
By: **Delegate Owings (By Request)**
Introduced and read first time: March 4, 2002
Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Public Utility Companies - Rates - Intracounty and Adjacent County Phone**
3 **Calls**

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

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 2001 Supplement)

30 BY adding to
31 Article - Public Utility Companies
32 Section 4-301.1

1 Annotated Code of Maryland
2 (1998 Volume and 2001 Supplement)

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

5 **Article - Public Utility Companies**

6 4-101.

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

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

15 4-301.1.

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

- 18 (1) LAND LINE;
- 19 (2) WIRELESS COMMUNICATIONS, INCLUDING FIXED WIRELESS,
20 CELLULAR, AND PCS; AND
- 21 (3) ELECTRONIC MAIL.

22 (B) (1) THE COMMISSION SHALL ADOPT A NEW ALTERNATIVE RATE
23 SETTING MECHANISM FOR LOCAL TELEPHONE CALLS THAT ARE:

- 24 (I) WITHIN ADJACENT EXCHANGES;
- 25 (II) WITHIN THE SAME LATA OR COUNTY OR BETWEEN ADJACENT
26 COUNTIES WITHIN THE SAME LATA OR WITHIN 40 MILES OF ANY EXCHANGE IN THAT
27 AREA;
- 28 (III) BETWEEN THE DISTRICT OF COLUMBIA AND ADJACENT
29 MARYLAND COUNTIES WITHIN THE SAME LATA;
- 30 (IV) BETWEEN MARYLAND COUNTIES AND COUNTIES IN ADJACENT
31 STATES, INCLUDING VIRGINIA, WEST VIRGINIA, PENNSYLVANIA, DELAWARE, AND
32 THE DISTRICT OF COLUMBIA, OR WITHIN 40 MILES OF ANY EXCHANGE IN THAT AREA;

1 (V) BETWEEN THE DISTRICT OF COLUMBIA AND ADJACENT
2 MARYLAND COUNTIES THAT ARE IN ADJACENT LATAS OR WITHIN 40 MILES OF ANY
3 EXCHANGE IN THAT AREA; OR

4 (VI) FROM ANY EXCHANGE WITHIN A COUNTY INTO ANY
5 METROPOLITAN EXCHANGE AREA THAT CURRENTLY INCLUDES AT LEAST ONE
6 ENTIRE EXCHANGE FROM THAT COUNTY OR WITHIN 40 MILES OF THAT AREA.

7 (2) THE COMMISSION SHALL CLASSIFY EACH CALL FOR WHICH A RATE
8 IS SET UNDER PARAGRAPH (1) OF THIS SUBSECTION AS A TOLL-FREE LOCAL
9 TELEPHONE CALL.

10 (C) THE ALTERNATIVE RATE SETTING MECHANISM ESTABLISHED UNDER
11 SUBSECTION (B) OF THIS SECTION SHALL ESTABLISH RATES FOR LOCAL CALLS THAT
12 ARE PRESUMED TO BE COEQUAL TO THE RATES FOR LOCAL TOLL CALLS, ABSENT
13 CLEAR AND CONVINCING EVIDENCE THAT THE RATES, AS DETERMINED BY THE
14 COMMISSION UTILIZING A FORWARD-LOOKING INCREMENTAL COSTING
15 METHODOLOGY, SHOULD BE SET AT A HIGHER OR LOWER LEVEL.

16 (D) THE COMMISSION SHALL SEEK APPROVAL FROM THE FEDERAL
17 COMMUNICATIONS COMMISSION AS NECESSARY TO ESTABLISH LOCAL CALLING
18 BETWEEN LATAS IN ADJACENT STATES AND THE DISTRICT OF COLUMBIA.

19 SECTION 2. AND BE IT FURTHER ENACTED, That the Public Service
20 Commission shall:

21 (1) file a petition with the Federal Communications Commission to seek
22 initial approval of local telephone calling between LATAs in adjacent states and the
23 District of Columbia on or before July 1, 2003;

24 (2) file a petition with the Federal Communications Commission to seek
25 approval for the waiver of appropriate LATA boundaries under this Act;

26 (3) report to the Senate Finance Committee and the House
27 Environmental Matters Committee on or before April 1, 2003, on its progress in
28 developing a petition to file with the Federal Communications Commission seeking
29 approval of local telephone calling for calls between LATAs in adjacent states and the
30 District of Columbia;

31 (4) report to the Senate Finance Committee and the House
32 Environmental Matters Committee on or before January 31, 2004, on the status of
33 any Federal Communications Commission proceedings on the petition; and

34 (5) report to the Senate Finance Committee and the House
35 Environmental Matters Committee on or before January 1, 2005, on the impact of this
36 Act on calling rates.

37 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
38 October 1, 2002.