to be entitled
2 An act relating to universal telecommunications
3 services; amending s. 364.025, F.S.; extending
4 a transition period for the implementation of
5 an interim mechanism for maintaining certain
6 service objectives; providing an effective
7 date.

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

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11 Section 1. Section 364.025, Florida Statutes, is
12 amended to read:

13 364.025 Universal service.--

14 (1) For the purposes of this section, the term
15 "universal service" means an evolving level of access to
16 telecommunications services that, taking into account advances
17 in technologies, services, and market demand for essential
18 services, the commission determines should be provided at
19 just, reasonable, and affordable rates to customers, including
20 those in rural, economically disadvantaged, and high-cost
21 areas. It is the intent of the Legislature that universal
22 service objectives be maintained after the local exchange
23 market is opened to competitively provided services. It is
24 also the intent of the Legislature that during this transition
25 period the ubiquitous nature of the local exchange
26 telecommunications companies be used to satisfy these
27 objectives. For a period of 8 years after January 1, 1996,
28 each local exchange telecommunications company shall be
29 required to furnish basic local exchange telecommunications
30 service within a reasonable time period to any person

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1 requesting such service within the company's service
2 territory.

3 (2) The Legislature finds that each telecommunications
4 company should contribute its fair share to the support of the
5 universal service objectives and carrier-of-last-resort
6 obligations. For a transitional period not to exceed January
7 1, 2008 ~~2004~~, the interim mechanism for maintaining universal
8 service objectives and funding carrier-of-last-resort
9 obligations shall be established by the commission, pending
10 the implementation of a permanent mechanism. The interim
11 mechanism shall be applied in a manner that ensures that each
12 alternative local exchange telecommunications company
13 contributes its fair share to the support of universal service
14 and carrier-of-last-resort obligations. The interim mechanism
15 applied to each alternative local exchange telecommunications
16 company shall reflect a fair share of the local exchange
17 telecommunications company's recovery of investments made in
18 fulfilling its carrier-of-last-resort obligations, and the
19 maintenance of universal service objectives. The commission
20 shall ensure that the interim mechanism does not impede the
21 development of residential consumer choice or create an
22 unreasonable barrier to competition. In reaching its
23 determination, the commission shall not inquire into or
24 consider any factor that is inconsistent with s.
25 364.051(1)(c). The costs and expenses of any government
26 program or project required in part II of this chapter shall
27 not be recovered under this section.

28 (3) In the event any party, prior to January 1, 2008
29 ~~2004~~, believes that circumstances have changed substantially
30 to warrant a change in the interim mechanism, that party may
31 petition the commission for a change, but the commission shall

1 grant such petition only after an opportunity for a hearing
2 and a compelling showing of changed circumstances, including
3 that the provider's customer population includes as many
4 residential as business customers. The commission shall act
5 on any such petition within 120 days.

6 (4)(a) Prior to January 1, 2008 ~~2004~~, the Legislature
7 shall establish a permanent universal service mechanism upon
8 the effective date of which any interim recovery mechanism for
9 universal service objectives or carrier-of-last-resort
10 obligations imposed on alternative local exchange
11 telecommunications companies shall terminate.

12 (b) To assist the Legislature in establishing a
13 permanent universal service mechanism, the commission, by
14 February 15, 1999, shall determine and report to the President
15 of the Senate and the Speaker of the House of Representatives
16 the total forward-looking cost, based upon the most recent
17 commercially available technology and equipment and generally
18 accepted design and placement principles, of providing basic
19 local telecommunications service on a basis no greater than a
20 wire center basis using a cost proxy model to be selected by
21 the commission after notice and opportunity for hearing.

22 (c) In determining the cost of providing basic local
23 telecommunications service for small local exchange
24 telecommunications companies, which serve less than 100,000
25 access lines, the commission shall not be required to use the
26 cost proxy model selected pursuant to paragraph (b) until a
27 mechanism is implemented by the Federal Government for small
28 companies, but no sooner than January 1, 2001. The commission
29 shall calculate a small local exchange telecommunications
30 company's cost of providing basic local telecommunications
31 services based on one of the following options:

1 1. A different proxy model; or
2 2. A fully distributed allocation of embedded costs,
3 identifying high-cost areas within the local exchange area the
4 company serves and including all embedded investments and
5 expenses incurred by the company in the provision of universal
6 service. Such calculations may be made using fully distributed
7 costs consistent with 47 C.F.R. parts 32, 36, and 64. The
8 geographic basis for the calculations shall be no smaller than
9 a census block group.

10 (5) After January 1, 2001, an alternative local
11 exchange telecommunications company may petition the
12 commission to become the universal service provider and
13 carrier of last resort in areas requested to be served by that
14 alternative local exchange telecommunications company. Upon
15 petition of an alternative local exchange telecommunications
16 company, the commission shall have 120 days to vote on
17 granting in whole or in part or denying the petition of the
18 alternative local exchange company. The commission may
19 establish the alternative local exchange telecommunications
20 company as the universal service provider and carrier of last
21 resort, provided that the commission first determines that the
22 alternative local exchange telecommunications company will
23 provide high-quality, reliable service. In the order
24 establishing the alternative local exchange telecommunications
25 company as the universal service provider and carrier of last
26 resort, the commission shall set the period of time in which
27 such company must meet those objectives and obligations and
28 shall set up any mechanism needed to aid such company in
29 carrying out these duties.

30 Section 2. This act shall take effect July 1, 2003.
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SENATE SUMMARY

Extends until 2008 the transition period for the implementation of an interim mechanism for maintaining certain objectives relating to universal telecommunications services.