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House Bill 5460
Sponsor: Rep. Marc Shulman
Committee: Energy and Technology

Complete to 12-4-01

A SUMMARY OF HOUSE BILL 5460 AS INTRODUCED 11-28-01

Under Public Act 295 of 2000, which rewrote the Michigan Telecommunications Act, a provider of basic local exchange service was prohibited from assessing or imposing an intrastate subscriber line charge or end-user line charge. However, the 6th U.S. Circuit Court of Appeals has enjoined enforcement of this provision of the 2000 act on the grounds that the plaintiffs (Ameritech and Verizon) showed that there is a substantial likelihood that it is unconstitutional, in that it fails to provide adequate safeguards against confiscatory rates. The case has been remanded to the district court for further proceedings.

House Bill 5460 would amend the provision that prohibits the assessment of an intrastate subscriber line charge or end-user charge. Under the bill, such a charge would be prohibited except upon the approval of the Public Service Commission. A provider would have to file an application for approval, and the commission would have to consider whether the proposed line charge provided a reasonable rate of return for the services provided.

The bill specifies that if a provider were assessing or imposing an interstate subscriber line charge or end-user charge on the effective date of the bill, the provider could continue to assess or impose the charge if:

• Within 90 days of the bill's effective date, the provider made a filing to have the charge approved by the Public Service Commission;

• The line charge was not greater than the charge in effect on the bill's effective date; and,

• The provider made any necessary adjustments to the line charge after the commission issues its decision.

MCL 484.2310

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