

# SENATE BILL No. 204

February 20, 2003, Introduced by Senators ALLEN and BIRKHOLZ and referred to the Committee on Technology and Energy.

A bill to amend 1991 PA 179, entitled "Michigan telecommunications act," by amending section 304 (MCL 484.2304), as amended by 2000 PA 295.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 304. (1) Except as provided in section 304a, the rates  
2 for basic local exchange service shall be just and reasonable.

3       (2) A provider may alter its rates for basic local exchange  
4 services by 1 or more of the following:

5       (a) Filing with the commission notice of a decrease,  
6 discount, or other rate reduction in a basic local exchange  
7 rate. A rate alteration under this subdivision shall become  
8 effective without commission review or approval.

9       (b) Filing with the commission notice of an increase in a  
10 basic local exchange rate that does not exceed 1% less than the

1 consumer price index. Unless the commission determines that the  
2 rate alteration exceeds the allowed increase under this  
3 subdivision, the rate alteration shall take effect 90 days from  
4 the date of the notice required under subsection (3). As used in  
5 this subdivision, "consumer price index" means the most recent  
6 reported annual average percentage increase in the Detroit  
7 consumer price index for all items for the prior 12-month period  
8 by the United States department of labor.

9 (c) Filing with the commission an application to increase a  
10 basic local exchange rate in an amount greater than that allowed  
11 under subdivision (b). The application shall be accompanied with  
12 sufficient documentary support that the rate alteration is just  
13 and reasonable. The commission shall make a determination within  
14 the 90-day period provided for in subsection (5) of 1 of the  
15 following:

16 (i) That the rate alteration is just and reasonable.

17 (ii) That a filing under section 203 is necessary to review  
18 the rate alteration.

19 (3) Notice to customers of a rate alteration is required for  
20 a rate alteration under subsection (2)(b) or (c) and section 304a  
21 and shall be included in or on the bill of each affected customer  
22 of the provider before the effective date of the rate  
23 alteration.

24 (4) The notice required under subsection (3) shall contain at  
25 least all of the following information:

26 (a) A statement that the customer's rate may change.

27 (b) An estimate of the amount of the annual change for the

1 typical residential customer that would result by the rate  
2 change.

3 (c) A statement that a customer may comment on or receive  
4 complete details of the rate alteration by calling or writing the  
5 commission. The statement shall also include the telephone  
6 number and address of the commission. Complete details of the  
7 rate alteration shall be provided free of charge to the customer  
8 at the expense of the provider.

9 (5) Except as otherwise provided in subsections (2) and (6),  
10 an altered basic local exchange rate shall take effect 90 days  
11 from the date of the notice required by subsection (3).

12 (6) Upon receiving a complaint or pursuant to a determination  
13 under subsection (2)(c), the commission may require a filing  
14 under section 203 to review a proposed rate alteration under  
15 subsection (2)(c). The commission's final order may approve,  
16 modify, or reject the rate alteration.

17 (7) In reviewing a rate alteration under subsection (6), the  
18 commission shall consider only 1 or more of the following factors  
19 if relevant to the rate alteration as specified by the provider:

20 (a) Total service long run incremental cost of basic local  
21 exchange services.

22 (b) Comparison of the proposed rate to the rates charged by  
23 other providers in this state for the same service.

24 (c) Whether a new function, feature, or capability is being  
25 offered as a component of basic local exchange service.

26 (d) Whether there has been an increase in the costs to  
27 provide basic local exchange service in the geographic area of

1 the proposed rate.

2 (e) Whether the provider's further investment in the network  
3 infrastructure of the geographic area of the proposed rate is  
4 economically justifiable without the proposed rate.

5 (8) A provider shall be allowed only 1 rate increase for each  
6 class or type of service during any 12-month period.

7 (9) A provider shall not make a rate alteration under this  
8 section until the rate has been restructured under section 304a.

9 (10) ~~The~~ **Except as otherwise provided under this section,**  
10 **the** commission shall exempt a provider from this section and  
11 section 310(2) if it finds all of the following:

12 (a) The provider provides basic local exchange service or  
13 basic local exchange and toll service to less than 250,000  
14 end-users in this state.

15 (b) The provider offers to end-users single-party basic local  
16 exchange service, tone dialing, toll access service, including  
17 end-user common line services and dialing parity at a total price  
18 of no higher than the amount charged as of May 1, 2000.

19 (c) The provider provides dialing parity access to operator,  
20 telecommunication relay, and emergency services to all basic  
21 local exchange end-users.

22 (11) ~~A~~ **Except as otherwise provided under this section, a**  
23 call made to a local calling area adjacent to the caller's local  
24 calling area **or from an island to certain parts of the mainland**  
25 **as designated by the commission** shall be considered a local call  
26 and shall be billed as a local call.

27 (12) **Subsections (11) and (13) shall apply only to a provider**

1 that provided basic local exchange service in this state before  
2 January 1, 1992.

3 (13) A provider described under subsection (10)(a) shall  
4 provide local calling to adjacent calling areas pursuant to a  
5 rate plan approved by the commission. If the provider has not  
6 received commission approval by January 1, 2004, the provider  
7 shall be subject to subsection (11).