

Senate Fiscal Agency  
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**SFA****BILL ANALYSIS**

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Senate Bill 572 (as introduced 5-4-99)  
Sponsor: Senator Bev Hammerstrom  
Committee: Technology and Energy

Date Completed: 5-5-99

### **CONTENT**

**The bill would amend the Michigan Telecommunications Act to delete a sunset on provisions establishing low income customer rates; and require the Public Service Commission (PSC) to investigate and report on the need for a universal service mechanism.**

The bill would require the PSC to conduct an investigation and solicit comments concerning the need for universal service to insure the universal availability of basic local exchange service in this State. The PSC also would have to consider the availability of existing Federal universal service support, State duties and obligations imposed by Federal law, and other matters the Commission found necessary to protect the public interest.

In addition, the PSC would have to issue a report to the Legislature and Governor between January 1, 2000 and March 1, 2000 containing its recommendations and findings regarding its investigation and the need to establish a universal service mechanism. If the report included a finding that a need for a universal mechanism existed, the Commission would have to include in its report recommendations regarding the structure of the universal service mechanism.

Currently, 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 and access service at reduced rates. The rate reduction for low income customers must be at a minimum, 20% of the basic local exchange rate or \$8.25, including any Federal contribution, whichever is greater. If a customer is 65 years of age or more, the rate reduction must be at a minimum, 25% of the basic local exchange rate or \$8.25, including any Federal contribution, whichever is greater. The total reduction must not exceed 100% of all end-user common line charges and the basic local exchange rate.

To qualify for the reduced rate, the person's annual income rate must 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 PSC must establish a rate for each subscriber line of a provider to allow the provider to recover costs incurred. The PSC must take necessary actions to notify the general public of the availability of lifeline services including, but not limited to, public service announcements, newspaper notices, and such other notice reasonable calculated to reach those who may benefit from the services. These provisions are scheduled to be repealed June 1, 1999. The bill would delete this repealer.

MCL 484.2316

Legislative Analyst: N. Nagata

## **FISCAL IMPACT**

This bill would create an additional administrative burden on the Commission for which the associated increased administrative costs would be covered by existing appropriations.

Fiscal Analyst: M. Tyszkiewicz

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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.