

Department of Legislative Services
Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE

House Bill 899
Economic Matters

Delegate Owings (By Request)

Telephone Companies - Intracounty and Adjacent Local Calling

This bill requires the Public Service Commission (PSC) to classify any calls between two points in a single county or a point between one county and another point within 40 miles of that county as toll-free. It also prohibits a local telephone service provider from billing any of those toll-free calls separately from the monthly local service charge.

The bill is effective January 1, 2004.

Fiscal Summary

State Effect: The bill's requirements could be handled with existing budgeted resources.

Local Effect: None.

Small Business Effect: Potential minimal.

Analysis

Current Law: Utility companies, including telephone companies, are required to establish rates for their services that are just and reasonable. PSC is charged with reviewing and approving utility rates to ensure they are just and reasonable.

Background: PSC is responsible for regulating all local and intrastate long distance services. Verizon Maryland, Inc., is the dominant supplier of local wireline voice services in Maryland and is currently regulated under a price cap regulatory regime which is reviewed annually. The Price Cap Plan uses a formula to adjust rates that relies

on economic factors such as the Consumer Price Index. In addition to Verizon, there are about 150 other competitive local exchange carriers who are authorized to operate in Maryland, about 30 of which are actively selling local service to Maryland consumers. Each of these companies has filed a local service tariff that has been reviewed and approved by PSC.

Providers of intrastate long distance services are also regulated by PSC, but PSC does not have any authority over interstate long distance. There are about 200 long distance companies providing intrastate services that are authorized to operate in Maryland and they all have long distance tariffs on file that have been reviewed and approved by PSC. The rate setting authority for interstate long distance services rests with the Federal Communications Commission.

Additional Information

Prior Introductions: None.

Cross File: SB 763 (Senator Hooper) – Finance.

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

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ncs/jr

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