

# SENATE BILL 1026

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CF HB 1494

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By: **Senator Middleton**

Introduced and read first time: March 5, 2009

Assigned to: Rules

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## A BILL ENTITLED

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 a certain local  
6 telephone company to develop a certain service quality program subject to  
7 approval of the Public Service Commission; authorizing the Commission to  
8 adopt certain standards by order or regulation; stating the intent of the General  
9 Assembly concerning a certain settlement agreement in certain administrative  
10 proceedings; and generally relating to local telephone companies and basic and  
11 competitive telephone exchange services.

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

17 BY adding to  
18 Article - Public Utility Companies  
19 Section 8-206  
20 Annotated Code of Maryland  
21 (2008 Replacement Volume and 2008 Supplement)

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

24 **Article - Public Utility Companies**

25 4-301.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

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

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

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

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

12 (2) encourages the development of competition; and

13 (3) is in the public interest.

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

15 (1) price regulation;

16 (2) revenue regulation;

17 (3) ranges of authorized return;

18 (4) rate of return;

19 (5) categories of services; or

20 (6) price indexing.

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

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

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

1 **8-206.**

2 (A) AT THE DIRECTION OF THE COMMISSION, A TELEPHONE COMPANY  
3 SHALL DEVELOP AND IMPLEMENT A SERVICE QUALITY PROGRAM TO  
4 IMPLEMENT AND MONITOR COMPLIANCE WITH SERVICE QUALITY STANDARDS  
5 FOR ALL SERVICES ADOPTED BY THE COMMISSION.

6 (B) THE SERVICE QUALITY PROGRAM:

7 (1) SHALL INCLUDE A COMPONENT THROUGH WHICH CUSTOMERS  
8 MAY BE PRECERTIFIED FOR PRIORITY SERVICE RESPONSE DUE TO CONDITIONS  
9 SUCH AS MEDICAL NEEDS OR THE LACK OF ALTERNATIVE ACCESS TO ENHANCED  
10 9-1-1 SERVICE; AND

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

16 (C) THE COMMISSION MAY ALLOW THE MONETARY INCENTIVE  
17 COMPONENT OF THE SERVICE QUALITY PROGRAM TO TAKE EFFECT, LAPSE, OR  
18 BE REINSTATED BASED ON THE OVERALL COMPLIANCE OF THE TELEPHONE  
19 COMPANY WITH APPROVED SERVICE QUALITY STANDARDS OVER A PERIOD OF  
20 TIME.

21 (D) THE COMMISSION MAY IMPLEMENT THIS SECTION BY ORDER OR  
22 REGULATION.

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

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

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

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

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

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

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

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

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

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

19 (9) classification of all new residential services offered after June 30,  
20 2009, as competitive services under paragraph 30 of the agreement;

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

24 (11) required service of quarterly service reports under paragraph 32 of  
25 the agreement;

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

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

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

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

1                   (16) approval of the competitive status of specified services and of the  
2 1-day notice of tariff changes in accordance with paragraphs 42 and 43 of the  
3 agreement; and

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

6                   (b) In order to provide maximum benefits to consumers under the settlement  
7 agreement, proceedings before the Public Service Commission in Case Nos. 9072,  
8 9114, 9120, 9121, and 9133 should be completed so as to allow the agreement to take  
9 effect no later than July 1, 2009.

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