

SUBSTITUTE FOR  
HOUSE BILL NO. 4257

A bill to amend 1991 PA 179, entitled  
"Michigan telecommunications act,"  
by amending section 310 (MCL 484.2310), as amended by 2005 PA 235.

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

1       Sec. 310. (1) Except as provided by this section, the  
2       commission shall not review or set the rates for toll access  
3       services.

4       (2) A provider of toll access services shall set the rates for  
5       **INTRASTATE SWITCHED** toll access services ~~Access service~~ **AT** rates  
6       ~~and charges set by a provider~~ that do not exceed the rates allowed  
7       for the same interstate services by the federal government ~~are just~~  
8       ~~and reasonable~~ **AND SHALL USE THE ACCESS RATE ELEMENTS FOR**  
9       **INTRASTATE SWITCHED TOLL ACCESS SERVICES THAT ARE IN EFFECT FOR**  
10      **THAT PROVIDER AND ARE ALLOWED FOR THE SAME INTERSTATE SERVICES BY**

1 THE FEDERAL GOVERNMENT. ELIGIBLE PROVIDERS SHALL COMPLY WITH THIS  
2 SUBSECTION AS OF THE DATE ESTABLISHED FOR THE COMMENCEMENT OF THE  
3 OPERATION OF THE RESTRUCTURING MECHANISM UNDER SUBSECTION (9).  
4 PROVIDERS OTHER THAN ELIGIBLE PROVIDERS SHALL NOT CHARGE INTRASTATE  
5 TOLL ACCESS SERVICE RATES IN EXCESS OF THOSE RATES IN EFFECT AS OF  
6 JULY 1, 2009 AND SHALL REDUCE THE DIFFERENTIAL, IF ANY, BETWEEN  
7 INTRASTATE AND INTERSTATE SWITCHED TOLL ACCESS SERVICE RATES IN  
8 EFFECT AS OF JULY 1, 2009 IN NO MORE THAN 5 STEPS OF AT LEAST 20%  
9 EACH OF THE DIFFERENTIAL ON THE FOLLOWING DATES: JANUARY 1, 2011;  
10 JANUARY 1, 2012; JANUARY 1, 2013; JANUARY 1, 2014; AND JANUARY 1,  
11 2015. Providers may agree to a rate that is less than the rate  
12 allowed by the federal government.

13 (3) Two or more providers that each have less than 250,000  
14 access lines may agree to joint toll access service rates and  
15 pooling of intrastate toll access service revenues.

16 (4) A provider of toll access services shall make available  
17 for intrastate access services any technical interconnection  
18 arrangements, including colocation required by the federal  
19 government for the identical interstate access services.

20 (5) A provider of toll access service, whether under tariff or  
21 contract, shall offer the services under the same rates, terms, and  
22 conditions, without unreasonable discrimination, to all providers.  
23 All pricing of special toll access services and switched access  
24 services, including volume discounts, shall be offered to all  
25 providers under the same rates, terms, and conditions.

26 (6) If a toll access service rate is reduced, then the  
27 provider receiving the reduced rate shall reduce its rate to its

1 customers by an equal amount. The commission shall ~~shall~~ **MAY** investigate  
2 and ensure that the provider has complied with this subsection.

3 ~~—— (7) This section shall not apply to basic local exchange~~  
4 ~~providers that have 250,000 or fewer customers in this state.~~

5 (7) IN ORDER TO RESTRUCTURE INTRASTATE SWITCHED TOLL ACCESS  
6 SERVICE RATES, THERE IS HEREBY ESTABLISHED IN THE DEPARTMENT OF  
7 ENERGY, LABOR, AND ECONOMIC GROWTH AN INTRASTATE SWITCHED TOLL  
8 ACCESS RATE RESTRUCTURING MECHANISM AS A SEPARATE INTEREST-BEARING  
9 FUND. THE STATE TREASURER SHALL DIRECT THE INVESTMENT OF THE  
10 RESTRUCTURING MECHANISM. MONEY IN THE RESTRUCTURING MECHANISM SHALL  
11 REMAIN IN THE RESTRUCTURING MECHANISM AT THE CLOSE OF THE FISCAL  
12 YEAR AND SHALL NOT REVERT TO THE GENERAL FUND.

13 (8) AN ELIGIBLE PROVIDER IS ENTITLED TO RECEIVE MONTHLY  
14 DISBURSEMENTS FROM THE RESTRUCTURING MECHANISM AS PROVIDED IN  
15 SUBSECTION (11) IN ORDER TO RECOVER THE LOST INTRASTATE SWITCHED  
16 TOLL ACCESS SERVICE REVENUES RESULTING FROM RATE REDUCTIONS UNDER  
17 SUBSECTION (2).

18 (9) THE RESTRUCTURING MECHANISM SHALL BE ADMINISTERED BY THE  
19 COMMISSION. THE RESTRUCTURING MECHANISM SHALL BE ESTABLISHED AND  
20 SHALL BEGIN OPERATION WITHIN 270 DAYS AFTER THE EFFECTIVE DATE OF  
21 THE AMENDATORY ACT THAT ADDED THIS SUBSECTION. SUBJECT TO THE  
22 PRECEDING SENTENCE, THE COMMISSION SHALL ESTABLISH THE DATE FOR  
23 COMMENCING THE OPERATION OF THE RESTRUCTURING MECHANISM AND SHALL  
24 NOTIFY THE PARTICIPANTS IN THE RESTRUCTURING MECHANISM AT LEAST 30  
25 DAYS IN ADVANCE OF THAT DATE. THE COMMISSION SHALL RECOVER ITS  
26 ACTUAL COSTS OF ADMINISTERING THE RESTRUCTURING MECHANISM FROM  
27 ASSESSMENTS COLLECTED FOR THE OPERATION OF THE RESTRUCTURING

1 MECHANISM.

2 (10) THE COMMISSION SHALL ESTABLISH THE PROCEDURES AND  
3 TIMELINES FOR ORGANIZING, FUNDING, AND ADMINISTERING THE  
4 RESTRUCTURING MECHANISM. THE COMMISSION SHALL REPORT TO THE  
5 LEGISLATURE AND THE GOVERNOR ANNUALLY REGARDING THE ADMINISTRATION  
6 OF THE RESTRUCTURING MECHANISM. THE REPORT SHALL INCLUDE THE TOTAL  
7 AMOUNT OF MONEY COLLECTED FROM CONTRIBUTING PROVIDERS, THE TOTAL  
8 AMOUNT OF MONEY DISBURSED FROM THE RESTRUCTURING MECHANISM ANNUALLY  
9 TO EACH ELIGIBLE PROVIDER, THE COSTS OF ADMINISTRATION, AND ANY  
10 OTHER INFORMATION CONSIDERED RELEVANT BY THE COMMISSION. ANY  
11 COMPANY-SPECIFIC INFORMATION PERTAINING TO ACCESS LINES, SWITCHED  
12 TOLL ACCESS SERVICES MINUTES OF USE, SWITCHED TOLL ACCESS DEMAND  
13 QUANTITIES, CONTRIBUTIONS, AND INTRASTATE TELECOMMUNICATIONS  
14 SERVICES REVENUES SUBMITTED TO THE COMMISSION UNDER THIS SUBSECTION  
15 ARE CONFIDENTIAL COMMERCIAL OR FINANCIAL INFORMATION AND EXEMPT  
16 FROM PUBLIC DISCLOSURE PURSUANT TO SECTION 210.

17 (11) THE INITIAL SIZE OF THE RESTRUCTURING MECHANISM SHALL BE  
18 CALCULATED AS FOLLOWS:

19 (A) WITHIN 60 DAYS OF THE EFFECTIVE DATE OF THE AMENDATORY ACT  
20 THAT ADDED THIS SUBSECTION EACH ELIGIBLE PROVIDER SHALL SUBMIT TO  
21 THE COMMISSION INFORMATION AND ALL THE SUPPORTING DOCUMENTATION  
22 THAT ESTABLISHES THE AMOUNT OF THE REDUCTION IN ANNUAL INTRASTATE  
23 SWITCHED TOLL ACCESS REVENUES WHICH WILL RESULT FROM THE REDUCTION  
24 IN RATES REQUIRED IN SUBSECTION (2). THE REDUCTION SHALL BE  
25 CALCULATED FOR EACH ELIGIBLE PROVIDER AS THE DIFFERENCE BETWEEN  
26 INTRASTATE AND INTERSTATE SWITCHED TOLL ACCESS SERVICE RATES IN  
27 EFFECT AS OF JULY 1, 2009, MULTIPLIED BY THE INTRASTATE SWITCHED

House Bill No. 4257 (H-6) as amended December 3, 2009

1 ACCESS MINUTES OF USE AND OTHER SWITCHED ACCESS DEMAND QUANTITIES  
2 FOR THE CALENDAR YEAR 2008.

3 (B) THE COMMISSION SHALL COMPUTE THE SIZE OF THE INITIAL  
4 RESTRUCTURING MECHANISM DISBURSEMENTS FOR EACH ELIGIBLE PROVIDER  
5 AND SHALL INFORM EACH ELIGIBLE PROVIDER OF THAT COMPUTATION WITHIN  
6 60 DAYS AFTER RECEIVING THE INFORMATION AND SUPPORTING  
7 DOCUMENTATION FROM THE ELIGIBLE PROVIDERS UNDER SUBDIVISION (A).

8 (12) THE RESTRUCTURING MECHANISM SHALL BE CREATED AND  
9 SUPPORTED BY A MANDATORY MONTHLY CONTRIBUTION BY ALL PROVIDERS OF  
10 RETAIL INTRASTATE TELECOMMUNICATIONS SERVICES AND ALL PROVIDERS OF  
11 COMMERCIAL MOBILE SERVICE. INTERCONNECTED VOICE OVER INTERNET  
12 PROTOCOL SERVICES SHALL NOT BE CONSIDERED AN INTRASTATE  
13 TELECOMMUNICATIONS SERVICE FOR THE PURPOSES OF THIS SECTION AND  
14 INTERCONNECTED VOICE OVER INTERNET PROTOCOL SERVICE PROVIDERS SHALL  
15 NOT BE REQUIRED TO PAY, DIRECTLY OR INDIRECTLY, THE MANDATORY  
16 MONTHLY CONTRIBUTIONS ESTABLISHED IN THIS SUBSECTION. A PROVIDER OF  
17 TELECOMMUNICATIONS SERVICES [TO A PROVIDER OF INTERCONNECTED VOICE OVER  
INTERNET PROTOCOL SERVICES SHALL NOT PAY A MANDATORY MONTHLY  
CONTRIBUTION RELATED TO THOSE INTERCONNECTED VOICE OVER INTERNET PROTOCOL  
SERVICES] OR ATTEMPT TO PASS  
18 THROUGH ANY MANDATORY MONTHLY CONTRIBUTIONS, DIRECTLY OR  
19 INDIRECTLY, TO A PROVIDER OF INTERCONNECTED VOICE OVER INTERNET  
20 PROTOCOL SERVICES. NOTHING IN THIS ACT GRANTS THE COMMISSION  
21 AUTHORITY OVER COMMERCIAL MOBILE SERVICE PROVIDERS OR VOICE OVER  
22 INTERNET PROTOCOL SERVICE PROVIDERS EXCEPT AS IS STRICTLY NECESSARY  
23 FOR ADMINISTRATION OF THE RESTRUCTURING MECHANISM.

24 (13) WITHIN 60 DAYS OF THE EFFECTIVE DATE OF THE AMENDATORY  
25 ACT THAT ADDED THIS SUBSECTION, EACH CONTRIBUTING PROVIDER SHALL  
26 REPORT ITS 2008 INTRASTATE RETAIL TELECOMMUNICATIONS SERVICES  
27 REVENUES TO THE COMMISSION. [NOTWITHSTANDING ANYTHING IN SUBSECTION (12),

House Bill No. 4257 (H-6) as amended December 3, 2009

1 IF THE FEDERAL COMMUNICATIONS COMMISSION DETERMINES THAT INTERCONNECTED  
2 VOICE OVER INTERNET PROTOCOL SERVICES MAY BE SUBJECT TO STATE REGULATION  
3 FOR UNIVERSAL SERVICES PURPOSES, THE COMMISSION MAY OPEN A PROCEEDING TO  
4 DETERMINE WHO IS REQUIRED TO PARTICIPATE IN A UNIVERSAL SERVICE FUND.  
5  
6  
7  
8  
9  
10

11 ]

12 (14) THE INITIAL CONTRIBUTION ASSESSMENT PERCENTAGE SHALL BE A  
13 UNIFORM PERCENTAGE OF RETAIL INTRASTATE TELECOMMUNICATIONS SERVICES  
14 REVENUES DETERMINED BY PROJECTING THE TOTAL AMOUNT NECESSARY TO  
15 COVER THE INITIAL INTRASTATE SWITCHED TOLL ACCESS RATE  
16 RESTRUCTURING MECHANISM DISBURSEMENT LEVELS FOR 12 MONTHS,  
17 INCLUDING PROJECTED CASH RESERVE REQUIREMENTS, ACTUAL AND PROJECTED  
18 ADMINISTRATIVE COSTS, AND PROJECTED UNCOLLECTIBLE CONTRIBUTION  
19 ASSESSMENTS, DIVIDED BY THE 2008 CALENDAR YEAR TOTAL RETAIL  
20 INTRASTATE TELECOMMUNICATIONS SERVICES REVENUES IN THIS STATE, LESS  
21 PROJECTED UNCOLLECTIBLE REVENUES, REPORTED TO THE COMMISSION. THE  
22 COMMISSION SHALL ISSUE AN ORDER ESTABLISHING THE INITIAL  
23 CALCULATION OF THE CONTRIBUTION ASSESSMENT PERCENTAGE WITHIN 150  
24 DAYS OF THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS  
25 SUBSECTION. THE COMMISSION MAY INCREASE OR DECREASE THE  
26 CONTRIBUTION ASSESSMENT ON A QUARTERLY OR OTHER BASIS AS NECESSARY  
27 TO MAINTAIN SUFFICIENT FUNDS FOR DISBURSEMENTS.

1           (15) EACH CONTRIBUTING PROVIDER SHALL REMIT TO THE COMMISSION  
2 ON A MONTHLY BASIS AN AMOUNT EQUAL TO ITS INTRASTATE RETAIL  
3 TELECOMMUNICATIONS SERVICES REVENUES, LESS UNCOLLECTIBLE REVENUES,  
4 MULTIPLIED BY THE CONTRIBUTION ASSESSMENT PERCENTAGE DETERMINED  
5 UNDER SUBSECTION (14), ACCORDING TO A TIME FRAME ESTABLISHED BY THE  
6 COMMISSION. THESE CONTRIBUTIONS SHALL CONTINUE UNTIL THE END OF THE  
7 PERIOD FOR WHICH ELIGIBLE PROVIDERS ARE ENTITLED TO RECEIVE MONTHLY  
8 DISBURSEMENTS FROM THE RESTRUCTURING MECHANISM UNDER SUBSECTIONS  
9 (11) AND (16).

10           (16) THE COMMISSION SHALL RECALCULATE THE SIZE OF THE  
11 RESTRUCTURING MECHANISM FOR EACH ELIGIBLE PROVIDER 4 YEARS FROM THE  
12 DATE THE INITIAL RESTRUCTURING MECHANISM BECOMES OPERATIONAL  
13 PURSUANT TO SUBSECTION (9) AND AGAIN 4 YEARS THEREAFTER. THE  
14 RECALCULATION PROCESS SHALL BE AS FOLLOWS:

15           (A) THE RESTRUCTURING MECHANISM SHALL BE RECALCULATED EACH  
16 TIME AS THE DIFFERENCE BETWEEN THE INTRASTATE SWITCHED TOLL ACCESS  
17 RATES IN EFFECT AS OF JULY 1, 2009 AND THE INTERSTATE SWITCHED TOLL  
18 ACCESS RATES IN EFFECT AT THE TIME OF THE RECALCULATION, MULTIPLIED  
19 BY THE INTRASTATE SWITCHED TOLL ACCESS MINUTES OF USE AND OTHER  
20 SWITCHED ACCESS DEMAND QUANTITIES FOR THE CALENDAR YEAR 2008.

21           (B) THE RECALCULATED RESTRUCTURING MECHANISM SHALL BE FURTHER  
22 ADJUSTED DURING THE FIRST RECALCULATION BY THE PERCENTAGE CHANGE,  
23 IF ANY, IN THE NUMBER OF ACCESS LINES IN SERVICE FOR EACH ELIGIBLE  
24 PROVIDER FROM DECEMBER 31, 2008 TO DECEMBER 31 OF THE YEAR  
25 IMMEDIATELY PRECEDING THE YEAR IN WHICH THE ADJUSTMENT IS MADE.

26           (C) THE RECALCULATED RESTRUCTURING MECHANISM SHALL BE ADJUSTED  
27 DURING THE SECOND RECALCULATION BY THE PERCENTAGE CHANGE, IF ANY,

1 IN THE NUMBER OF ACCESS LINES IN SERVICE FOR EACH ELIGIBLE PROVIDER  
2 FROM DECEMBER 31 OF THE YEAR OF THE FIRST RECALCULATION TO DECEMBER  
3 31 OF THE YEAR IMMEDIATELY PRECEDING THE SECOND RECALCULATION.

4 (D) EACH ELIGIBLE PROVIDER IS ENTITLED TO RECEIVE MONTHLY  
5 DISBURSEMENTS FROM THE RESTRUCTURING MECHANISM FOR A PERIOD OF NO  
6 MORE THAN 12 YEARS FROM THE DATE THE RESTRUCTURING MECHANISM IS  
7 ESTABLISHED UNDER SUBSECTION (9), AT WHICH TIME THE RESTRUCTURING  
8 MECHANISM SHALL CEASE TO EXIST.

9 (17) THE MONEY RECEIVED AND ADMINISTERED BY THE COMMISSION FOR  
10 THE SUPPORT AND OPERATION OF THE RESTRUCTURING MECHANISM CREATED BY  
11 THE AMENDATORY ACT THAT CREATED THIS SUBSECTION SHALL NOT BE USED  
12 BY THE COMMISSION OR ANY DEPARTMENT, AGENCY, OR BRANCH OF THE  
13 GOVERNMENT OF THIS STATE FOR ANY OTHER PURPOSE, AND THAT MONEY IS  
14 NOT SUBJECT TO APPROPRIATION, ALLOCATION, ASSIGNMENT, EXPENDITURE,  
15 OR OTHER USE BY ANY DEPARTMENT, AGENCY, OR BRANCH OF THE GOVERNMENT  
16 OF THIS STATE.

17 (18) IF THE FEDERAL GOVERNMENT ADOPTS INTERCARRIER  
18 COMPENSATION REFORMS OR TAKES ANY ACTION THAT CAUSES OR REQUIRES A  
19 SIGNIFICANT CHANGE IN INTERSTATE SWITCHED TOLL ACCESS SERVICE  
20 RATES, THE COMMISSION MAY INITIATE, OR ANY INTERESTED PARTY MAY  
21 FILE AN APPLICATION FOR, A PROCEEDING PURSUANT TO SECTION 203  
22 WITHIN 60 DAYS OF THAT ACTION TO DETERMINE WHETHER ANY  
23 MODIFICATIONS TO THE SIZE, OPERATION, OR COMPOSITION OF THE  
24 RESTRUCTURING MECHANISM ARE WARRANTED. DURING THE PENDENCY OF THAT  
25 PROCEEDING, THE REQUIREMENT IN SUBSECTION (2) FOR ELIGIBLE  
26 PROVIDERS TO SET INTRASTATE SWITCHED TOLL ACCESS SERVICE RATES  
27 EQUAL TO INTERSTATE SWITCHED TOLL ACCESS SERVICE SHALL BE



1 TEMPORARILY SUSPENDED BY THOSE PROVIDERS. INTRASTATE ACCESS RATES  
2 MAY NOT BE INCREASED ABOVE THE LEVELS THAT EXIST AT THE TIME OF THE  
3 SUSPENSION. FOLLOWING NOTICE AND HEARING, UPON A SHOWING OF GOOD  
4 CAUSE, THE COMMISSION MAY STOP OR PLACE CERTAIN CONDITIONS ON THE  
5 TEMPORARY SUSPENSION.

6 (19) IF THE FEDERAL GOVERNMENT CHANGES THE FEDERAL UNIVERSAL  
7 SERVICE CONTRIBUTION METHODOLOGY SO THAT IT IS NOT BASED ON A  
8 PERCENTAGE OF TOTAL INTERSTATE TELECOMMUNICATIONS SERVICES  
9 REVENUES, THE COMMISSION SHALL MODIFY THE CONTRIBUTION METHODOLOGY  
10 FOR THE RESTRUCTURING MECHANISM TO BE CONSISTENT WITH THE FEDERAL  
11 METHODOLOGY. THE COMMISSION SHALL INITIATE A PROCEEDING TO MODIFY  
12 THE CONTRIBUTION METHODOLOGY FOR THE RESTRUCTURING MECHANISM AND TO  
13 ESTABLISH A REASONABLE TIME PERIOD FOR TRANSITION TO THE NEW  
14 CONTRIBUTION METHODOLOGY.

15 (20) DISPUTES ARISING UNDER THIS SECTION MAY BE SUBMITTED TO  
16 THE COMMISSION FOR RESOLUTION PURSUANT TO SECTIONS 203 AND 204.

17 (21) IF ANY CONTRIBUTING PROVIDER SUBJECT TO THIS SECTION  
18 FAILS TO MAKE THE REQUIRED CONTRIBUTIONS OR FAILS TO PROVIDE  
19 REQUIRED INFORMATION TO THE COMMISSION, THE COMMISSION SHALL  
20 INITIATE AN ENFORCEMENT PROCEEDING UNDER SECTION 203. IF THE  
21 COMMISSION FINDS THAT A CONTRIBUTING PROVIDER HAS FAILED TO MAKE  
22 CONTRIBUTIONS OR TO PERFORM ANY ACT REQUIRED UNDER THIS SECTION, A  
23 CONTRIBUTING PROVIDER SHALL BE SUBJECT TO THE REMEDIES AND  
24 PENALTIES UNDER SECTION 601.

25 (22) ELIGIBLE PROVIDERS AND CONTRIBUTING PROVIDERS SHALL  
26 PROVIDE INFORMATION TO THE COMMISSION THAT IS REQUIRED FOR THE  
27 ADMINISTRATION OF THE RESTRUCTURING MECHANISM. COMPANY-SPECIFIC

1 INFORMATION PERTAINING TO ACCESS LINES, SWITCHED TOLL ACCESS  
2 SERVICES MINUTES OF USE, SWITCHED TOLL ACCESS DEMAND QUANTITIES,  
3 CONTRIBUTIONS, AND INTRASTATE TELECOMMUNICATIONS SERVICES REVENUES  
4 SUBMITTED TO THE COMMISSION UNDER THIS SUBSECTION IS CONFIDENTIAL  
5 COMMERCIAL OR FINANCIAL INFORMATION AND EXEMPT FROM PUBLIC  
6 DISCLOSURE PURSUANT TO SECTION 210.

7 (23) AS USED IN THIS SECTION:

8 (A) "COMMERCIAL MOBILE SERVICE" MEANS THAT TERM AS DEFINED IN  
9 SECTION 332(D) (1) OF THE TELECOMMUNICATIONS ACT OF 1996, 47 USC  
10 332.

11 (B) "CONTRIBUTING PROVIDER" MEANS AN ENTITY REQUIRED TO PAY  
12 INTO THE RESTRUCTURING MECHANISM.

13 (C) "ELIGIBLE PROVIDER" MEANS AN INCUMBENT LOCAL EXCHANGE  
14 CARRIER AS DEFINED IN SECTION 251 OF THE TELECOMMUNICATIONS ACT OF  
15 1996, 47 USC 251, THAT AS OF JANUARY 1, 2009 HAD RATES FOR  
16 INTRASTATE SWITCHED TOLL ACCESS SERVICES HIGHER THAN ITS RATES FOR  
17 THE SAME INTERSTATE SWITCHED TOLL ACCESS SERVICES, AND THAT  
18 PROVIDES THE SERVICES AND FUNCTIONALITIES IDENTIFIED BY RULES OF  
19 THE FEDERAL COMMUNICATIONS COMMISSION DESCRIBED AT 47 CFR  
20 54.101(A).

21 (D) "INTERCONNECTED VOICE OVER INTERNET PROTOCOL SERVICE"  
22 MEANS THAT TERM AS DEFINED IN 47 CFR 9.3.

23 (E) "RESTRUCTURING MECHANISM" MEANS THE INTRASTATE SWITCHED  
24 TOLL ACCESS RATE RESTRUCTURING MECHANISM ESTABLISHED IN THIS  
25 SECTION.