

HOUSE BILL 56

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2000 Regular Session
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CF 0lr2279

(PRE-FILED)

By: **Delegates Stern, Gordon, Kopp, Howard, Menes, Barve, Conroy, Boutin,
Frush, Heller, Cane, Barkley, Kagan, and Carlson**

Requested: August 18, 1999

Introduced and read first time: January 12, 2000

Assigned to: Environmental Matters

Committee Report: Favorable with amendments

House action: Adopted with floor amendments

Read second time: March 25, 2000

CHAPTER _____

1 AN ACT concerning

2 **Public Utility Companies Service Commission - Telephone Rates -**
3 **Intra-County and Adjacent County Phone Calls Competition**

4 FOR the purpose of declaring certain findings of the General Assembly; requiring the
5 Public Service Commission to use an alternative rate setting mechanism to
6 establish local telephone calling rates for calls within adjacent exchanges,
7 within the same LATA or county or between adjacent counties within the same
8 LATA, between the District of Columbia and adjacent counties within the same
9 LATA, between Maryland counties and counties in adjacent LATAs in adjacent
10 states, between adjacent counties in adjacent LATAs, and between certain
11 exchanges within a metropolitan exchange area; requiring the Public Service
12 Commission to seek approval by the Federal Communications Commission for
13 certain calling rates and establishing certain rules between adjacent counties in
14 adjacent LATAs; requiring the Public Service Commission to file petitions with
15 the Federal Communications Commission by a certain date to seek approval for
16 local calling rates for calls between adjacent counties in adjacent LATAs and to
17 seek approval for the waiver of LATA boundaries; requiring the Public Service
18 Commission to report to certain committees of the General Assembly by a
19 certain date on its progress in obtaining approval from the Federal
20 Communications Commission, on the results of any Federal Communications
21 Commission proceedings on the petition, and on the impact of this Act on calling
22 rates; defining a certain term; requiring the Public Service Commission to
23 undertake certain efforts to increase competition in certain telephone services
24 for residential customers; requiring the Public Service Commission to report to
25 certain committees of the General Assembly by certain dates on its progress in
26 enhancing competition in certain telephone services in the State; and generally

1 relating to local telephone calling rates.

2 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
 3 MARYLAND, That the General Assembly:

4 (1) finds that:

5 (i) competition in local exchange telephone services, which the
 6 federal Telecommunications Act of 1996 was enacted to foster, has languished in this
 7 State, particularly in residential local exchange services;

8 (ii) additional efforts by the Public Service Commission are needed
 9 to foster competition in local exchange telephone services, and in intrastate
 10 interLATA telephone services, for residential customers in the State; and

11 (iii) waiver or elimination of the LATA boundaries in the State by
 12 the Federal Communications Commission would assist the Public Service
 13 Commission in developing a more competitive local exchange telephone services
 14 market for residential customers in the State and in creating a reasonable alternative
 15 rate setting mechanism; and

16 (2) directs the Public Service Commission to undertake efforts to
 17 increase competition in the local exchange service and intrastate interLATA service
 18 markets for residential telephone customers in the State, consistent with the federal
 19 Telecommunications Act of 1996, including commencing State proceedings to
 20 investigate and implement regulatory changes to enhance competition, and
 21 petitioning the Federal Communications Commission to implement regulatory
 22 changes to enhance competition in intrastate interLATA services in the State, which
 23 may include changes in or elimination of LATAs in the State as a barrier to
 24 competition in local exchange service.

25 ~~BY repealing and reenacting, without amendments,~~
 26 ~~Article—Public Utility Companies~~
 27 ~~Section 4-101~~
 28 ~~Annotated Code of Maryland~~
 29 ~~(1998 Volume and 1999 Supplement)~~

30 ~~BY adding to~~
 31 ~~Article—Public Utility Companies~~
 32 ~~Section 4-301.1~~
 33 ~~Annotated Code of Maryland~~
 34 ~~(1998 Volume and 1999 Supplement)~~

35 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
 36 MARYLAND, That the Laws of Maryland read as follows:

Article—Public Utility Companies

1 4-101.

2 In this title, "just and reasonable rate" means a rate that:

- 3 (1) does not violate any provision of this article;
- 4 (2) fully considers and is consistent with the public good; and
- 5 (3) except for rates of a common carrier, will result in an operating
6 income to the public service company that yields, after reasonable deduction for
7 depreciation and other necessary and proper expenses and reserves, a reasonable
8 return on the fair value of the public service company's property used and useful in
9 providing service to the public.

10 4-301.1.

11 (A) IN THIS SECTION, "REASONABLY EXPECTED GEOGRAPHIC SPHERE OF
12 TELEPHONE ACTIVITY" INCLUDES TELEPHONE COMMUNICATION BY:

- 13 (1) LAND-LINE;
- 14 (2) WIRELESS COMMUNICATIONS, INCLUDING BUT NOT LIMITED TO
15 FIXED WIRELESS, CELLULAR, AND PCS; AND
- 16 (3) E-MAIL.

17 (B) THE COMMISSION SHALL ADOPT A NEW ALTERNATIVE RATE SETTING
18 MECHANISM FOR LOCAL TELEPHONE CALLS THAT ARE:

- 19 (1) WITHIN ADJACENT EXCHANGES;
- 20 (2) WITHIN THE SAME LATA OR COUNTY OR BETWEEN ADJACENT
21 COUNTIES WITHIN THE SAME LATA;
- 22 (3) BETWEEN THE DISTRICT OF COLUMBIA AND ADJACENT MARYLAND
23 COUNTIES WITHIN THE SAME LATA;
- 24 (4) BETWEEN MARYLAND COUNTIES AND COUNTIES IN ADJACENT
25 STATES, INCLUDING VIRGINIA, WEST VIRGINIA, PENNSYLVANIA, AND DELAWARE;
- 26 (5) BETWEEN COUNTIES THAT ARE IN ADJACENT LATAS; OR
- 27 (6) FROM ANY EXCHANGE WITHIN A COUNTY INTO ANY METROPOLITAN
28 EXCHANGE AREA THAT CURRENTLY INCLUDES AT LEAST ONE ENTIRE EXCHANGE
29 FROM THAT COUNTY.

30 (C) THE ALTERNATIVE RATE SETTING MECHANISM ESTABLISHED UNDER
31 SUBSECTION (B) OF THIS SECTION SHALL ESTABLISH RATES FOR LOCAL CALLS THAT
32 ARE PRESUMED TO BE CO-EQUAL TO THE RATES FOR LOCAL TOLL CALLS, ABSENT
33

~~1 CLEAR AND CONVINCING EVIDENCE THAT THE RATES, AS DETERMINED BY THE
2 PUBLIC SERVICE COMMISSION UTILIZING A FORWARD-LOOKING INCREMENTAL
3 COSTING METHODOLOGY, SHOULD BE SET AT A HIGHER OR LOWER LEVEL.~~

~~4 (D) THE COMMISSION SHALL SEEK APPROVAL FROM THE FEDERAL
5 COMMUNICATIONS COMMISSION AS NECESSARY TO ESTABLISH LOCAL CALLING
6 RATES BETWEEN LATAS.~~

~~7 SECTION 2. AND BE IT FURTHER ENACTED, That the Public Service
8 Commission shall:~~

~~9 (1) file a petition with the Federal Communications Commission to seek
10 initial approval of local telephone calling rates for calls between LATAs on or before
11 July 1, 2001;~~

~~12 (2) file a petition with the Federal Communications Commission to seek
13 approval for the waiver of LATA boundaries;~~

~~14 (3) report to the Senate Finance Committee and the House
15 Environmental Matters Committee on or before April 1, 2001, on its progress in
16 developing a petition to file with the Federal Communications Commission seeking
17 approval of local telephone calling rates for calls between LATAs;~~

~~18 (4) report to the Senate Finance Committee and the House
19 Environmental Matters Committee on or before January 31, 2002, on the status of
20 any Federal Communications Commission proceedings on the petition; and~~

~~21 (5) report to the Senate Finance Committee and the House
22 Environmental Matters Committee on or before January 1, 2003, on the impact of this
23 Act on calling rates.~~

~~24 SECTION 2. AND BE IT FURTHER ENACTED, That the Public Service
25 Commission shall report to the Senate Finance Committee and the House
26 Environmental Matters Committee, in accordance with § 2-1246 of the State
27 Government Article, on or before January 1, 2002 and January 1, 2003 on the
28 progress of the Commission in enhancing competition in the local exchange service
29 and intrastate interLATA services for residential customers in the State, including
30 the status of State and federal proceedings on the subject of enhancing competition.~~

~~31 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
32 October 1, 2000.~~

