

MAINE STATE LEGISLATURE

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1 SECOND REGULAR SESSION
2

3 ONE HUNDRED AND TWELFTH LEGISLATURE
4

5 Legislative Document

No. 1957

6
7 H.P. 1388

House of Representatives, January 31, 1986

8 Reported by Representative Vose from the Committee on Utilities. Sent
9 up for concurrence and ordered printed. Approved by the Legislative Council
10 on May 22, 1985.

Reported from the Joint Standing Committee on Utilities under Joint
Rule 19.

EDWIN H. PERT, Clerk

11
12 STATE OF MAINE
13

14 IN THE YEAR OF OUR LORD
15 NINETEEN HUNDRED AND EIGHTY-SIX
16

17 AN ACT Concerning Local Telephone Service
18 Rate Structure.
19

20 Be it enacted by the People of the State of Maine as
21 follows:

22 Sec. 1. 35 MRSA §80 is enacted to read:

23 §80. Local telephone service rates

24 1. Policy. It is the policy of the State that
25 the rates for local telephone service to both busi-
26 ness and residential customers shall be just and rea-
27 sonable and take into account people's ability to
28 pay.

29 2. Local optional measured service. The commis-
30 sion may approve an optional measured local service
31 rate where it finds that such a rate is not incon-
32 sistent with other provisions of law, that it is fair
33 and equitable, that it is consistent with the univer-

1 sal service policy of section 74 and that the net ec-
2 onomic benefits to the telephone system will exceed
3 the net economic cost of implementing that usage
4 charge.

5 This subsection is repealed on May 1, 1988.

6 3. Rate structure. In any service area where
7 local measured service is offered as an alternative
8 to traditional flat-rate pricing, the rate structure
9 for local telephone service shall include:

10 A. A fixed monthly charge, as determined by the
11 commission, to make an appropriate contribution
12 to the fixed costs of the telephone system. This
13 contribution shall be set in a way that recog-
14 nizes the cost savings resulting from joint use
15 of common telecommunications facilities by local,
16 toll and other services and that equitably shares
17 the benefits of those cost savings among all ser-
18 vices;

19 B. Except as provided in paragraphs C and D for
20 residential and business customers, maximum
21 monthly charges for calling to a customer's
22 present local calling area, not to exceed 35%
23 above the amounts the monthly charges would be if
24 calculated on a flat-rate basis to supply the
25 revenue requirement of the telephone company as
26 determined by the commission;

27 C. For residential customers, any measured ser-
28 vice rate structure shall include an option with
29 no usage charge during off-peak periods as deter-
30 mined by the commission, when additional calls do
31 not result in significant additional costs to the
32 telephone system. The maximum monthly charge for
33 this option may be \$1 higher than the maximum
34 permitted under paragraph B;

35 D. If ordered by the commission, the maximum
36 monthly charge imposed by paragraph B may be ex-
37 ceeded for customers who use the local telephone
38 network to complete interexchange calls, that is,
39 calls beyond the local calling area for flat-rate
40 customers, to provide shared tenant service or to
41 provide coin service;

1 E. Except as provided in paragraph D, a
2 flat-rate option shall continue to be available
3 for residential and business customers; and

4 F. Any local measured service rate structure es-
5 tablished in accordance with this section shall
6 be revenue neutral when compared with the tradi-
7 tional flat-rate structure, as calculated by the
8 commission.

9 This subsection is repealed on May 1, 1988.

10 4. Rate structure; local measured service pro-
11 hibited. Unless authorized by statute, no utility
12 may offer local measured service on either an option-
13 al or mandatory basis later than 90 days after ad-
14 jourment of the Second Regular Session of the 113th
15 Legislature. Unless continuation is authorized by
16 law, any local measured service rate structure previ-
17 ously approved by the commission shall expire 90 days
18 after adjournment of the Second Regular Session of
19 the 113th Legislature and be replaced by a flat-rate
20 structure.

21 **Sec. 2. Effective date.** The Maine Revised Stat-
22 utes, Title 35, section 80, subsection 4, shall take
23 effect on May 1, 1988.

24 **Sec. 3. Report.** The Public Utilities Commission
25 shall report to the Legislature on July 1, 1987, on
26 the impact of any local measured service rate struc-
27 ture in effect prior to that date. The report shall
28 address the effect of local measured service on the
29 various categories of users; residential, large and
30 small businesses, with attention to special groups
31 such as low-income, elderly, shut-in, deaf,
32 speech-impaired and blind persons, as well as
33 volunteers and volunteer organizations. The report
34 shall address the effects of measured service on ru-
35 ral, suburban and urban customers, and its effects on
36 local, county and state governmental agencies. The
37 report shall evaluate the traffic sensitive and
38 nontraffic sensitive costs of supplying local ser-
39 vice. The report shall also analyze and compare the
40 economic savings and the costs to the telephone sys-
41 tem related to implementation of local measured ser-
42 vice. The report shall include any other information

1 the commission believes will be useful in assisting
2 the Legislature in determining whether or not to au-
3 thorize continuation of local measured service.

4 **Sec. 4. Users informal vote.** Any telephone com-
5 pany offering local measured service as of July 1,
6 1987, shall poll its customers to determine whether
7 they believe the local measured service program
8 should continue. The poll shall be included as an
9 insert in telephone bills issued in November 1987, in
10 only those service areas where local measured service
11 has been in effect at least since July 1, 1987. The
12 form of the bill insert and the questions asked shall
13 be approved by the Public Utilities Commission, after
14 receiving public comment. The results of the poll
15 shall be submitted to the Second Regular Session of
16 the 113th Legislature and to the commission on or be-
17 fore January 6, 1988.

18 **Sec. 5. Noncompeting measure.** It is the intent
19 of the Legislature that this Act not be interpreted
20 as a competing measure, within the meaning of the
21 Constitution of Maine, Article IV, Part Third, Sec-
22 tion 18, with "AN ACT to Prohibit Mandatory Local
23 Measured Service and to Preserve Affordable Tradi-
24 tional Flat-rate Local Telephone Service at as Low a
25 Cost as Possible," an initiated bill which will be
26 submitted to the voters in November, 1986. It is the
27 further intent of the Legislature that this measure
28 not be subject to referendum as a competing measure
29 with that bill.

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STATEMENT OF FACT

2 This bill is report X of the study of local tele-
3 phone service conducted by the Joint Standing Commit-
4 tee on Utilities. The bill permits a 2-year trial of
5 optional local measured service pricing of telephone
6 service for business and residential customers, pro-
7 vided that the Public Utilities Commission finds that
8 it is not inconsistent with other provisions of law
9 and that it is fair and equitable and helps maintain
10 universal service. Additional requirements for resi-
11 dential customers include a mandatory cap and manda-
12 tory availability of calling with no time-based usage
13 charge during off-peak hours.

14 A sunset provision is included: Local measured
15 service is prohibited 90 days after adjournment of
16 the Second Regular Session of the 113th Legislature
17 in 1988, unless authorized by a future legislative
18 Act. A Public Utilities Commission study is required
19 with a report on July 1, 1987, to assist the Legisla-
20 ture in making that determination.

21 An informal vote of telephone users will be taken
22 in November 1987, in the areas where local measured
23 service is available. The results of that vote will
24 be made available by January 6, 1988, to the 113th
25 Legislature in order to inform the members in their
26 decision whether or not to authorize continuation of
27 the program.

28 It is the intent of the Legislature that this
29 bill not be a competing measure with the proposed
30 referendum: "AN ACT to Prohibit Mandatory Local Mea-
31 sured Service and to Preserve Affordable Traditional
32 Flat-rate Local Telephone Service at as Low a Cost as
33 Possible."

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