



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 636 (Substitute S-1 as reported)
Sponsor: Senator Mike Nofs
Committee: Energy and Technology

CONTENT

The bill would amend the Michigan Telecommunications Act to do the following:

- Eliminate a requirement for a Public Service Commission (PSC) proceeding for a telecommunication provider to discontinue basic local exchange or toll service to an exchange, beginning January 1, 2017.
- Beginning January 1, 2017, require a provider proposing to discontinue service to notify the PSC, the provider's customers, any interconnecting providers, and the public at the same time as filing a petition for the discontinuance with the Federal Communications Commission (FCC).
- Require a provider to notify all of the same entities again upon the FCC's approval of the discontinuance, at least 90 days before discontinuing service.
- After January 1, 2017, in an area in which a provider had given notice of a proposed service discontinuance, allow a customer to petition the PSC to investigate the availability of reliable voice service with 9-1-1 access.
- Allow the PSC, after conducting an investigation, to declare by order that an emergency existed in an area that was not served by at least one voice service provider offering reliable service with 9-1-1 access; and conduct a request for service to identify a willing provider.
- Allow the PSC to issue an order allowing the current provider to provide the service until another willing provider was available, if the PSC determined that another provider was not capable of providing the service.
- Allow the PSC to issue an order preventing the current provider from discontinuing service in the area until another willing provider was available.
- Require the PSC's annual report on the administration of the Michigan Intrastate Switched Toll Access Restructuring Mechanism (ARM) to identify any costs or revenue already being recovered by eligible providers through Federal access recovery charges or the Connect America Fund, and notify the FCC and all contributing providers of any duplicative recovery.
- Require the PSC to recalculate the ARM on March 13, 2018 (rather than on September 13, 2014, and September 13, 2018).
- Require the PSC to reduce the amount of the monthly disbursement from the ARM to an eligible provider on a pro rata basis for each exchange in which the provider discontinued basic local exchange service.
- Require the PSC to maintain a publicly available database of toll and local exchange service providers in Michigan, and require a provider to submit to the PSC the information necessary for the database.
- Eliminate a requirement that operator and payphone service providers renew their registration annually and pay an annual renewal fee.

MCL 484.2304 et al.

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

The bill would have a minor, but likely negative fiscal impact on the Department of Licensing and Regulatory Affairs, and no fiscal impact on local units of government. The bill would remove the \$100 annual renewal fees paid by providers of payphone and operator service, which would reduce revenue to the Public Service Commission by a small amount.

The bill also would allow basic local exchange or toll service providers to discontinue services after December 31, 2016. The Public Service Commission receives assessments based on the revenue received by telecommunication providers. To the extent that telecommunication providers would decide to stop offering basic local exchange or toll service in certain areas, those assessments would be reduced. Some of the assessment revenue lost from local basic exchange cancellation could be replaced with assessment revenue from alternative voice service types. However, some of these alternative services, such as voice over internet protocol, are not subject to assessments, so overall the amount of these assessments collected under the bill would likely be reduced.

Date Completed: 12-4-13

Fiscal Analyst: Josh Sefton

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.