
By: **Delegate Stern**

Introduced and read first time: January 11, 2002

Assigned to: Environmental Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Public Utilities - Telephone Companies - Alternative Form of Regulation**

3 FOR the purpose of authorizing the Public Service Commission to regulate a
4 telephone company by means of an alternative form of regulation only if certain
5 conditions are met; requiring the Public Service Commission to make a certain
6 finding by a certain date; requiring the Commission to use a certain form of
7 regulation for telephone companies until certain conditions are met; stating the
8 intent of the General Assembly; and generally relating to the regulation of the
9 telecommunications industry.

10 BY repealing and reenacting, with amendments,

11 Article - Public Utility Companies

12 Section 4-301

13 Annotated Code of Maryland

14 (1998 Volume and 2001 Supplement)

15 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF

16 MARYLAND, That the Laws of Maryland read as follows:

17 **Article - Public Utility Companies**

18 4-301.

19 (a) Notwithstanding § 4-101 of this title or any other law to the contrary, the
20 Commission may regulate a telephone company through alternative forms of
21 regulation.

22 (b) The Commission may adopt an alternative form of regulation under this
23 section ONLY if the Commission finds, after notice and hearing, THAT THE LOCAL
24 TELEPHONE MARKET IS FULLY AND IRREVERSIBLY OPEN TO COMPETITION AND that
25 the alternative form of regulation:

26 (1) protects consumers by, at a minimum:

27 (i) producing affordable and reasonably priced basic local exchange
28 service, as defined by the Commission; and

1 (ii) ensuring the quality, availability, and reliability of
2 telecommunications services throughout the State; AND

3 (2) [encourages the development of competition; and

4 (3)] is in the public interest.

5 (c) An alternative form of regulation may include:

6 (1) price regulation;

7 (2) revenue regulation;

8 (3) ranges of authorized return;

9 (4) rate of return;

10 (5) categories of services; or

11 (6) price indexing.

12 SECTION 2. AND BE IT FURTHER ENACTED, That, on or before December
13 15, 2002, the Public Service Commission shall, after notice and hearing, determine
14 whether the local telephone market is fully and irreversibly open to competition
15 under § 4-301 of the Public Utility Companies Article, as enacted by this Act. If the
16 Commission determines that the local telephone market is not fully and irreversibly
17 open to competition, then the Commission shall reimpose rate of return regulation on
18 any telephone company operating in the State under the jurisdiction of the
19 Commission. Rate of return regulation of telephone companies shall continue until
20 the Commission makes a finding, after notice and hearing, that the local telephone
21 market is fully and irreversibly open to competition under § 4-301 of the Public
22 Utility Companies Article, as enacted by this Act.

23 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
24 July 1, 2002.