

HOUSE RESEARCH

Bill Summary

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Authors: Gunther

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Analyst: Bob Eleff, 651-296-8961

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Overview

House File 892 establishes regulations for the implementation of expanded calling areas by independent telephone companies. It also expands the definition of such companies from those serving fewer than 30,000 subscribers to those serving fewer than 50,000.

Section

- 1 **Independent telephone company.** Expands the definition of "independent telephone company" by increasing the number of Minnesota subscribers to whom it provides local exchange service from 30,000 to 50,000.
- 2 **Expanded calling areas; transport facilities; terminations.**

Subd. 1. Expanded calling areas. (a) Allows an independent telephone company to expand its calling area by filing with the Public Utilities Commission (PUC) any agreements it has with other telephone companies or telecommunications providers entered into under subdivision 3. Calling to these expanded areas, beyond any existing local and extended area service, must be optional to customers. The company may determine the scope of expanded calling, the price, and whether to offer it alone or in combination with other services, subject to sections 237.06 (requiring rates to be "fair and reasonable") and 237.09 (prohibiting rate discrimination).

(b) Prices for expanded calling service must exceed the variable cost of providing it, whether alone or in bundles of services, on an aggregate basis. An independent

Section

telephone company is not required to file any cost information before implementing its prices, and must only file such information if requested by the Department of Commerce, the Office of the Attorney General, or the PUC. Customers must be notified of local service options and prices, with and without expanded calling, and the company must clearly delineate the difference between the expanded and local calling areas. Companies are not required to offer unlimited flat-rate calling to these expanded areas.

(c) A rate increase or substantial change in terms and conditions of the expanded calling service may be effective 30 days after filing notice with the PUC and 30 days after notifying affected customers. Rate decreases and minor changes to terms and conditions may be effective immediately upon filing and notice to customers. These provisions do not apply to extended area service or to past or future calling areas established by the PUC.

Subd. 2. Obtaining transport, switching facilities. An independent telephone company may construct, purchase, lease, or rent transport and switching facilities to provide expanded calling. If agreements with other telephone companies or telecommunications carriers regarding prices, terms, and conditions for the use of transport facilities subject to the jurisdiction of the PUC cannot be reached, the company or carrier may petition the PUC under section 237.12 for resolution.

Subd. 3. Termination of expanded calling traffic. An independent telephone company providing an expanded calling area may enter into an agreement to terminate calls with telephone companies and telecommunications carriers providing service within the expanded area, and shall file such agreements with the PUC. Compensation for termination must be the intrastate access charges of the company or carrier, or other agreed-upon rates. Two companies providing expanded calling between their service areas may enter into "bill and keep" arrangements for exchange of the expanded calling traffic.

Subd. 4. Amending or terminating expanded calling service. An independent telephone company may amend or terminate expanded calling service upon 30 days' written notice to customers, the PUC, and other companies and carriers providing local service in the expanded area. The notice to customers must clearly explain the changes and identify that calls outside the expanded calling area will be billed at long distance rates.

3 Annual universal service funding certification. The PUC shall apply identical standards to all eligible telecommunication carriers seeking annual certification for continued receipt of federal universal funding.