

HOUSE BILL No. 4936

July 2, 2003, Introduced by Reps. Woodward, Bradstreet, McConico, Rivet, Huizenga and LaSata and referred to the Committee on Energy and Technology.

A bill to amend 1991 PA 179, entitled
"Michigan telecommunications act,"
by amending section 304 (MCL 484.2304), as amended by 2000
PA 295.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 304. (1) Except as provided in section 304a, the rates
2 for basic local exchange service shall be just and reasonable.

3 (2) A provider may alter its rates for basic local exchange
4 services by 1 or more of the following:

5 (a) Filing with the commission notice of a decrease,
6 discount, or other rate reduction in a basic local exchange
7 rate. A rate alteration under this subdivision shall become
8 effective without commission review or approval.

9 (b) Filing with the commission notice of an increase in a
10 basic local exchange rate that does not exceed 1% less than the

1 consumer price index. Unless the commission determines that the
2 rate alteration exceeds the allowed increase under this
3 subdivision, the rate alteration shall take effect 90 days from
4 the date of the notice required under subsection (3). As used in
5 this subdivision, "consumer price index" means the most recent
6 reported annual average percentage increase in the Detroit
7 consumer price index for all items for the prior 12-month period
8 by the United States department of labor.

9 (c) Filing with the commission an application to increase a
10 basic local exchange rate in an amount greater than that allowed
11 under subdivision (b). The application shall be accompanied with
12 sufficient documentary support that the rate alteration is just
13 and reasonable. The commission shall make a determination within
14 the 90-day period provided for in subsection (5) of 1 of the
15 following:

16 (i) That the rate alteration is just and reasonable.

17 (ii) That a filing under section 203 is necessary to review
18 the rate alteration.

19 (3) Notice to customers of a rate alteration is required for
20 a rate alteration under subsection (2)(b) or (c) and section 304a
21 and shall be included in or on the bill of each affected customer
22 of the provider before the effective date of the rate
23 alteration.

24 (4) The notice required under subsection (3) shall contain at
25 least all of the following information:

26 (a) A statement that the customer's rate may change.

27 (b) An estimate of the amount of the annual change for the

1 typical residential customer that would result by the rate
2 change.

3 (c) A statement that a customer may comment on or receive
4 complete details of the rate alteration by calling or writing the
5 commission. The statement shall also include the telephone
6 number and address of the commission. Complete details of the
7 rate alteration shall be provided free of charge to the customer
8 at the expense of the provider.

9 (5) Except as otherwise provided in subsections (2) and (6),
10 an altered basic local exchange rate shall take effect 90 days
11 from the date of the notice required by subsection (3).

12 (6) Upon receiving a complaint or pursuant to a determination
13 under subsection (2)(c), the commission may require a filing
14 under section 203 to review a proposed rate alteration under
15 subsection (2)(c). The commission's final order may approve,
16 modify, or reject the rate alteration.

17 (7) In reviewing a rate alteration under subsection (6), the
18 commission shall consider only 1 or more of the following factors
19 if relevant to the rate alteration as specified by the provider:

20 (a) Total service long run incremental cost of basic local
21 exchange services.

22 (b) Comparison of the proposed rate to the rates charged by
23 other providers in this state for the same service.

24 (c) Whether a new function, feature, or capability is being
25 offered as a component of basic local exchange service.

26 (d) Whether there has been an increase in the costs to
27 provide basic local exchange service in the geographic area of

1 the proposed rate.

2 (e) Whether the provider's further investment in the network
3 infrastructure of the geographic area of the proposed rate is
4 economically justifiable without the proposed rate.

5 (8) A provider shall be allowed only 1 rate increase for each
6 class or type of service during any 12-month period.

7 (9) A provider shall not make a rate alteration under this
8 section until the rate has been restructured under section 304a.

9 (10) The commission shall exempt a provider from this section
10 and section 310(2) if it finds all of the following:

11 (a) The provider provides basic local exchange service or
12 basic local exchange and toll service to less than 250,000
13 end-users in this state.

14 (b) The provider offers to end-users single-party basic local
15 exchange service, tone dialing, toll access service, including
16 end-user common line services and dialing parity at a total price
17 of no higher than the amount charged as of May 1, 2000.

18 (c) The provider provides dialing parity access to operator,
19 telecommunication relay, and emergency services to all basic
20 local exchange end-users.

21 (11) A call made to a local calling area adjacent to the
22 caller's local calling area shall be considered a local call and
23 shall be billed as a local call.

24 (12) Rates for basic local service may be differentiated by
25 geographic area in this state if the differential is based on the
26 costs of providing the service to the area. The commission, on
27 its own motion or the motion of another party, may initiate a

1 proceeding under section 203 to determine whether any rate
2 differentials are in compliance with this section.