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**BILL ANALYSIS**

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Senate Bill 754 (Substitute S-5 as reported)
Sponsor: Senator Cameron S. Brown
Committee: Technology and Energy

CONTENT

The bill would amend the Michigan Telecommunications Act to do the following:

- Delay the Act's sunset from December 31, 2005, to December 31, 2009.
- Define "essential basic local exchange service" as one primary access line to a residential customer for voice communications and a minimum allowance of local usage on that line of at least 200 calls per month; and refer to "essential basic local exchange service", rather than "basic local exchange service", in provisions related to rate regulation by the Public Service Commission (PSC).
- Specify that a provider's tariffs of rates, services, and conditions of regulated services would be effective upon one day's notice of submission to the PSC.
- Require providers to set the initial rates for essential basic local exchange service, and prohibit the initial rates from exceeding the rates in place before the bill's enactment, unless the existing rates did not exceed the total service long run incremental costs of the initial rates.
- Expand the ways in which a provider may alter its rates by filing notice with the PSC.
- Revise the information the PSC must consider when reviewing certain rate alterations.
- Eliminate a provision allowing a provider only one rate increase for each class or type of service during a 12-month period.
- Exempt a provider's rate alteration for a package of services from filing and review requirements as long as essential basic local exchange service were provided on a stand-alone basis.
- Allow a provider to satisfy its obligation to provide essential basic local exchange service by offering an alternative service using different technologies.
- Allow a provider to charge customers a late payment fee.
- Require a person providing a service for a congressionally chartered veterans organization to be exempt from any call limit, and receive essential basic local exchange service allowing unlimited calls per month for a flat rate.
- Require the PSC's annual report on competition to include specified information.
- Specify the quality-of-service rules the PSC would have to establish and enforce; require the rules to include remedies for enforcement that were consistent with the Act and applicable Federal law; and require the PSC to consider the extent to which existing market conditions were sufficient to provide adequate service quality to customers.
- Allow the PSC to stay the effect or enforcement of an order on terms it considered just.
- Require the consent of all parties, rather than only the complainant, for the parties to attempt alternative means of resolving a complaint.
- Delete a statement that the PSC's authority includes the revocation of a license and the issuance of cease and desist orders.
- Require the PSC to designate a State 2-1-1 coordinating agency and issue orders assigning the telephone digits 2-1-1 to a statewide central routing system.

- Delete a provision prohibiting cellular telecommunication service providers from engaging in certain activities.
- Delete a provision requiring the PSC to establish operating requirements for operating service providers, and specifying what those requirements must include.
- Repeal Section 207, which requires the PSC to determine the manner in which all directory assistance services are to be regulated, until the PSC determines directory assistance services to be competitive.
- Repeal Section 304b, which mandates that providers offer specific basic local exchange service rate plans.
- Expand the three-person Michigan Telecommunication Relay Service Advisory Board to nine people, and require it to conduct a study and issue a report on the ability for deaf, hard-of-hearing, and speech-impaired customers to gain access to telecommunication services.
- Delete a requirement that the PSC determine the rate that a toll service provider must compensate a payphone service provider for calls made on the provider's payphone that use the toll service, and avoids customer direct compensation to the payphone service provider.
- Repeal a section requiring a basic local exchange service provider to provide number portability.

MCL 484.2102 et al.

Legislative Analyst: Julie Koval

FISCAL IMPACT

This bill would make numerous changes in the regulatory responsibilities of the Public Service Commission. It is not known what impact, if any, this would have on revenue. The bill would increase the costs of the Department of Labor and Economic Growth by an unknown amount to support the expanded Michigan Telecommunication Relay Service Advisory Board and its required report.

Date Completed: 10-5-05

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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.