

Legislative Analysis



TOLL ACCESS SERVICES RATES

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House Bill 4257

Sponsor: Rep. Tim Melton

Committee: Energy and Technology

Complete to 7-13-09

A PRELIMINARY SUMMARY OF HOUSE BILL 4257 AS INTRODUCED 2-11-09

The bill would amend Section 310 of the Michigan Telecommunications Act, which deals with rates for toll access services, to eliminate a reference to "just and reasonable" rates and to eliminate an exemption for certain providers with 250,000 or fewer Michigan customers.

"Just and reasonable" language. Currently, a provider of toll access services must set rates for toll access services. In addition, rates and charges that do not exceed the rates allowed by the federal government for the same interstate services are considered "just and reasonable." Providers may agree to a rate lower than the interstate rate allowed by the federal government.

Under the bill, a provider of toll access services must set rates for *intrastate* toll access services at rates that do not exceed the rates allowed for the same *interstate* services by the federal government. The reference to "just and reasonable" rates and charges would be deleted. The provision allowing providers to adopt a lower rate than allowed by the federal government would be retained.

Exemption. Currently, Section 310 does not apply to basic local exchange providers with 250,000 or fewer Michigan customers. The bill would remove this exemption, making Section 310 apply to these providers.

Other provisions. The bill would retain all other current provisions found in Section 310:

- Except as provided in this section, the Public Service Commission is not allowed to review or set the rates for toll access services.
- Two or more providers with fewer than 250,000 access lines may agree to joint toll access service rates and to pool intrastate toll access service revenues.
- A provider of toll access service must make available for intrastate access services any technical interconnection arrangements, including colocation required by the federal government for the identical interstate access services.
- A provider of toll access service, whether under tariff or contract, must offer services under the same rates, terms, and conditions to all providers without unreasonable discrimination. All special toll access services and switched

access services, including volume discounts, must be offered to all providers at the same rates, terms, and conditions.

- A provider must pass along to its customers any reduction in its toll access service rates, and the PSC must investigate and ensure that providers do so.

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