

## HOUSE BILL 898

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C5

2003 Regular Session  
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By: **Delegate Owings (By Request)**  
Introduced and read first time: February 11, 2003  
Assigned to: Rules and Executive Nominations

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### A BILL ENTITLED

1 AN ACT concerning

2 **Telephone Calls - Rates - Intracounty and Adjacent County Phone Calls**

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

24 BY repealing and reenacting, without amendments,  
25 Article - Public Utility Companies  
26 Section 4-101  
27 Annotated Code of Maryland  
28 (1998 Volume and 2002 Supplement)

29 BY adding to  
30 Article - Public Utility Companies  
31 Section 4-301.1  
32 Annotated Code of Maryland

1 (1998 Volume and 2002 Supplement)

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

4 **Article - Public Utility Companies**

5 4-101.

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

7 (1) does not violate any provision of this article;

8 (2) fully considers and is consistent with the public good; and

9 (3) except for rates of a common carrier, will result in an operating  
10 income to the public service company that yields, after reasonable deduction for  
11 depreciation and other necessary and proper expenses and reserves, a reasonable  
12 return on the fair value of the public service company's property used and useful in  
13 providing service to the public.

14 4-301.1.

15 (A) THIS SECTION APPLIES TO LOCAL TELEPHONE CALLS THAT ARE MADE BY:

16 (1) LAND LINE;

17 (2) WIRELESS COMMUNICATIONS, INCLUDING FIXED WIRELESS,  
18 CELLULAR, AND PCS; OR

19 (3) INTERNET SERVICE.

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

22 (I) WITHIN ADJACENT EXCHANGES;

23 (II) WITHIN THE SAME LATA OR COUNTY OR BETWEEN ADJACENT  
24 COUNTIES WITHIN THE SAME LATA OR WITHIN 40 MILES OF ANY EXCHANGE IN THAT  
25 AREA;

26 (III) BETWEEN THE DISTRICT OF COLUMBIA AND ADJACENT  
27 MARYLAND COUNTIES WITHIN THE SAME LATA;

28 (IV) BETWEEN MARYLAND COUNTIES AND COUNTIES IN ADJACENT  
29 STATES, INCLUDING VIRGINIA, WEST VIRGINIA, PENNSYLVANIA, DELAWARE, AND  
30 THE DISTRICT OF COLUMBIA, OR WITHIN 40 MILES OF ANY EXCHANGE IN THAT AREA;

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

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

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

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

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

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

18 (1) file a petition with the Federal Communications Commission to seek  
19 initial approval of local telephone calling between LATAs in adjacent states and the  
20 District of Columbia on or before July 1, 2004;

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

23 (3) subject to § 2-1312 of the State Government Article, report to the  
24 Senate Finance Committee and the House Economic Matters Committee:

25 (i) on or before April 1, 2004, on its progress in developing a  
26 petition to file with the Federal Communications Commission seeking approval of  
27 local telephone calling for calls between LATAs in adjacent states and the District of  
28 Columbia;

29 (ii) on or before January 31, 2005, on the status of any Federal  
30 Communications Commission proceedings on the petition; and

31 (iii) on or before January 1, 2006, on the impact of this Act on calling  
32 rates in the State.

33 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
34 October 1, 2003.