

HOUSE BILL 1336

C5

8lr2233

By: **Delegate Davis**

Introduced and read first time: February 8, 2008

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Public Service Commission – Telecommunications Services – Regulation**

3 FOR the purpose of requiring that a certain alternative form of regulation of telephone
4 companies protects consumers by ensuring that certain regulatory burdens
5 decrease as certain market competition increases; authorizing the Public
6 Service Commission to engage in certain negotiation or mediation with a certain
7 telephone company regarding the terms of an alternative form of regulation
8 under certain circumstances; altering certain charges for telephone lifeline
9 services; providing that the Commission has jurisdiction over certain services
10 provided by a telephone company; prohibiting the Commission from regulating
11 certain revenues received from, or the rates, terms, and conditions of, certain
12 telephone services; prohibiting the Commission from adopting or enforcing
13 certain regulations after a certain date; requiring certain telephone companies
14 to provide certain notice of certain terms, conditions, and rates of certain
15 unregulated telephone services in a certain manner; defining certain terms; and
16 generally relating to the regulation of telecommunications services by the Public
17 Service Commission.

18 BY repealing and reenacting, without amendments,
19 Article – Public Utility Companies
20 Section 4–204 and 8–501
21 Annotated Code of Maryland
22 (1998 Volume and 2007 Supplement)

23 BY repealing and reenacting, with amendments,
24 Article – Public Utility Companies
25 Section 4–301 and 8–201(c) and (d)
26 Annotated Code of Maryland
27 (1998 Volume and 2007 Supplement)

28 BY adding to

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Article – Public Utility Companies
2 Section 8–502
3 Annotated Code of Maryland
4 (1998 Volume and 2007 Supplement)

5 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
6 MARYLAND, That the Laws of Maryland read as follows:

7 **Article – Public Utility Companies**

8 4–204.

9 (a) (1) The Commission may suspend, effective immediately and without
10 formal proceedings, any new rate or change in rate proposed by a public service
11 company.

12 (2) Unless suspended by the Commission, and subject to § 4–203 of
13 this subtitle, a new rate or change in rate proposed by a public service company takes
14 effect on the date specified in the rate application.

15 (3) The Commission shall furnish to the public service company
16 proposing a rate a written statement of the reasons for the suspension.

17 (b) (1) The Commission promptly shall institute proceedings to consider
18 whether the suspended rate is a just and reasonable rate.

19 (2) The Commission may:

20 (i) suspend the rate initially for not more than 150 days after
21 the proposed effective date; and

22 (ii) extend the suspension for an additional 30 days if the
23 Commission finds that the proceedings cannot be completed within the initial
24 suspension period.

25 (3) Subject to subsection (c) of this section, after the suspension or
26 extension under paragraph (2) of this subsection expires, if the Commission has not
27 entered a final order, the new rate or change in rate proposed by the public service
28 company takes effect.

29 (c) (1) If a proposed new rate or rate increase takes effect before the
30 Commission enters a final order in the proceedings, if practicable, the Commission
31 may order the public service company that proposes the rate to keep a detailed and
32 accurate account of:

33 (i) all amounts received under the new rate or rate increase;
34 and

1 (ii) the persons on whose behalf the amounts are paid.

2 (2) After the proceedings conclude, the Commission may require the
3 public service company to refund with interest, to each person listed under paragraph
4 (1)(ii) of this subsection, the part of the new rate or rate increase that the Commission
5 finds unjustified.

6 (3) If a refund is not practicable, the public service company shall
7 charge off and amortize the difference between the operating revenues under the rate
8 charged and the operating revenues that would have been obtained from the same
9 volume of business from the final set rate, through a temporary rate decrease for the
10 period that the Commission sets.

11 4–301.

12 (a) Notwithstanding § 4–101 of this title or any other law to the contrary, the
13 Commission may regulate a telephone company through alternative forms of
14 regulation.

15 (b) The Commission may adopt an alternative form of regulation under this
16 section if the Commission finds, after notice and hearing, that the alternative form of
17 regulation:

18 (1) protects consumers by, at a minimum:

19 (i) producing affordable and reasonably priced basic local
20 exchange service, as defined by the Commission; and

21 (ii) ensuring the quality, availability, and reliability of
22 telecommunications services throughout the State;

23 (2) encourages the development of competition **FOR VOICE SERVICES**
24 **AND ENSURES THAT REGULATORY BURDENS DECREASE AS COMPETITION IN**
25 **THE MARKET, INCLUDING COMPETITION BY PERSONS OTHER THAN TELEPHONE**
26 **COMPANIES, INCREASES; and**

27 (3) is in the public interest.

28 (c) An alternative form of regulation may include:

29 (1) price regulation;

30 (2) revenue regulation;

31 (3) ranges of authorized return;

32 (4) rate of return;

1 (5) categories of services; or

2 (6) price indexing.

3 (D) IT IS NOT A VIOLATION OF § 3-108 OF THIS ARTICLE FOR THE
4 COMMISSION TO ENGAGE IN NEGOTIATION OR MEDIATION WITH A TELEPHONE
5 COMPANY REGARDING THE TERMS OF ANY ALTERNATIVE FORM OF REGULATION
6 UNDER THIS SECTION IF:

7 (1) ALL INTERESTED PARTIES ARE GIVEN NOTICE AND
8 OPPORTUNITY TO PARTICIPATE IN THE NEGOTIATION OR MEDIATION; AND

9 (2) THE COMMISSION OTHERWISE FOLLOWS THE REQUIREMENTS
10 OF SUBSECTION (B) OF THIS SECTION IN ADOPTING REGULATIONS THAT
11 PROVIDE FOR AN ALTERNATIVE FORM OF REGULATION.

12 8-201.

13 (c) (1) An eligible subscriber may select a telephone lifeline service under
14 either paragraph (2) or (3) of this subsection.

15 (2) An eligible subscriber who selects telephone lifeline service under
16 this paragraph:

17 (i) shall receive:

18 1. an individual residential local exchange access line;
19 and

20 2. the first 30 residential local untimed messages each
21 billing month at no additional charge;

22 (ii) shall be charged:

23 1. 50% of the lowest applicable and approved federal and
24 State tariff rates for the access line and included residential local untimed messages,
25 minus any applicable waiver of federal tariff provisions for eligible subscribers, plus
26 all applicable federal, State, and local taxes;

27 2. the full applicable tariff rates for all other residential
28 local untimed messages; and

29 3. except as otherwise provided in subsection (d) of this
30 section, the full **GENERALLY** applicable [tariff] rates for all other services; and

1 (iii) may not be provided any premium services, including
2 foreign zone or foreign exchange service.

3 (3) An eligible subscriber who selects telephone lifeline service under
4 this paragraph:

5 (i) shall receive an individual residential local exchange access
6 line with unlimited residential local untimed messages for a monthly charge of \$10;
7 and

8 (ii) may purchase up to two value-added services at the full
9 **GENERALLY** applicable [tariff] rates **PUBLISHED IN ACCORDANCE WITH §**
10 **8-502(D) OF THIS TITLE.**

11 (d) The telephone company shall charge to an eligible subscriber 50% of [the
12 applicable filed tariff for]:

13 (1) **THE GENERALLY APPLICABLE RATES PUBLISHED IN**
14 **ACCORDANCE WITH § 8-502(D) OF THIS TITLE FOR** repairs to inside wiring; and

15 (2) **THE APPLICABLE FILED TARIFF RATE FOR** installation and
16 connection of residential dial access service to one termination in the dwelling unit of
17 the eligible subscriber.

18 8-501.

19 (a) The Commission may, after notice and public hearing, adopt policies and
20 regulations governing the development of competition in the telecommunications
21 services market.

22 (b) Policies and regulations adopted by the Commission under this section
23 shall be consistent with federal law, policies and regulations of the Federal
24 Communications Commission, Title 4 of this article, and any other applicable
25 provisions of Maryland law.

26 **8-502.**

27 (A) (1) **IN THIS SECTION THE FOLLOWING WORDS HAVE THE**
28 **MEANINGS INDICATED.**

29 (2) (I) **“BUNDLE” MEANS A COMBINATION OF RETAIL**
30 **SERVICES OFFERED AS A PACKAGE, EITHER AT A SINGLE PRICE OR WITH THE**
31 **AVAILABILITY OF THE PRICE FOR ONE OR MORE SERVICES CONTINGENT ON THE**
32 **PURCHASE OF OTHER SERVICES.**

1 (II) **“BUNDLE” INCLUDES ANY TELEPHONE SERVICE**
2 **COMBINED WITH ANY OTHER TELEPHONE SERVICE OR WITH ANY**
3 **NONTELEPHONE SERVICES, INCLUDING SERVICES OFFERED BY AN AFFILIATE**
4 **OF A TELEPHONE COMPANY OR AN UNRELATED ENTITY.**

5 (3) **“UNBUNDLED” MEANS A SERVICE THAT IS OFFERED AT A**
6 **PRICE THAT IS NOT CONTINGENT ON THE PURCHASE OF ANY OTHER SERVICES.**

7 (B) **NOTWITHSTANDING ANY OTHER LAW, THE COMMISSION HAS**
8 **JURISDICTION OVER THE FOLLOWING SERVICES PROVIDED BY A TELEPHONE**
9 **COMPANY:**

10 (1) **INDIVIDUAL RESIDENTIAL LOCAL EXCHANGE ACCESS LINE**
11 **AND RESIDENTIAL LOCAL USAGE, UNBUNDLED FROM OTHER SERVICES**
12 **OFFERED BY A TELEPHONE COMPANY, ITS AFFILIATES, OR OTHER PERSONS;**

13 (2) **INDIVIDUAL BUSINESS LOCAL EXCHANGE ACCESS LINE AND**
14 **BUSINESS LOCAL USAGE, UNBUNDLED FROM OTHER SERVICES OFFERED BY A**
15 **TELEPHONE COMPANY, ITS AFFILIATES, OR OTHER PERSONS, TO THE EXTENT**
16 **THE SERVICES ARE PROVIDED TO BUSINESS CUSTOMERS ORDERING**
17 **SINGLE-LINE BUSINESS SERVICE AT A PARTICULAR ADDRESS;**

18 (3) **TELEPHONE LIFELINE SERVICE PROVIDED IN ACCORDANCE**
19 **WITH § 8-201 OF THIS TITLE;**

20 (4) **SERVICES PROVIDED TO COUNTIES FOR THE 9-1-1**
21 **EMERGENCY TELEPHONE SYSTEM ESTABLISHED IN TITLE 1, SUBTITLE 3 OF**
22 **THE PUBLIC SAFETY ARTICLE; AND**

23 (5) **SWITCHED ACCESS SERVICE.**

24 (C) (1) **EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS**
25 **SUBSECTION, THE COMMISSION MAY NOT REGULATE THE REVENUES RECEIVED**
26 **FROM, OR THE RATES, TERMS, AND CONDITIONS OF, ANY TELEPHONE SERVICES**
27 **OTHER THAN THOSE SET FORTH IN SUBSECTION (B) OF THIS SECTION,**
28 **INCLUDING BUNDLES OF LOCAL AND LONG DISTANCE SERVICE.**

29 (2) **ON AND AFTER JANUARY 1, 2011, THE COMMISSION MAY NOT**
30 **ADOPT OR ENFORCE REGULATIONS FOR ANY TELEPHONE SERVICE OTHER THAN**
31 **THOSE SET FORTH IN SUBSECTION (B) OF THIS SECTION.**

32 (D) (1) **A TELEPHONE COMPANY SHALL PROVIDE NOTICE OF ITS**
33 **GENERALLY AVAILABLE TERMS, CONDITIONS, AND RATES OF ITS UNREGULATED**

1 TELEPHONE SERVICES ON ITS PUBLICLY AVAILABLE WEBSITE AND BY PAPER
2 COPIES ON REQUEST.

3 (2) A TELEPHONE COMPANY IS NOT REQUIRED TO PROVIDE
4 NOTICE OF RATES, TERMS, OR CONDITIONS THAT THE TELEPHONE COMPANY
5 MAKES AVAILABLE ONLY ON A PROPRIETARY, INDIVIDUALLY NEGOTIATED
6 CONTRACT BASIS.

7 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
8 October 1, 2008.