

By the Committee on Communications and Public Utilities; and  
Senators Fasano and Argenziano

579-2171-06

1 A bill to be entitled

2 An act relating to telecommunications; amending

3 s. 364.051, F.S., relating to price regulation;

4 allowing a telecommunications company to

5 publicly publish price lists for nonbasic

6 services; allowing 1 day's notice for price

7 changes to nonbasic services; deleting a

8 company's option to elect that its basic

9 services be treated as nonbasic services;

10 requiring a company to request that the Public

11 Service Commission lessen its service quality

12 regulation; providing criteria for granting a

13 petition to change regulatory treatment of

14 retail services; providing an effective date.

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

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18 Section 1. Subsections (5), (6), and (7) of section

19 364.051, Florida Statutes, are amended to read:

20 364.051 Price regulation.--

21 (5) NONBASIC SERVICES.--Price regulation of nonbasic

22 services shall consist of the following:

23 (a) Each company subject to this section shall, at its

24 option, maintain tariffs with the commission or otherwise

25 publicly publish ~~containing~~ the terms, conditions, and rates

26 for each of its nonbasic services, and may set or change, on 1

27 day's ~~15 days'~~ notice, the rate for each of its nonbasic

28 services, except that a price increase for any nonbasic

29 service category shall not exceed 6 percent within a 12-month

30 period until there is another provider providing local

31 telecommunications service in an exchange area at which time

1 the price for any nonbasic service category may be increased  
2 in an amount not to exceed 20 percent within a 12-month  
3 period, and the rate shall be presumptively valid. However,  
4 for purposes of this subsection, the prices of:

5 1. A voice-grade, flat-rate, multi-line business local  
6 exchange service, including multiple individual lines, centrex  
7 lines, private branch exchange trunks, and any associated  
8 hunting services, that provides dial tone and local usage  
9 necessary to place a call within a local exchange calling  
10 area; and

11 2. Telecommunications services provided under contract  
12 service arrangements to the SUNCOM Network, as defined in  
13 chapter 282,

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15 shall be capped at the rates in effect on July 1, 1995, and  
16 such rates shall not be increased prior to January 1, 2000;  
17 provided, however, that a petition to increase such rates may  
18 be filed pursuant to subsection (4) utilizing the standards  
19 set forth therein. There shall be a flat-rate pricing option  
20 for multi-line business local exchange service, and mandatory  
21 measured service for multi-line business local exchange  
22 service shall not be imposed. Nothing contained in this  
23 section shall prevent the local exchange telecommunications  
24 company from meeting offerings by any competitive provider of  
25 the same, or functionally equivalent, nonbasic services in a  
26 specific geographic market or to a specific customer by  
27 deaveraging the price of any nonbasic service, packaging  
28 nonbasic services together or with basic services, using  
29 volume discounts and term discounts, and offering individual  
30 contracts. However, the local exchange telecommunications  
31 company shall not engage in any anticompetitive act or

1 practice, nor unreasonably discriminate among similarly  
2 situated customers.

3 (b) The commission shall have continuing regulatory  
4 oversight of nonbasic services for purposes of ensuring  
5 resolution of service complaints, preventing  
6 cross-subsidization of nonbasic services with revenues from  
7 basic services, and ensuring that all providers are treated  
8 fairly in the telecommunications market. The cost standard  
9 for determining cross-subsidization is whether the total  
10 revenue from a nonbasic service is less than the total  
11 long-run incremental cost of the service. Total long-run  
12 incremental cost means service-specific volume and  
13 nonvolume-sensitive costs.

14 (c) The price charged to a consumer for a nonbasic  
15 service shall cover the direct costs of providing the service  
16 and shall, to the extent a cost is not included in the direct  
17 cost, include as an imputed cost the price charged by the  
18 company to competitors for any monopoly component used by a  
19 competitor in the provision of its same or functionally  
20 equivalent service.

21 (6) After a local exchange telecommunications company  
22 that has more than 1 million access lines in service has  
23 reduced its intrastate switched network access rates to  
24 parity, as defined in s. 364.164(5), the local exchange  
25 telecommunications company's ~~basic local telecommunications~~  
26 ~~service may, at the company's election, be subject to the same~~  
27 ~~regulatory treatment as its nonbasic services. The company's~~  
28 retail service quality requirements that are not already equal  
29 to the service quality requirements imposed upon the  
30 competitive local exchange telecommunications companies shall  
31 at the company's request to the commission thereafter be no

1 greater than those imposed upon competitive local exchange  
2 telecommunications companies unless the commission, within 120  
3 days after the company's request election, determines  
4 otherwise. In such event, the commission may grant some  
5 reductions in service quality requirements in some or all of  
6 the company's local calling areas. The commission may not  
7 impose retail service quality requirements on competitive  
8 local exchange telecommunications companies greater than those  
9 existing on January 1, 2003.

10 (7) After ~~If~~ a local exchange telecommunications  
11 company that has more than 1 million access lines in service  
12 has reduced its intrastate switched network access rates to  
13 parity, as defined in s. 364.164(5) elects, pursuant to  
14 ~~subsection (6), to subject its retail basic local~~  
15 ~~telecommunications services to the same regulatory treatment~~  
16 ~~as its nonbasic services~~, the local exchange  
17 telecommunications company may petition the commission for  
18 regulatory treatment of its retail services at a level no  
19 greater than that imposed by the commission upon competitive  
20 local exchange telecommunications companies. The local  
21 exchange telecommunications company shall:

22 (a) Show that granting the petition is in the public  
23 interest;

24 (b) Demonstrate that the competition faced by the  
25 company is sufficient and sustainable to allow such  
26 competition to supplant regulation by the commission; and

27 (c) ~~(b)~~ Reduce its intrastate switched network access  
28 rates to its local reciprocal interconnection rate upon the  
29 grant of the petition.

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1 The commission shall act upon such a petition within 9 months  
2 after its filing with the commission. ~~In making its~~  
3 ~~determination to either grant or deny the petition, the~~  
4 ~~commission shall determine the extent to which the level of~~  
5 ~~competition faced by the local exchange telecommunications~~  
6 ~~company permits and will continue to permit the company to~~  
7 ~~have its retail services regulated no differently than the~~  
8 ~~competitive local exchange telecommunications companies are~~  
9 ~~then being regulated.~~ The commission may not increase the  
10 level of regulation for competitive local exchange  
11 telecommunications companies to a level greater than that  
12 which exists on the date the local exchange telecommunications  
13 company files its petition.

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

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1                   STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN  
2                                   COMMITTEE SUBSTITUTE FOR  
3   SB 142  
4           The committee substitute:  
5           -Deletes the provision that allows an incumbent  
6           telecommunications company to elect to have its basic services  
7           treated as nonbasic.  
8           -Requires a company to request from the commission to have its  
9           service quality requirements treated the same as competitive  
10          local exchange companies.  
11          -Allows the company to petition the commission after parity is  
12          reached, for lesser regulatory treatment of its retail  
13          services. In its petition, it must show and the commission  
14          must find that:  
15          -the change would be in the public interest.  
16          -the level of competition has been demonstrated to be  
17          sufficient and sustainable to allow the commission's  
18          regulation to be supplanted by competitive forces.  
19          -The company has reduced its intrastate switched network  
20          access rates to its local reciprocal interconnection rate  
21          upon grant of the petition.  
22          -Allows the incumbent telecommunications companies to change  
23          its prices for its nonbasic services on one day's notice and  
24          to publicly publish pricelists rather than file tariffs.  
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