



# HOUSE BILL No. 5721

May 2, 2000, Introduced by Rep. Middaugh and referred to the Committee on Energy and Technology.

A bill to amend 1991 PA 179, entitled "Michigan telecommunications act," by amending sections 101 and 304 (MCL 484.2101 and 484.2304), as amended by 1995 PA 216, and by adding section 214.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 101. (1) This act shall be known and may be cited as  
2 the "Michigan telecommunications act".

3       (2) The purpose of this act is to do all of the following:

4       (a) Ensure that every person has access to AFFORDABLE basic  
5 residential telecommunication service.

6       (b) Allow and encourage competition to determine the avail-  
7 ability, prices, terms, and other conditions of providing tele-  
8 communication services.

9       (c) ~~Restructure regulation to focus on price and quality of~~  
10 ~~service and not on the provider. Rely more on~~ SUPPLEMENT

1 existing state and federal law regarding antitrust, consumer  
2 protection, and fair trade to provide ADDITIONAL safeguards for  
3 competition and consumers.

4 (d) Encourage the introduction of new services, the entry of  
5 new providers, the development of new technologies, and increase  
6 investment in the telecommunication infrastructure in this state  
7 through incentives to providers to offer the most efficient serv-  
8 ices and products.

9 (e) Improve the opportunities for economic development and  
10 the delivery of essential services including education and health  
11 care.

12 (f) Streamline the process for setting and adjusting the  
13 rates for regulated services that will ensure effective rate  
14 review and reduce the costs and length of hearings  
15 ~~traditionally~~ associated with rate cases.

16 (g) Encourage the use of existing educational telecommunica-  
17 tion networks and networks established by other commercial pro-  
18 viders as building blocks for a cooperative and efficient state-  
19 wide educational telecommunication system.

20 (h) Ensure effective review and disposition of disputes  
21 between telecommunication providers.

22 (I) AUTHORIZE ACTIONS TO ENCOURAGE THE DEVELOPMENT OF A COM-  
23 PETITIVE TELECOMMUNICATION INDUSTRY.

24 SEC. 214. (1) NOTWITHSTANDING ANY OTHER PROVISION OF THIS  
25 ACT AND EXCEPT AS PROVIDED UNDER SECTION 321, THE COMMISSION MAY  
26 REVIEW AND INVESTIGATE ANY RATE TO DETERMINE THE EFFECT THE RATE  
27 HAS ON THE DEVELOPMENT OF A COMPETITIVE MARKET IN THIS STATE.

1 (2) IF AFTER NOTICE AND HEARING HELD UPON A COMPLAINT OR ITS  
2 OWN MOTION THE COMMISSION FINDS THAT A RATE IS NONCOMPETITIVE,  
3 EXCESSIVE, OR DISCRIMINATORY, IT SHALL ISSUE AN ORDER PROVIDING  
4 FOR SUCH REMEDIES AS ARE CONSISTENT WITH THIS ACT AND ALLOWED  
5 UNDER SECTION 601.

6 (3) IN ANY HEARING HELD UNDER SUBSECTION (2), THE PROVIDER  
7 SHALL HAVE THE BURDEN OF PROVING THAT THE RATE IS NOT NONCOMPETI-  
8 TIVE, EXCESSIVE, OR DISCRIMINATORY.

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

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

13 (a) Filing with the commission notice of a decrease, dis-  
14 count, or other rate reduction in a basic local exchange rate. A  
15 rate alteration under this subdivision shall become effective  
16 without commission review or approval.

17 (b) Filing with the commission notice of an increase in a  
18 basic local exchange rate that does not exceed 1% less than the  
19 consumer price index. Unless the commission determines that the  
20 rate alteration exceeds the allowed increase under this subdivi-  
21 sion, the rate alteration shall take effect 90 days from the date  
22 of the notice required under subsection (3). As used in this  
23 subdivision, "consumer price index" means the most recent  
24 reported annual average percentage increase in the Detroit con-  
25 sumer price index for all items for the prior 12-month period by  
26 the United States department of labor.

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

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

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

11 (3) Notice to customers of a rate alteration is required for  
12 a rate alteration under subsection (2)(b) or (c) and section 304a  
13 and shall be included in or on the bill of each affected customer  
14 of the provider before the effective date of the rate  
15 alteration.

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

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

19 (b) An estimate of the amount of the annual change for the  
20 typical residential customer that would result by the rate  
21 change.

22 (c) A statement that a customer may comment on or receive  
23 complete details of the rate alteration by calling or writing the  
24 commission. The statement shall also include the telephone  
25 number and address of the commission. Complete details of the  
26 rate alteration ~~will~~ SHALL be provided free of charge to the  
27 customer at the expense of the provider.

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

4 (6) Upon receiving a complaint or pursuant to a determina-  
5 tion under subsection (2)(c), the commission may require a filing  
6 under section 203 to review a proposed rate alteration under  
7 subsection (2)(c). The commission's final order may approve,  
8 modify, or reject the rate alteration.

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

12 (a) Total service long run incremental cost of basic local  
13 exchange services.

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

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

18 (d) Whether there has been an increase in the costs to pro-  
19 vide basic local exchange service in the geographic area of the  
20 proposed rate.

21 (e) Whether the provider's further investment in the network  
22 infrastructure of the geographic area of the proposed rate is  
23 economically justifiable without the proposed rate.

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

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

1 (10) THE COMMISSION SHALL EXEMPT A PROVIDER FROM THIS  
2 SECTION AND SECTION 310(2) IF IT FINDS BOTH OF THE FOLLOWING:

3 (A) THE PROVIDER PROVIDED BASIC LOCAL EXCHANGE SERVICE TO  
4 LESS THAN 15,000 END-USERS UNDER A PERMANENT OR TEMPORARY LICENSE  
5 ISSUED BEFORE JANUARY 1, 1993.

6 (B) THE PROVIDER OFFERS TO END-USERS SINGLE-PARTY BASIC  
7 LOCAL EXCHANGE SERVICE, TONE DIALING, TOLL ACCESS SERVICE,  
8 INCLUDING END-USER COMMON LINE SERVICES AND DIALING PARITY, AND  
9 ACCESS TO OPERATOR, TELECOMMUNICATIONS RELAY, AND EMERGENCY SERV-  
10 ICES AT A TOTAL PRICE, INCLUDING REQUIRED SURCHARGES, OF NO  
11 HIGHER THAN THE AMOUNT CHARGED AS OF APRIL 1, 2000.

12 Enacting section 1. This amendatory act does not take  
13 effect unless House Bill No. 4804 of the 90th Legislature is  
14 enacted into law.