

# HOUSE BILL 1494

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CF SB 1026

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By: ~~Delegate Davis~~ Delegates Davis, Barkley, Braveboy, Burns, Feldman, Haddaway, Harrison, Hecht, Impallaria, Jameson, King, Kirk, Krysiak, Love, Mathias, Miller, Minnick, Stifler, Taylor, Vaughn, and Walkup

Introduced and read first time: March 3, 2009  
Assigned to: Rules and Executive Nominations  
Re-referred to: Economic Matters, March 16, 2009

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Committee Report: Favorable with amendments  
House action: Adopted  
Read second time: March 23, 2009

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Telecommunications – Basic and Competitive Services – Agreement**

3 FOR the purpose of requiring certain new residential telephone services to be  
4 classified as competitive services; requiring certain telephone services to be  
5 available in a certain manner until a certain date; ~~requiring~~ authorizing a  
6 certain local telephone company to develop a certain service quality program  
7 ~~subject to approval of the Public Service Commission jointly with the Public~~  
8 Service Commission and the Office of People’s Counsel on or after a certain  
9 date; authorizing the Commission to adopt certain standards by order or  
10 regulation; stating the intent of the General Assembly concerning a certain  
11 settlement agreement in certain administrative proceedings; and generally  
12 relating to local telephone companies and basic and competitive telephone  
13 exchange services.

14 BY repealing and reenacting, with amendments,  
15 Article – Public Utility Companies  
16 Section 4–301  
17 Annotated Code of Maryland  
18 (2008 Replacement Volume and 2008 Supplement)

19 BY adding to  
20 Article – Public Utility Companies  
21 Section 8–206

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### EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike-out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 Annotated Code of Maryland  
2 (2008 Replacement Volume and 2008 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 4–301.

7 (a) Notwithstanding § 4–101 of this title or any other law to the contrary, the  
8 Commission may regulate a telephone company through alternative forms of  
9 regulation.

10 (b) The Commission may adopt an alternative form of regulation under this  
11 section if the Commission finds, after notice and hearing, that the alternative form of  
12 regulation:

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

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

16 (ii) ensuring the quality, availability, and reliability of  
17 telecommunications services throughout the State;

18 (2) encourages the development of competition; and

19 (3) is in the public interest.

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

21 (1) price regulation;

22 (2) revenue regulation;

23 (3) ranges of authorized return;

24 (4) rate of return;

25 (5) categories of services; or

26 (6) price indexing.

27 **(D) (1) THIS SUBSECTION APPLIES TO AN INCUMBENT LOCAL**  
28 **TELEPHONE COMPANY THAT PROVIDES LOCAL EXCHANGE SERVICE TO MORE**  
29 **THAN 10,000 SUBSCRIBERS.**

1           (2) ANY ADDITIONAL RESIDENTIAL TELEPHONE SERVICES THAT  
2 THE LOCAL TELEPHONE COMPANY OFFERS FOR THE FIRST TIME ON OR AFTER  
3 JULY 1, 2009, BEYOND REGULATED BASIC SERVICE, SHALL BE CLASSIFIED AS  
4 COMPETITIVE SERVICES.

5           (3) BEFORE JULY 1, 2012, ALL COMPONENT ELEMENTS OF  
6 RESIDENTIAL TELEPHONE SERVICES THAT THE LOCAL TELEPHONE COMPANY  
7 OFFERS ON A COMPETITIVE BUNDLED BASIS SHALL BE AVAILABLE SEPARATELY  
8 AS INDIVIDUAL SERVICES APART FROM A REGULATED BASIC SERVICE.

9 **8-206.**

10           (A) ~~AT THE DIRECTION OF THE COMMISSION~~ ON OR AFTER JULY 1,  
11 2012, A TELEPHONE COMPANY, THE COMMISSION, AND THE OFFICE OF  
12 PEOPLE'S COUNSEL ~~SHALL~~ MAY JOINTLY DEVELOP AND IMPLEMENT A SERVICE  
13 QUALITY PROGRAM TO IMPLEMENT AND MONITOR COMPLIANCE WITH SERVICE  
14 QUALITY STANDARDS ~~FOR ALL SERVICES~~ ADOPTED BY THE COMMISSION.

15           (B) THE SERVICE QUALITY PROGRAM:

16           (1) SHALL INCLUDE A COMPONENT THROUGH WHICH CUSTOMERS  
17 MAY BE PRECERTIFIED FOR PRIORITY SERVICE RESPONSE DUE TO CONDITIONS  
18 SUCH AS MEDICAL NEEDS OR THE LACK OF ALTERNATIVE ACCESS TO ENHANCED  
19 9-1-1 SERVICE; AND

20           (2) MAY INCLUDE MONETARY INCENTIVES SUCH AS RESERVING  
21 COMPANY FUNDS FOR PAYMENT TO CUSTOMERS WHOSE SERVICE COMPLAINTS  
22 ARE NOT ADDRESSED WITHIN A PERIOD OF TIME OR IN A MANNER SPECIFIED IN  
23 THE APPLICABLE SERVICE QUALITY STANDARD, WHICH MAY INCLUDE  
24 EXTENDED OUT-OF-SERVICE CONDITIONS OR MISSED SERVICE APPOINTMENTS.

25           (C) THE COMMISSION MAY ALLOW THE MONETARY INCENTIVE  
26 COMPONENT OF THE SERVICE QUALITY PROGRAM TO TAKE EFFECT, LAPSE, OR  
27 BE REINSTATED BASED ON THE OVERALL COMPLIANCE OF THE TELEPHONE  
28 COMPANY WITH APPROVED SERVICE QUALITY STANDARDS OVER A PERIOD OF  
29 TIME.

30           (D) THE COMMISSION MAY IMPLEMENT THIS SECTION BY ORDER OR  
31 REGULATION.

32           SECTION 2. AND BE IT FURTHER ENACTED, That it is the intention of the  
33 General Assembly that:

1           (a)    The settlement agreement that is the subject of the Joint Petition for  
2 Approval of Settlement Agreement filed with the Public Service Commission on  
3 December 8, 2008, in Case Nos. 9072, 9114, 9120, 9121, and 9133 should be approved  
4 expeditiously by the Commission substantially in the form that it was filed, including:

5           (1)    crediting of \$130,000 pro rata to eligible customers for missed  
6 appointments and \$870,000 pro rata to eligible customers for out-of-service clearance  
7 times under paragraph 14 of the agreement;

8           (2)    adoption of a service quality incentive plan that conforms to the  
9 requirements of § 8–206 of the Public Utility Companies Article, as enacted by this  
10 Act, and paragraphs 15 through 21 of the agreement;

11           (3)    authorization of additional funding availability for outreach  
12 activities concerning telephone lifeline service under § 8–201 of the Public Utility  
13 Companies Article and paragraph 22 of the agreement;

14           (4)    approval of authorized tariff changes to allow a reduction of  
15 residential contiguous FX service for certain customers in connection with specified  
16 bundled services, and reclassification of specified services among various service  
17 baskets, under paragraphs 23 and 24 of the agreement;

18           (5)    authorization for a limited one-time increase of \$1 in monthly  
19 recurring charges for residential basic services that may not be further increased  
20 before July 1, 2012, under paragraphs 25 and 45 of the agreement;

21           (6)    on or after July 1, 2012, authorization for an increase of \$1 in  
22 monthly recurring charges for residential basic services not more than once each year  
23 under paragraph 26 of the agreement;

24           (7)    authorization for limited increases in business and other basic  
25 services under paragraphs 27 and 28 of the agreement;

26           (8)    a requirement that discretionary residential services offered as of  
27 July 1, 2009, remain available separately for at least 3 years under paragraph 29 of  
28 the agreement;

29           (9)    classification of all new residential services offered after June 30,  
30 2009, as competitive services under paragraph 30 of the agreement;

31           (10)   a requirement for offering Statewide uniform service rates and for  
32 separate offering of specified regulated component services for at least 3 years under  
33 paragraph 31 of the agreement;

34           (11)   required service of quarterly service reports under paragraph 32 of  
35 the agreement;

1 (12) approval of changes to notice provided for services under  
2 paragraph 33 of the agreement;

3 (13) authorization for customer-specific pricing contracts under  
4 paragraph 34 of the agreement;

5 (14) continuation of directory assistance services at no charge to  
6 specified persons under paragraph 35 of the agreement;

7 (15) continuation of the offer of call blocking services at no charge in  
8 accordance with paragraph 36 of the agreement;

9 (16) approval of the competitive status of specified services and of the  
10 1-day notice of tariff changes in accordance with paragraphs 42 and 43 of the  
11 agreement; and

12 (17) agreement to other terms and conditions as may be appropriate to  
13 implement paragraphs 37 through 41 of the agreement.

14 (b) In order to provide maximum benefits to consumers under the settlement  
15 agreement, proceedings before the Public Service Commission in Case Nos. 9072,  
16 9114, 9120, 9121, and 9133 should be completed so as to allow the agreement to take  
17 effect no later than July 1, 2009.

18 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
19 July 1, 2009.

Approved:

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Governor.

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Speaker of the House of Delegates.

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President of the Senate.