

MAINE STATE LEGISLATURE

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Date: 3/25/14

Majority

L.D. 1479
(Filing No. H-740)

ENERGY, UTILITIES AND TECHNOLOGY

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**STATE OF MAINE
HOUSE OF REPRESENTATIVES
126TH LEGISLATURE
SECOND REGULAR SESSION**

COMMITTEE AMENDMENT "A" to H.P. 1060, L.D. 1479, Bill, "An Act To Clarify Telecommunications Regulation Reform"

Amend the bill by striking out everything after the enacting clause and before the summary and inserting the following:

Sec. 1. 35-A MRSA §116, sub-§1, ¶B, as amended by PL 2011, c. 623, Pt. B, §1, is repealed and the following enacted in its place:

B. For the purposes of this section, "intrastate gross operating revenues" means:

(1) In the case of all utilities except telephone utilities, revenues derived from filed rates except revenues derived from sales for resale;

(2) In the case of a telephone utility, all intrastate revenues, except revenues derived from sales for resale, whether or not the rates from which those revenues are derived are required to be filed pursuant to this Title; and

(3) In the case of a qualified telecommunications provider, all intrastate revenues except revenues derived from sales for resale.

Sec. 2. 35-A MRSA §7104, sub-§3, as amended by PL 2011, c. 623, Pt. B, §14, is further amended to read:

3. Authority. The commission shall adopt rules to implement this section and may require voice network service providers ~~and providers of radio paging service~~ to contribute to a state universal service fund to support programs consistent with the goals of applicable provisions of this Title and the federal Telecommunications Act of 1996, Public Law 104-104, 110 Stat. 56. Prior to requiring that voice network service providers ~~and providers of radio paging service~~ contribute to a state universal service fund, the commission shall assess the telecommunications needs of the State's consumers and establish the level of support required to meet those needs. If the commission establishes a state universal service fund pursuant to this section, the commission shall contract with an appropriate independent fiscal agent that is not a state entity to serve as administrator of the state universal service fund. Funds contributed to a state universal service fund are

COMMITTEE AMENDMENT

1 not state funds. Rules and any state universal service fund requirements established by
2 the commission pursuant to this section must:

3 A. Be reasonably designed to maximize federal assistance available to the State for
4 universal service purposes;

5 B. Meet the State's obligations under the federal Telecommunications Act of 1996,
6 Public Law 104-104, 110 Stat. 56;

7 C. Be consistent with the goals of the federal Telecommunications Act of 1996,
8 Public Law 104-104, 110 Stat. 56;

9 D. Ensure that any requirements regarding contributions to a state universal service
10 fund be nondiscriminatory and competitively neutral; and

11 G. Require, if a voice network service provider recovers its contributions under this
12 section by means of a charge placed on a bill issued to a customer, explicit
13 identification on that bill of any charge imposed under this section.

14 For purposes of this section, "voice network service provider" means a voice service
15 provider that offers its subscribers the means to initiate or receive voice communications
16 using the public switched telephone network. Rules adopted under this subsection are
17 routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

18 **Sec. 3. Universal service fund limitation.** Unless expressly authorized by law
19 after the effective date of this Act, the Public Utilities Commission may not, sooner than
20 90 days following the adjournment of the First Regular Session of the 127th Legislature,
21 collect funds for the purpose of disbursing funds from a state universal service fund under
22 the Maine Revised Statutes, Title 35-A, section 7104, subsection 3 to any company that
23 operates more than 50,000 access lines in the State. The joint standing committee of the
24 Legislature having jurisdiction over energy and utilities matters may report out a bill to
25 the First Regular Session of the 127th Legislature to provide that authorization.

26 **Sec. 4. Report.** The Public Utilities Commission shall submit a report to the joint
27 standing committee of the Legislature having jurisdiction over energy and utilities
28 matters by January 7, 2015. In the report, the commission shall address options for
29 decreasing the cost of ensuring that there are adequate and affordable basic telephone
30 service options throughout the State. As used in this section, "provider of last resort
31 service" has the same meaning as set out in the Maine Revised Statutes, Title 35-A,
32 section 7201, subsection 7, and "state universal service fund" means the fund under Title
33 35-A, section 7104, subsection 3. The commission shall consider at least the following
34 questions.

35 1. What financial assistance is needed, if any, from the state universal service fund
36 for the largest incumbent local exchange carrier in the State to continue to provide basic
37 telephone service in its current service area?

38 2. What type of basic telephone service could the largest incumbent local exchange
39 carrier in the State provide with limited or no financial assistance from the state universal
40 service fund?

41 3. In what geographic areas is it not economical for the largest incumbent local
42 exchange carrier to provide basic telephone service? Of those areas, which ones have no

1 alternatives for basic service at comparable rates? In those areas that have no alternatives,
2 what amount of financial assistance would the local incumbent exchange carrier need to
3 provide basic telephone service?

4 4. How might the characteristics of provider of last resort service be amended to
5 allow for more competition in the types of service providers that are able to provide
6 provider of last resort service? What are the implications of changing these characteristics
7 with regard to reliability, safety, cost and ease of use of provider of last resort service and
8 the availability and quality of broadband service throughout the State? What are the
9 implications of limiting provider of last resort service to reliable access to emergency
10 services?

11 5. If the obligation of providing provider of last resort service was not assigned to the
12 incumbent local exchange carrier, how might the commission assign the obligation? What
13 are the obstacles, if any, to the commission's reassigning the provider of last resort
14 obligation to a service provider other than a local incumbent exchange carrier? Is there
15 any action needed by the Legislature?

16 6. What are the implications of limiting financial assistance for provider of last resort
17 service to areas of the State that have limited competition or availability of basic service
18 providers?

19 7. What is the broadband penetration of each incumbent local exchange carrier that
20 does and each incumbent local exchange carrier that does not receive state universal
21 service funds? At what tiers, as determined by the Federal Communications Commission,
22 do incumbent local exchange carriers provide service throughout the State? Should
23 providers of provider of last resort service that receive state universal service funds be
24 required to increase the availability, quality or affordability of broadband in this State?

25 8. In what ways can the commission and the Legislature coordinate any changes to
26 provider of last resort service or to state universal service fund support with ongoing
27 policy developments at the federal level resulting from cases before the Federal
28 Communications Commission, including the call for rural broadband experiments, the
29 Federal Communications Commission's Connect America Fund and changes to
30 intercarrier compensation?

31 9. Can the State ensure the provision of universal access to telecommunications
32 service at just, reasonable and affordable rates consistent with the federal
33 Telecommunications Act of 1996 without maintaining a regulated provider of last resort
34 service? If so, what is a reasonable time frame for eliminating a regulated provider of last
35 resort service?

36 The report may include any other information the commission considers relevant to
37 the Legislature's establishing the appropriate scope and nature of provider of last resort
38 service in this State. The joint standing committee of the Legislature having jurisdiction
39 over energy and utilities matters may report out a bill related to the subject matter of the
40 report to the First Regular Session of the 127th Legislature.'

SUMMARY

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This amendment is the majority report of the Joint Standing Committee on Energy, Utilities and Technology. This amendment replaces the bill. This amendment amends the section of law related to the assessment to fund the Public Utilities Commission and the Office of the Public Advocate to include all utilities that were included prior to the enactment of Public Law 2011, chapter 623.

This amendment prohibits the commission from collecting funds until 90 days following the adjournment of the First Regular Session of the 127th Legislature for the purpose of disbursing funds from a state universal service fund to any company that operates more than 50,000 access lines in the State unless expressly authorized to do so by law after the effective date of this legislation.

This amendment requires the Public Utilities Commission to submit a report to the joint standing committee of the Legislature having jurisdiction over energy and utilities matters by January 7, 2015. In the report, the commission shall address various options for decreasing the cost of ensuring that there are adequate and affordable basic telephone service options throughout the State. The committee has authority to report out a bill related to the report.

FISCAL NOTE REQUIRED
(See attached)



126th MAINE LEGISLATURE

LD 1479

LR 2107(04)

An Act To Clarify Telecommunications Regulation Reform

Fiscal Note for Bill as Amended by Committee Amendment

Committee: Energy, Utilities and Technology

Fiscal Note Required: Yes

ACH-740

Fiscal Note

Minor cost increase - Other Special Revenue Funds

Fiscal Detail and Notes

The bill requires more utilities to be subject to assessments based on their intrastate gross operating revenues, resulting in the same total assessments coming to the Public Utilities Commission (PUC), but more utilities will contribute. This bill forbids the PUC, until 90 days following adjournment of the First Regular Session of the 127th Legislature, from collecting for the purpose of disbursing funds from a state universal service fund to companies operating more than 50,000 access lines in the State. The bill requires the PUC, by January 7, 2015, to submit a report to the Legislature on options for lowering the cost of ensuring adequate and affordable basic telephone service throughout the State. Any additional costs to the PUC to comply with these provisions are expected to be minor and can be absorbed within existing budgeted resources.