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1 A bill to be entitled

2 An act relating to telecommunications service; amending s.  
3 364.025, F.S., relating to universal telecommunications  
4 service; extending the period each local exchange  
5 telecommunications company is required to furnish basic  
6 local exchange telecommunications service to certain  
7 persons; extending the transitional period for interim  
8 mechanisms for maintaining universal service objectives  
9 and funding carrier-of-last-resort obligations; extending  
10 the period in which a party may petition the Florida  
11 Public Service Commission for a change of the interim  
12 mechanism; extending the time for establishment of a  
13 permanent universal service mechanism by the Legislature;  
14 revising the time after which an alternative local  
15 exchange telecommunications company may petition said  
16 commission to become the universal service provider and  
17 carrier of last resort; providing an effective date.

18  
19 Be It Enacted by the Legislature of the State of Florida:

20  
21 Section 1. Section 364.025, Florida Statutes, is amended  
22 to read:

23 364.025 Universal service.--

24 (1) For the purposes of this section, the term "universal  
25 service" means an evolving level of access to telecommunications  
26 services that, taking into account advances in technologies,  
27 services, and market demand for essential services, the  
28 commission determines should be provided at just, reasonable,  
29 and affordable rates to customers, including those in rural,  
30 economically disadvantaged, and high-cost areas. It is the



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31 intent of the Legislature that universal service objectives be  
32 maintained after the local exchange market is opened to  
33 competitively provided services. It is also the intent of the  
34 Legislature that during this transition period the ubiquitous  
35 nature of the local exchange telecommunications companies be  
36 used to satisfy these objectives. Until January 1, 2006 ~~For a~~  
37 ~~period of 8 years after January 1, 1996,~~ each local exchange  
38 telecommunications company shall be required to furnish basic  
39 local exchange telecommunications service within a reasonable  
40 time period to any person requesting such service within the  
41 company's service territory.

42 (2) The Legislature finds that each telecommunications  
43 company should contribute its fair share to the support of the  
44 universal service objectives and carrier-of-last-resort  
45 obligations. For a transitional period not to exceed January 1,  
46 2006 ~~2004~~, the interim mechanism for maintaining universal  
47 service objectives and funding carrier-of-last-resort  
48 obligations shall be established by the commission, pending the  
49 implementation of a permanent mechanism. The interim mechanism  
50 shall be applied in a manner that ensures that each alternative  
51 local exchange telecommunications company contributes its fair  
52 share to the support of universal service and carrier-of-last-  
53 resort obligations. The interim mechanism applied to each  
54 alternative local exchange telecommunications company shall  
55 reflect a fair share of the local exchange telecommunications  
56 company's recovery of investments made in fulfilling its  
57 carrier-of-last-resort obligations, and the maintenance of  
58 universal service objectives. The commission shall ensure that  
59 the interim mechanism does not impede the development of  
60 residential consumer choice or create an unreasonable barrier to



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61 competition. In reaching its determination, the commission shall  
62 not inquire into or consider any factor that is inconsistent  
63 with s. 364.051(1)(c). The costs and expenses of any government  
64 program or project required in part II of this chapter shall not  
65 be recovered under this section.

66 (3) In the event any party, prior to January 1, 2006 ~~2004~~,  
67 believes that circumstances have changed substantially to  
68 warrant a change in the interim mechanism, that party may  
69 petition the commission for a change, but the commission shall  
70 grant such petition only after an opportunity for a hearing and  
71 a compelling showing of changed circumstances, including that  
72 the provider's customer population includes as many residential  
73 as business customers. The commission shall act on any such  
74 petition within 120 days.

75 (4)(a) Prior to January 1, 2006 ~~2004~~, the Legislature  
76 shall establish a permanent universal service mechanism upon the  
77 effective date of which any interim recovery mechanism for  
78 universal service objectives or carrier-of-last-resort  
79 obligations imposed on alternative local exchange  
80 telecommunications companies shall terminate.

81 (b) To assist the Legislature in establishing a permanent  
82 universal service mechanism, the commission, by February 15,  
83 1999, shall determine and report to the President of the Senate  
84 and the Speaker of the House of Representatives the total  
85 forward-looking cost, based upon the most recent commercially  
86 available technology and equipment and generally accepted design  
87 and placement principles, of providing basic local  
88 telecommunications service on a basis no greater than a wire  
89 center basis using a cost proxy model to be selected by the  
90 commission after notice and opportunity for hearing.



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91 (c) In determining the cost of providing basic local  
92 telecommunications service for small local exchange  
93 telecommunications companies, which serve less than 100,000  
94 access lines, the commission shall not be required to use the  
95 cost proxy model selected pursuant to paragraph (b) until a  
96 mechanism is implemented by the Federal Government for small  
97 companies, but no sooner than January 1, 2001. The commission  
98 shall calculate a small local exchange telecommunications  
99 company's cost of providing basic local telecommunications  
100 services based on one of the following options:

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

110 (5) After January 1, 2006 ~~2001~~, an alternative local  
111 exchange telecommunications company may petition the commission  
112 to become the universal service provider and carrier of last  
113 resort in areas requested to be served by that alternative local  
114 exchange telecommunications company. Upon petition of an  
115 alternative local exchange telecommunications company, the  
116 commission shall have 120 days to vote on granting in whole or  
117 in part or denying the petition of the alternative local  
118 exchange company. The commission may establish the alternative  
119 local exchange telecommunications company as the universal  
120 service provider and carrier of last resort, provided that the



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121 commission first determines that the alternative local exchange  
122 telecommunications company will provide high-quality, reliable  
123 service. In the order establishing the alternative local  
124 exchange telecommunications company as the universal service  
125 provider and carrier of last resort, the commission shall set  
126 the period of time in which such company must meet those  
127 objectives and obligations and shall set up any mechanism needed  
128 to aid such company in carrying out these duties.

129 Section 2. This act shall take effect upon becoming a law.