

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE

House Bill 1143 (Delegate Kullen, *et al.*)
Economic Matters

Telephone Companies - Intracounty and Adjacent Local Calling

This bill requires the Public Service Commission to classify any calls between two points in a single county or a point between one county and another point in the State within 40 miles of that county as toll free. It also prohibits a local telephone service provider from billing any of those toll-free calls separately from the monthly local service charge.

Fiscal Summary

State Effect: The bill's requirements could be handled with existing budgeted resources.

Local Effect: None.

Small Business Effect: Potential minimal.

Analysis

Current Law: Utility companies, including telephone companies, are required to establish rates for their services that are just and reasonable. PSC is charged with reviewing and approving utility rates to ensure they are just and reasonable.

Background: PSC is responsible for regulating all local and intrastate long distance services. The dominant supplier of local wireline voice services in Maryland is Verizon-Maryland. The Verizon Price Cap Plan is used to govern Verizon-Maryland's rates for basic local service for residential and business customers, discretionary services, and intra-LATA toll services.

At the end of 2007, Maryland had 309 competitive local exchange carriers and 495 long distance providers that were licensed and in good standing. Neither category is mutually exclusive due to some carriers supplying both local and long distance services. Each of these companies has filed a local service tariff that has been reviewed and approved by PSC. PSC advises that the number of competitive local exchange carriers (CLECs) actively marketing services is unknown; nevertheless, in 2007, 10 new local carriers and 11 new long distance carriers filed, paid associated licensing fees, and were subsequently licensed to do business in the State. Legislative Services advises that switching technology has advanced to the extent that many of these CLECs are small companies that may provide full requirements service to a specific company, building, or business segment.

Providers of intrastate long distance services are regulated by PSC; however, PSC does not have any authority over interstate long distance. The rate setting authority for interstate long distance services rests with the Federal Communications Commission.

In September 2007, PSC ordered the initiation of Case Number 9121 to investigate local calling area boundaries; however, no additional activity has transpired according to the PSC case jacket.

Legislative Services notes that most if not all CLECs, cable telephone providers, wireless phone services, and Voice over Internet Providers (VoIP) provide calling options and alternatives to residential and business locations without local calling area constraints.

Additional Information

Prior Introductions: Similar bills were introduced at the 2003 session as SB 763 and HB 899. SB 763 was referred to the Senate Finance Committee but was later withdrawn. HB 899 received an unfavorable report from the House Economic Matters Committee.

Cross File: None.

Information Source(s): Public Service Commission, Office of People's Counsel, Department of Legislative Services

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