

Department of Legislative Services
 Maryland General Assembly
 2002 Session

FISCAL NOTE

House Bill 63 (Delegate Stern)
 Environmental Matters

Telecommunication Services - Basic Local Exchange Service Quality

This bill provides updated definitions of telecommunications carrier, telecommunications services, and other terms of art and requires the Public Service Commission (PSC) to develop regulations that: (1) govern the service performance of basic local exchange service providers; and (2) include requirements for carriers to report performance data to PSC. The bill includes specific minimum carrier performance requirements to be included in the new regulations, and outlines specific criteria to be followed in developing a schedule of consumer credits to be awarded if performance levels are not achieved.

Fiscal Summary

State Effect: FY 2003 PSC and Office of People’s Counsel (OPC) general fund expenditures could increase by \$199,700 for additional staff positions. Revenues would be unaffected. Out-years reflect annualization and inflation. General fund expenditures made for the benefit of PSC and OPC are reimbursed through assessments on public service companies.

(in dollars)	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	199,700	241,300	252,200	263,800	276,200
Net Effect	(\$199,700)	(\$241,300)	(\$252,200)	(\$263,800)	(\$276,200)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: Potential minimal.

Analysis

Bill Summary: The bill states the General Assembly's intent that every telecommunications (telecom) carrier must meet minimum service quality standards in providing basic local exchange service on a nondiscriminatory basis to all classes of customers. To achieve this intent, the bill establishes a number of specific performance measures, consumer credits, and reporting requirements.

PSC must adopt service quality regulations that may include fines, penalties, customer credits, and other enforcement mechanisms. At a minimum, the regulations must contain requirements relating to: timely installation of service; disclosure of service obligations on the part of the carrier; timely restoration of service; appointments for repair and installation that require a customer's presence; and customer credits for violations of specified service standards.

The bill includes a schedule of consumer credits a telecom carrier must provide under specified conditions for: (1) failure to repair or correct a disruption in basic service within specified timeframes; (2) failure to keep a scheduled appointment; or (3) failure to install basic service in a timely fashion. Penalties include prorated shares of monthly charges, alternative phone service, or one-time or daily monetary credits. Credits do not apply for a specified number of reasons including for circumstances that are beyond a carrier's control or circumstances under which the carrier has the right of refusal.

PSC must also adopt regulations that specify quarterly reporting requirements for the submission to PSC of specified performance data for each carrier including information for: basic service installations; service outages; carrier response to consumer calls; trouble reports; and missed repair and installation commitments.

The bill also provides that to the extent practicable, a municipal corporation may not be located in more than one exchange unless, through annexation, a municipal boundary changes after the establishment of an exchange boundary.

Current Law: A telephone company or reseller must provide conspicuous notices to customers when there is a change in telephone company, telecommunications services, or billing arrangements. Customer change of service orders must be completed within 15 business days.

State Fiscal Effect: General fund expenditures could increase by an estimated \$199,683 in fiscal 2003, which accounts for the bill's October 1, 2002 effective date. This estimate reflects the cost of OPC adding one-half of an attorney position, and PSC hiring one staff attorney, one hearing examiner, one regulatory economist, and one administrative specialist to develop and enforce new regulations relating to telecom service quality. It

includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Salaries and Fringe Benefits	\$173,294
Equipment	20,300
Operating Expenses	<u>6,089</u>
Total FY 2003 State Expenditures	\$199,683

Future year expenditures reflect: (1) full salaries with 3.5% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Public Service Commission, Office of People's Counsel, Department of Legislative Services

Fiscal Note History: First Reader - February 24, 2002
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