

MAINE STATE LEGISLATURE

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122nd MAINE LEGISLATURE

FIRST SPECIAL SESSION-2005

Legislative Document

No. 1675

S.P. 622

In Senate, May 17, 2005

**An Act To Make a Standard Alternative Form of Regulation
Available to Rural Telephone Companies**

Reference to the Committee on Utilities and Energy suggested and ordered printed.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator HOBBS of York.

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

4 Sec. 1. 35-A MRSA §9106 is enacted to read:

6 §9106. Standard alternative form of regulation for rural
telephone companies

8 Notwithstanding section 9103, the commission shall adopt an
10 alternative form of regulation proposed by a rural telephone
12 company, as defined in the federal Telecommunications Act of
14 1996, 47 United States Code, Section 153, if the alternative form
of regulation has a period of not less than 5 years and contains
the following provisions.

16 1. Retail rates. The rural telephone company may establish
18 rates, without the need for commission review and approval, for
20 any local basic service interexchange service, optional calling
22 features and other services provided by the rural telephone
24 company, if the local basic service rates do not exceed the local
basic service rates of exchanges of the largest nonrural
incumbent local exchange carrier, as defined in the federal
Telecommunications Act of 1996, in the State that have basic
service calling areas of a similar size.

26 2. Access rates. The rural telephone company shall
28 establish intrastate access rates that meet the requirements of
section 7101-B.

30 3. Universal service support. The rural telephone company
may choose either:

32 A. To not receive support from the state universal service
34 fund for purposes of meeting its revenue requirement; or

36 B. To continue to receive the same level of support from
38 the state universal service fund as the rural telephone
40 company was receiving at the time of adoption of the
42 alternative form of regulation. The level of support is
subject to a percentage adjustment equal to the percentage
of any change in comparable local basic service rates of the
largest nonrural incumbent local exchange carrier.

44 In the case of either paragraph A or B, the rural telephone
46 company is entitled to receive support that is not related to its
revenue requirement to the same extent as other rural telephone
companies.

48 4. Exogenous events. The rural telephone company may
50 increase its local basic service rates above those of the largest
nonrural incumbent local exchange carrier and receive an increase

2 in its revenue requirement support from the state universal
3 service fund as may be necessary to offset the effects of
4 exogenous events beyond the control of the rural telephone
5 company to the extent changes in the rates of the largest
6 nonrural incumbent local exchange carrier do not compensate for
7 such exogenous events.

8 5. Service quality. The rural telephone company is subject
9 to service quality standards and an accompanying enforcement
10 mechanism that are similar to those applicable to the largest
11 nonrural incumbent local exchange carrier.

12 The commission may not adopt provisions for an alternative
13 form of regulation that are inconsistent with the provisions of
14 this section without the rural telephone company's consent.

18 SUMMARY

20 This bill enacts law governing the alternative forms of
21 regulation that may be adopted for telephone companies, so as to
22 prescribe a standard form of streamlined alternative rate
23 regulation for the small rural telephone companies of the State.
24 The bill allows a rural telephone company the option of placing
25 itself under the standard alternative form of regulation by
26 proposing an alternative form of regulation to the Public
27 Utilities Commission that contains the standard provisions
28 established by the Legislature in this law. If the proposal
29 conforms to the standard alternative form of regulation, the
30 commission must adopt the proposal and may not adopt provisions
31 that are inconsistent with the standard provisions in the law,
32 unless the rural telephone company consents.

34 The bill allows the rural telephone company to establish its
35 rates for local basic service if the rates do not exceed the
36 rates of the largest nonrural telephone company in the State.
37 Also, the bill allows the rural telephone company to establish
38 rates for interexchange services, optional calling features and
39 other services that are generally directive with regard to rates
40 for intrastate access services. The bill requires the company to
41 comply with current law with regard to rates for intrastate
42 access services. The bill requires the rural telephone company
43 to be subject to service quality requirements and enforcement
44 mechanisms similar to those applicable to the largest nonrural
45 telephone company in the State under its alternative form of
46 regulation.