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**SFA**

BILL ANALYSIS

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Senate Bill 879 (as introduced 11-29-01)  
Sponsor: Senator John J. H. Schwarz, M.D.  
Committee: Technology and Energy

Date Completed: 12-4-01

## **CONTENT**

**The bill would amend the Michigan Telecommunications Act to do the following:**

- **Enact legislative findings that rates of providers with more than 250,000 customers "are excessive and are not just and reasonable".**
- **Require the Public Service Commission to hold hearings on these findings.**
- **Exempt a provider whose rates were adjusted by at least \$200 million under the bill, from the prohibition against assessing end-user line charges.**

Specifically, the bill contains the following Legislative findings:

- "[T]hat the rates for customers of providers with more than 250,000 customers in this state are excessive and are not just and reasonable as required under section 304."
- "[T]hat the rates for customers of providers with more than 250,000 customers in this state are excessive in an amount greater than \$200,000,000.00."

(Section 304 of the Act provides that the rates for basic local exchange service must be "just and reasonable"; and requires the Commission to determine if an application to increase a basic local exchange rate is just and reasonable, or if it is necessary for the Commission to review a rate alteration.)

The Public Service Commission would have to conduct hearings in order to give all telecommunications providers with more than 250,000 customers in the State an opportunity to present evidence and otherwise show why the Commission should not order rate adjustments in conformity with the legislative findings under the bill. The Commission would have to hold the hearings within 90 days of the bill's effective date.

The bill states that a provider whose rates were adjusted on a pro rata basis under the bill by an amount equal to or greater than \$200 million, would not be subject to Section 310(7) of the Act. (Section 310(7) prohibits a provider of basic local exchange service from assessing or imposing on end-users an intrastate subscriber line charge or end-user line charge.)

Proposed MCL 484.2304c

Legislative Analyst: G. Towne

## **FISCAL IMPACT**

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: M. Tyszkiewicz

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.