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BILL



ANALYSIS

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Senate Bill 722 (Substitute S-3)
 Sponsor: Senator Mat J. Dunaskiss
 Committee: Technology and Energy

Date Completed: 11-1-95

SUMMARY OF SENATE BILL 722 (Substitute S-3) as passed by the Senate:

The bill would amend the Michigan Telecommunications Act (MTA) to do all of the following:

- Generally provide that a provider of a regulated telecommunication service could not set rates for various services below the "total service long run incremental cost" (TSLRIC) of providing the service. ("Total service long run incremental cost" would mean, given current service demand, including associated costs of every component necessary to provide the service, either the total forward-looking cost of a telecommunication service, relevant group of services, or basic network component, using current least cost technology that would be avoided if the provider had never offered the service; or the total cost that the provider would incur if the provider were to initially offer the service, group of services, or basic network component.)
- Allow a provider of basic local exchange service to provide cable service if the provider had received a franchise agreement from the local unit of government to provide that service. If a new provider of cable service offered the service in an area that had an incumbent provider of cable service operating under a franchise agreement, the new provider would have to offer the cable service under substantially equivalent terms and conditions required of the incumbent provider under the franchise agreement for the term of that agreement.
- Add an article to the Act that would address interconnection of telecommunication providers with the basic local exchange service.
- Add an article that would require a local unit of government to grant a permit for access to and use of rights-of-way, easements, and public places to providers of telecommunication services, and limit any fees or assessments for access or use to the local unit's actual costs.
- Allow a provider of telecommunication services to classify a regulated service as a competitive service under certain circumstances.
- Revise provisions regarding rates, including requiring a basic local exchange provider to restructure its rates for certain services to ensure that those rates would be less than the TSLRIC of providing each service.
- Revise the MTA's educational provisions to allow educational institutions, other than a State institution of higher education, to sell certain telecommunication services, and allow telecommunications providers, at the request of an educational institution, to provide service across local access and transport areas (LATAs).
- Provide for the regulation of pay phone services, including requiring independent pay phone providers to pay an annual \$100 registration fee and file a list of their pay phone locations with the Public Service Commission (PSC).
- Provide for intra-LATA "dial-1 parity" under certain conditions. ("Dial-1 parity" refers to the ability to make a toll call without having to dial an access code or extra digits if the caller chose a telephone company other than the local exchange carrier.)
- Add a list of prohibited practices that would apply to providers of telecommunication services.
- Require the PSC to promulgate rules that would establish privacy guidelines in the provision of telecommunication services.

- **Specify the purposes of the Act.**
- **Provide for the Act to be repealed on January 1, 2000 (rather than January 1, 1996).**

The bill would take effect on January 1, 1996.

Interconnection with the Basic Local Exchange Service

By January 1, 1998, the Public Service Commission would have to issue a report and make recommendations to the Legislature and the Governor involving the issues, scope, terms, and conditions of interconnection of telecommunication providers with the basic local exchange service. Until January 1, 1997, the rates of a provider of basic local exchange service for interconnection would have to be at the provider's TSLRIC of providing the service. After that date, the rate for interconnection would have to be "just and reasonable" as determined by the PSC. ("Just and reasonable rate" would mean a rate that was not inadequate, excessive, or unreasonably discriminatory; the bill specifies that a rate would be inadequate if it were less than the TSLRIC of providing the service.)

The bill's interconnection provisions would not apply to providers who, together with any affiliated providers, provided basic local exchange or toll service to fewer than 250,000 end-users in Michigan.

Joint Marketing. Until inter-LATA prohibitions were removed for providers of basic local exchange service, a provider of basic local exchange service could not do any of the following:

- Jointly market or offer as a package a basic local exchange service together with an inter-LATA toll service or condition a rate for basic local exchange service on the customer's also ordering an inter-LATA toll service.
- Discriminate against providers of toll service by not making available customer names and addresses that were available to an affiliate of the basic local exchange provider.

Unbundling Local Exchange Services. By July 1, 1996, a provider of basic local exchange service would have to unbundle and separately price each basic local exchange service offered by that provider into the "loop" and "port" components and allow other providers to purchase those services on a nondiscriminatory basis. ("Loop" would mean

"the transmission facility between the network interface on a subscriber's premises and the main distribution frame in the servicing central office"; "port" would mean, "except for the loop...the entirety of local exchange, including dial tone, a telephone number, switching software, local calling, and access to directory assistance, a white pages listing, operator services, and interexchange and intra-LATA toll carriers".)

A provider of local exchange service would have to allow and provide for "virtual co-location" (which is not defined in the bill) with other providers at or near the central office of the provider of local exchange service of transmission equipment that the provider had exclusive physical control over and was necessary for efficient interconnection of the unbundled services. Providers also could enter into an agreement that allowed for interconnection on other terms and conditions.

Resale of Local Exchange Service. A provider of local exchange service would have to make available for resale on nondiscriminatory terms and conditions all basic local exchange services that it offered to its retail customers as of July 1, 1996. Resale would have to be provided on a wholesale basis. Except for restrictions on resale, a provider of local exchange service could include in its wholesale tariffs any use or class of customer restrictions it included in its retail tariffs. A provider of local exchange service, however, would not be required to offer for resale either of the following:

- A package of services in which basic local exchange service was jointly marketed or combined with other services, or for any promotional or discounted offering of basic local exchange service.
- Services for which the provider did not have existing facilities in place to serve the intended end user, or any service offered for the first time subsequent to March 1, 1996.

By March 1, 1996, each provider of local exchange service would have to file with the PSC tariffs that set forth the wholesale rates, terms, and conditions for basic local exchange services. The wholesale rates would have to be set at levels no greater than the provider's current retail rates minus the provider's avoided costs. After January 1, 2000, wholesale rates could not be less than the provider's TSLRIC of the services.

Number Portability. By January 1, 1999, a provider of basic local exchange service would have to provide "number portability". ("Number

portability” would mean the capability for a local exchange customer at a particular location to change providers of basic local exchange service without any change in the customer’s telephone number, while preserving the full range of functionality that the customer could obtain by changing telephone numbers.)

If the PSC determined that it was economically and technologically feasible to provide number portability before January 1, 1999, the PSC would have to order providers of basic local exchange service to provide the service before that date. Until number portability was available, a provider of basic local exchange service would have to make available to other providers “direct inward dialing” and “remote call forwarding”. (Neither term is defined in the bill.)

Interconnection Termination Rates. By July 1, 1996, a provider of basic local exchange service would have to establish a rate charge for other providers of basic local exchange service for the termination of local traffic on its network. This provision would not prohibit providers of basic local exchange service from entering into an agreement to provide for the exchange of local traffic on other terms and conditions. Any compensation arrangements agreed to between providers would have to be available to other providers, with the same terms and conditions, on a nondiscriminatory basis.

Directory Assistance. By July 1, 1996, a provider of basic local exchange service would have to establish a rate to other providers of basic local exchange service for providing directory assistance. This provision would not prohibit providers of basic local exchange service from entering into an agreement to provide for the exchange of providing directory assistance on other terms and conditions.

Attachment Rates. A provider of telecommunication services would have to establish rates, terms, and conditions for “attachment” by another provider or cable service. (“Attachment” would mean any wire, cable, facility, or other apparatus installed upon any pole or in any duct or conduit, owned or controlled, in whole or in part, by a telecommunication provider.)

The rates, terms, and conditions would have to be just and reasonable. A rate would be just and reasonable if it assured the provider recovery of not less than the additional costs of providing the attachments, or more than an amount determined

by multiplying the percentage of the total “usable space”, or the percentage of the total duct or conduit capacity, that was occupied by the attachment, by the sum of the operating expenses and actual capital costs of the provider attributable to the entire pole, duct, or right-of-way. (“Usable space” would mean the total distance between the top of a utility pole and the lowest possible attachment point that provided the minimum allowable grade clearance, and would include the space that separated telecommunication and power lines.)

An attaching provider or cable service would have to obtain any necessary authorization before occupying public ways or private rights-of-way with its attachment. A public utility that directly provided a regulated telecommunication service or cable service would have to establish the rates, terms, and conditions for attachments.

The bill specifies that its attachment rates provisions could not be construed to limit the PSC’s authority to regulate the rates, terms, and conditions of attachments upon poles or in ducts or conduits owned or controlled by utilities engaged in the transmission of electricity for light, heat, or power.

Imputation. If a provider of local exchange service had a service that competed with a service of another provider, the other provider used a service from the provider of local exchange service that was not available within the relevant market or geographic area from any other provider of local exchange service, and the provider of local exchange service used the same noncompetitive service or its functional equivalent, the rate of the telecommunication service would have to exceed the sum of both of the following:

- The tariffed rates, including access, carrier common line, residual interconnection, and similar charges, for the noncompetitive service or its functional equivalent that was actually used by the provider of local exchange service, as those rates would be charged a customer for the use of that service.
- The TSLRIC of all other components of the provider of local exchange service.

Access to Customer Data Bases. Providers of basic local exchange service would have to allow access by other providers, on a nondiscriminatory basis and in a timely and accurate manner, to data bases, including, but not limited to, the line

information data base, the 800 data base, and other information necessary to complete a call within an exchange, either on the terms and conditions as the providers agreed or as otherwise ordered by the PSC.

Local Units of Government

A local unit of government would have to grant to providers of telecommunication services a permit for access to and the use of all rights-of-way, easements, and public places under the local unit's control and jurisdiction. This requirement, however, would not limit a local unit of government's right to review and approve a provider's access to and use of a right-of-way, easement, or public place, or limit the unit's authority to ensure and protect public health, safety, and welfare.

A local unit of government would have to approve or deny access within 90 days from the date a provider filed an application for a permit. A provider's right to access and use of a right-of-way, easement, or public place could not be unreasonably denied by a local unit of government. A local unit could require, as a condition of a permit, that a bond be posted by a telecommunication provider, not to exceed 5% of the fees or assessments made under the bill, to ensure that a right-of-way, easement, or public place was returned to its original condition during and after the provider's access and use.

Any conditions of a permit would have to be limited to the provider's access and usage of any right-of-way, easement, or public place. Any fees or assessments for access to and use of a right-of-way, easement, or public place could not exceed the local unit's actual costs in granting a permit and maintaining the rights-of-way, easements, or public places used by a provider.

A telecommunication provider using the highways, streets, alleys, or other public places would have to obtain a permit pursuant to the bill.

Classification as a Competitive Service

Under the Act, if a competitive market for a regulated telecommunication service exists, the PSC, by adopting policies and entering orders, may provide for and exercise flexibility in its regulation of that service. The PSC retains authority to rescind or amend any policy or order issued regarding that flexibility.

The bill, instead, would allow a provider to file with the PSC to classify a regulated service, in which the rate was regulated, as a competitive service. If a regulated service were classified as competitive, the rate for the service would have to be deregulated and would not be subject to review under the MTA. A service would be competitive if, for an identifiable class or group of customers in an exchange, group of exchanges, or other clearly defined geographical area, the service were available from more than one unaffiliated provider and one or more of the following applied:

- Actual competition, including facilities based competition, existed within the local exchange, group of exchanges, or geographic area.
- Both residential and business end-users had service alternatives available from more than one unaffiliated provider or service reseller.
- Competition and end-user usage had been demonstrated and measured by independent and reliable methods.
- Rates and charges for the service had changed within the previous 12-month period.
- There was a substitute service or a functional equivalent of the service, including those using alternative technologies, reasonably available to end-users from an unaffiliated provider or supplier.

A provider would have to notify its customers if a service were to be classified as competitive and its rate deregulated. The notice would have to be included in or on the bill of each affected customer before the effective date of the classification. The service classification would take effect 30 days from the date of the notice. Upon receiving a complaint filed by a provider or consumer, or on its own motion, the PSC could require, however, a filing to review a competitive classification and issue an order approving, modifying, or rejecting the classification.

Except as otherwise provided by the MTA, the PSC or a local unit of government would not have authority over a service classified as competitive.

Basic Local Exchange Service Rates

Rate Alteration. Under the MTA, the PSC must approve for each provider any alterations in the local exchange rates, which must be just and

reasonable as determined by the PSC. A provider may alter its rates for basic local exchange services upon notice to the PSC, which must be accompanied by sufficient documentary support that the rate alteration is just and reasonable. The MTA provides for a PSC hearing procedure on the alteration of rates.

The bill, instead, provides that rates for basic local exchange service would have to be just and reasonable, and a provider could alter its rates for basic local exchange services by one or more of the following methods:

- Filing with the PSC notice of a decrease, discount, or other rate reduction in a basic local exchange rate. A rate alteration under this provision would become effective without PSC review or approval.
- Filing with the PSC notice of an increase in a basic local exchange rate that did not exceed 1% less than the Detroit consumer price index. Unless the PSC determined that the rate alteration exceeded the allowed increase, the alteration would take effect 90 days from the date of the required notice to customers.
- Filing with the PSC an application to increase a basic local exchange rate in an amount greater than that allowed under the above provision. The application would have to be accompanied by sufficient documentary support that the rate alteration was just and reasonable and, within 90 days after the date of the required notice to customers, the PSC would have to determine either that the rate alteration was just and reasonable or that a contested case filing was necessary to review the rate alteration.

A provider could not make a rate alteration until the rate had been restructured under the bill.

Rate Restructuring. Upon filing with and the approval of the PSC, a basic local exchange provider would have to restructure its rates for basic local exchange, toll, and access services to ensure that the rates were not less than the TSLRIC of providing each service.

The provider could determine when each rate was restructured and could phase in the rate restructuring until January 1, 2000. After that date, the provider's rates for basic local exchange, toll, and access services could not be less than the TSLRIC for each service. The rate restructuring

could include, but would not be limited to, one or more of the following:

- Touchtone capability and associated charges into basic local exchange services at rate levels no greater than the sum of the current basic local exchange service rates and the touchtone service rates. Residential customers with rotary dial service could retain that service at their current rate.
- Within basic local exchange rates, all or part of the existing rate elements and charges for other services that were designed to recover the costs associated with the local exchange network.
- Restructure existing basic local exchange rates to reflect the existing variations in costs to provide basic local exchange services based upon differences in geographic areas, classes of customers, calling patterns and volumes, technology, and other factors.

The PSC would have 45 days from the date of a filing to review proposed rate restructuring to ensure that the rates were not less than the TSLRIC of the service, or that the rate restructuring brought rates that were below TSLRIC costs closer to the costs. If the PSC were unable to make a determination within 45 days, the Commission would have an additional 45 days to review the rate restructuring. If the PSC did not complete its review within the required period, the rate restructuring would be considered approved. The basic local exchange provider could implement the restructured rates 10 days following PSC approval or the end of the 45-day period, whichever was earlier. For purposes of rate restructuring, telecommunication providers who, together with any affiliated providers, provided basic local exchange or toll service to fewer than 250,000 end-users in Michigan could determine TSLRIC through preparation of a cost study or could determine that their TSLRIC was the same as that of a provider with more than 250,000 end-users.

Basic Local Exchange Rate Determination. A provider of basic local exchange service would have to develop and offer various rate plans that reflected customer calling patterns that would have to include, but would not be limited to, all of the following at the option of the customer, unless it were not technologically feasible:

- A flat rate allowing unlimited personal and domestic outgoing calls.

- A flat rate allowing personal and domestic outgoing calls up to 400 calls per month per line. Calls in excess of 400 per month could be charged at an incremental rate as set by the provider. If a customer had more than one line at the same location that appeared on the customer's bill, the allowable calls would have to be the aggregate of all the lines, regardless of the line from which the calls originated. (A person who voluntarily provided a service for the Congressionally chartered Military Order of the Purple Heart or the Military Order of the Purple Heart Service Foundation would be exempt from the 400-call limitation and could not be charged a rate greater than the 400-call flat rate.)
- A flat rate allowing personal and domestic outgoing calls of not less than 50 or more than 150 per month, per line. Providers also could offer additional plans allowing personal and domestic outgoing calls of not fewer than 150 or more than 400 per month, per line. Calls in excess of the upper limit could be charged at an incremental rate. If a customer had more than one line at the same location that appeared on the customer's bill, the allowable calls would have to be the aggregate of all the lines, regardless of the line from which the calls originated.
- A rate determined by the time duration of service usage or the distance between the points of service origination and termination.
- A rate determined by the number of times the service was used.
- A rate that included one or more of the above rates.

Currently, with the exception of a flat rate for unlimited calls, the options listed above are available for rate determination, except that the flat rate must allow up to 400 calls per month and a person 60 years of age or greater cannot be charged a rate above the flat rate charged other residential customers for 400 calls.

A telecommunication provider who, together with any affiliated providers, provided basic local exchange or toll service to fewer than 250,000 Michigan end-users would not be required to provide a rate plan if it were not economically feasible to do so.

Until a provider developed its rate plans, as required under the bill, a provider of a rate-regulated service could not provide that service in

combination with an unregulated service or an unbundled or resold service at a price that did not exceed the TSLRIC of each service.

Low Income Discounts. Under the MTA, the PSC must require each provider of residential basic local exchange service to offer certain low income customers the availability of basic local exchange service at a rate below the regulated rate. The PSC, by order, must determine which customers qualify for the special rate. The bill would delete the requirement that the PSC determine who qualifies, and provides, instead, that the basic local exchange rate for low income customers would have to be 20% or \$2, whichever was greater, below the regulated rate. To qualify for this reduction, a person's annual income could not exceed 150% of the Federal poverty income standards as determined by the U.S. Office of Management and Budget and as approved by the State Treasurer.

The basic local exchange rate for low-income customers 65 years of age or older would have to be 25% or \$2, whichever was greater, below the regulated rate.

Educational Provisions

The bill would allow an educational institution to "sell" telecommunication services for instruction and training, worker training, research, and institutional operations. Currently, educational institutions may "provide" these services, with the exception of worker training.

The bill would allow telecommunication providers to provide to an educational institution, upon its request, services for the transmission of interactive data and video communications between the institution's facilities or to the homes of students or employees of the institution, regardless of whether the exchanges were in the same or different LATAs and regardless of whether the provision of those services was allowed by Federal law or Federal court order. (The MTA currently allows these activities *only* if allowed by Federal law or Federal court order.)

In addition, if an educational institution, other than a State institution of higher education, had excess capacity, it could sell the excess capacity subject to both of the following:

- The amount of capacity sold could not exceed 25% of the institution's total capacity.

- The capacity could not be sold below the TSLRIC of the provider of basic local exchange service in the educational institution's service area. If there were more than one provider in the service area, the educational institution would have to use the lowest TSLRIC.

Pay Phone Services

A provider of pay phone service could not subsidize its pay phone service, directly or indirectly, by charging pay phone service rates that were less than the TSLRIC of providing the service. A provider of basic local exchange service could not discriminate in favor of its or an affiliate's pay phone service over similar services offered by another provider. A provider of pay phone service would have to comply with all nonstructural safeguards adopted by the Federal Communications Commission for pay phone service.

The PSC would have to determine the rate at which a provider of toll service would have to compensate a provider of pay phone service for calls made on a pay phone of the provider that used the toll service and avoided customer direct compensation to the provider of the pay phone service (that is, when a toll call was placed on a pay phone, but was billed to the toll service provider, by use of a calling card, for example). The rate of compensation would have to be determined at least once annually and would have to be on a per-call basis and be priced at the State average rate for a local call from a pay phone operated by a provider of basic local exchange service with 250,000 or more access service lines or 30 cents, whichever was greater. A provider of payphone service could not receive compensation from a toll service provider unless the pay phone service provider had registered with the PSC, as required by the bill.

Except for a licensed provider of basic local exchange service, a person could not provide pay phone service in Michigan without first registering with the PSC. The registration would have to include all of the following information:

- The provider's name.
- The address and telephone number of the provider's principal office.
- If the provider were not located in Michigan, the address and telephone number of the

registered office and the name and telephone number of the registered agent authorized to receive service of process in Michigan.

- The specific location of each pay phone in Michigan owned or operated by the provider.

The registration also would have to be accompanied by a registration fee of \$100. Registration would be effective immediately upon filing and the payment of the fee, and would remain in effect for one year from its effective date. A provider could renew registration for one year by filing with the PSC a renewal registration on a form provided by the PSC and paying of a \$100 renewal fee.

The PSC would have to establish a toll-free number that someone could dial to report to the Commission a pay phone that was inoperative. The number would have to be conspicuously displayed by the provider on or near each pay phone. If the PSC received a report of an inoperative pay phone, it would have to notify the provider immediately.

The PSC would have to promulgate rules or issue orders to establish and enforce quality assurance in the provision of pay phone service.

Dial-1 Parity

The bill would require, effective January 1, 1996, a provider of basic local exchange service to provide intra-LATA dial-1 parity within the service area, if a waiver to inter-LATA prohibitions were granted for a specific service area and the service area had two or more providers of basic local exchange service.

Except as provided above, until the inter-LATA prohibitions were removed for providers of basic local exchange service, a provider of basic local exchange service would not be required to provide intra-LATA dial-1 parity. If the inter-LATA prohibitions were removed, however, a provider of basic local exchange service would have to offer dial-1 parity to other providers.

All orders of the PSC providing for intra-LATA dial-1 parity issued before January 1, 1996, would remain in effect to the extent that they were not in conflict or inconsistent with the bill's dial-1 parity provisions.

Prohibited Practices

The bill specifies that a provider of telecommunication service could not do any of the following:

- Make a statement or representation, including the omission of material information, regarding the rates, terms, or conditions of providing a telecommunication service that was substantially false, misleading, or deceptive.
- Charge an end-user for a subscribed service for which the end-user did not make an initial affirmative order. Failure to refuse an offered or proposed subscribed service would not be an affirmative order for the service.
- If an end-user had canceled a service, charge the end-user for service provided after the effective date the service was canceled.
- If a residential end-user had orally ordered a service, fail to confirm the order in writing within 15 days after the service was ordered.
- State to an end-user that the end-user's basic local exchange service or other regulated service would be discontinued unless the end-user paid a charge that was due for an unregulated service.

Privacy Guidelines

The PSC would have to promulgate rules that established privacy guidelines in the provision of telecommunication services. The rules would have to include, but would not have to be limited to, protections against the release of certain customer information and customer privacy intrusions.

A person who obtained an unpublished telephone number using a telephone caller identification service could not do any of the following without the written consent of the customer of the number:

- Disclose the number to another person for commercial gain.
- Use the number to solicit business.
- Intentionally disclose the number through a computer data base, on-line bulletin board, or other similar mechanism.

Purposes of the MTA

The bill specifies that the purpose of the MTA would be to do all of the following:

- "Ensure that every person has access to basic residential telecommunication service."
- "Allow competition to determine the availability, prices, terms, and other conditions of providing unregulated telecommunication services."
- "Restructure regulation to focus on price and quality of service and not on the provider. Rely more on existing state and federal law regarding antitrust, consumer protection, and fair trade to provide safeguards for competition and consumers."
- "Encourage the introduction of new services, the entry of new providers, the development of new technologies, and increase investment in the telecommunication infrastructure in this state through incentives to providers to offer the most efficient services and products."
- "Improve the opportunities for economic development and the delivery of essential services including education and health care."
- "Streamline the process for setting and adjusting the rates for regulated services that will ensure effective rate review and reduce the costs and length of hearings traditionally associated with rate cases."
- "Encourage the use of existing educational telecommunication networks and networks established by other commercial providers as building blocks for a cooperative and efficient statewide educational telecommunication system."

Other Provisions

The bill would do all of the following:

- Repeal and reenact in the MTA a section of Public Act 206 of 1913 to provide for PSC regulatory authority over an operator service provider (OSP). The MTA's regulation of an OSP would require registration annually with the PSC and the payment of a \$100 annual registration fee, and would cap OSP rates at 200% of the State average rate for operator

- or toll service by providers of regulated toll service.
- Revise the powers and duties of the PSC under the Act, including altering deadlines for the resolution of contested case hearings, and prohibiting a telecommunication provider from discontinuing service to another provider during a contested case under certain circumstances.
 - Create an alternative dispute resolution process for resolving certain complaints filed under the MTA.
 - Provide a rebuttable presumption that certain information would constitute "trade secrets or commercial or financial information", which, under the MTA, are exempt from the Freedom of Information Act.
 - Specify that a telecommunication service was not a public utility service.
 - Provide that, if a toll access service rate were reduced after a basic local exchange service provider restructured its rates as required under the bill, the toll service provider receiving the reduced rate would have to reduce its rate to its customers by an equal amount.
 - Add burglar and fire alarm services and "energy management services", as well as centrix or its equivalent, except for State institutions of higher education, to the MTA's list of unregulated services. ("Energy management services" would mean a service of a public utility providing electric power, heat, or light for energy use management, energy use control, energy use information, and energy use communication.)
 - Limit the PSC's authority to investigate and resolve complaints regarding a service regulated under the MTA to those complaints that were filed within two years after the date the claim that was the basis of the complaint first accrued.
 - Specify that, effective September 1, 1996, certain PSC administrative rules would not apply to telecommunication providers or telecommunication services.
 - Prohibit a provider of basic local exchange service from discriminating in favor of an affiliated burglar and fire alarm service over a similar service offered by another provider.
 - Require the PSC to create a task force to study changes occurring in the Federal Universal Service Fund and the need for the establishment of a State Universal Service Fund to promote and maintain basic local exchange service in high cost rural areas at affordable rates.
 - Require the PSC to study and report to the Legislature and Governor, by January 1, 1997, on certain matters regarding the basic local exchange calling activities of residential customers in Michigan.
 - Provide that, if the Michigan Supreme Court ruled that certain sections of the Administrative Procedures Act were unconstitutional, and a statute requiring legislative review of administrative rules were not enacted within 90 days of that ruling, the PSC could not promulgate rules under the MTA.
 - Prohibit a provider of inter-LATA toll service in Michigan from taking any action prohibited under State or Federal labor laws to discourage or prevent its employees from seeking union representation, pursuing collective bargaining, or engaging in any other protected activities, including, but not limited to, the closing of an office or facility in Michigan to prevent organizing.
 - Require each regulated telecommunication provider to file with the PSC, within 60 days of the bill's effective date, a small and minority owned telecommunication business participation plan. A competing telecommunication provider would have to file a plan with its application for certificate.
 - Require the PSC to promulgate rules establishing privacy guidelines in the provision of telecommunication services.
 - Provide that, if a toll access service rate were reduced after a basic local exchange service provider restructured its rates, the provider receiving the reduced rate would have to reduce its rate to its customers by an equal amount.
 - Repeal sections of the Act that are obsolete, because they required certain actions within a specified time after the MTA took effect, or that would be unnecessary due to provisions in the bill (MCL 484.2207a, 484.2212, and 484.2307a).
 - Repeal a section of the MTA that requires the PSC to request the Attorney General to bring an action to enjoin acts or practices of providers that are the PSC determines are "harmful" (MCL 484.2501). ("Harmful" means sexually explicit matter that meets specified criteria.)
- MCL 484.2101 et al.
- Legislative Analyst: P. Affholter

FISCAL IMPACT

The bill would require the PSC to hire up to three full-time employees with an annual cost of \$135,000 in order to absorb the regulatory workload related to cost analysis provisions in Section 304a of the bill for rate restructuring. The cost analysis and complaint adjudication provisions could require four more positions. Savings would be possible through the bill's deregulation provisions.

Provisions for the evaluation of the need for a universal service fund, and local exchange calling patterns, could have a fiscal impact on the Public Service Commission. It is likely, however, that any costs associated with these activities could be absorbed within the existing appropriation.

The registration fees for alternative operator services and pay phone services would generate revenue that partially would offset the regulatory fiscal requirements of this bill. A revenue estimate would be possible once the number of providers becomes apparent. It is unlikely that these revenue sources would meet the bill's fiscal requirements.

Fiscal Analyst: K. Lindquist

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.