

1999 ASSEMBLY BILL 879

March 15, 2000 – Introduced by Representatives OTT, HOVEN, BOCK, CARPENTER, HANDRICK, HEBL, POWERS, HAHN, WIECKERT, RICHARDS, TRAVIS, MILLER, POCAN, BOYLE, RYBA, J. LEHMAN, TOWNSEND, KREUSER, BERCEAU and BLACK, cosponsored by Senators WELCH and ZIEN. Referred to Joint committee on Information Policy.

1 **AN ACT to renumber** 196.219 (2m); **to amend** 196.196 (2) (a) and 196.203 (1); and
 2 **to create** 20.566 (2) (v), 25.17 (1) (aj), 25.98, 76.55, 196.219 (2m) (a), 196.219
 3 (2m) (b) (title), 196.219 (2m) (c) and 196.219 (2r) of the statutes; **relating to:**
 4 access service rates charged to and assessment of unaffiliated
 5 telecommunications providers, creating an assistance fund for “911” and
 6 making an appropriation.

Analysis by the Legislative Reference Bureau

This bill does each of the following: 1) imposes restrictions on access rates charged by large telecommunications utilities to unaffiliated telecommunications providers; and 2) provides for awarding 911 assistance grants to eligible local units of government.

Access rate restrictions

Under this bill, a large telecommunications utility or a holding company that operates or controls a large telecommunications utility may not, unless approved by the public service commission (PSC), charge an access rate to an unaffiliated telecommunications provider that is greater than the lowest compensation rate that the large telecommunications utility or holding company charges to itself, an affiliate or any other telecommunications provider for the same or similar service, basic network function or element used for terminating or transporting a local

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exchange call. This prohibition applies beginning one year after the effective date of the bill. The bill defines a “large telecommunications utility” as a telecommunications utility with more than 200,000 access lines in this state, and defines an “access rate” as any rate, fee, price or amount for the provision of an access service or any basic network function or element that comprises an access service or any traffic sensitive or nontraffic sensitive charge. Under current law, an “access service” is defined as the provision of switched or dedicated access to a local exchange network for the purpose of enabling a telecommunications provider to originate or terminate telecommunications service.

The PSC may approve an access rate that exceeds the above rate only if the PSC finds, after a hearing, that the large telecommunications utility or holding company has experienced a substantial change in circumstances that justifies the rate and that the rate satisfies each of the following:

1. The access rate will not have an anticompetitive impact on competitors.
2. The access rate does not exceed the large telecommunications utility’s or holding company’s total service long-run incremental costs in providing the service.
3. The access rate is in the public interest.

In addition, the bill requires each unaffiliated telecommunications provider to pass on to its customers the savings that it receives from the reduction in access rates and permits the PSC to review the method of passing such savings on to its customers.

911 assistance grants

The bill creates a 911 assistance fund (fund) from which the department of revenue (DOR) makes grants to eligible local units of government for certain costs related to establishing or improving a basic or sophisticated 911 system. A “basic system” is a telecommunications system that automatically connects a person who dials the digits “911” to a facility that directly dispatches an emergency service provider, relays a message to the appropriate emergency service provider or transfers the call to the appropriate emergency service provider. A “sophisticated system” is a basic system that is capable of identifying the address and telephone number of a person making a “911” call.

The fund consists of one-time assessments that large telecommunications utilities must pay to the PSC. The amount of an assessment is equal to the result obtained by multiplying the number of access lines in this state owned by a large telecommunications utility by the difference between the large telecommunications utility’s access rates in effect on the effective date of the bill and the access rates in effect one year following the effective date of the bill. The PSC must deposit the assessments in the fund.

The bill requires DOR to disburse grants from the fund to eligible local units of government, which must use the grants to pay for eligible costs and debt service costs directly related to establishing or improving a basic or sophisticated system. An “eligible local unit of government” is defined as a town, village, city or county that satisfies two criteria: 1) it operates a public safety answering point, or intends to operate a public safety answering point within 18 months after the effective date of the bill; and 2) it has a large telecommunications utility operating within its borders.

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DOR must disburse grants according to a formula that first establishes an allocation to each county that includes an eligible local unit of government, and, from that allocation, to each local unit of government that operates a public safety answering point.

Under the formula, the amount of money allocated to each county is determined by multiplying the fund balance by a fraction whose numerator is equal to the number of access lines owned by large telecommunications utilities in the county and whose denominator is equal to the number of access lines in the state that are owned by large telecommunications utilities. The amount of money distributed to each eligible local unit of government from the county allocation is determined by multiplying the county allocation by a fraction whose numerator is equal to the number of county residents who are or will be served by the eligible local unit of government's basic or sophisticated system and whose denominator is equal to the number of county residents who are or will be served by any eligible local unit of government's basic system or sophisticated system.

A different rule applies for determining the amount of a grant to a county that has a population of more than 500,000 and that operates a public safety answering point. For such a county, DOR must award a grant equal to the lesser of 5% of the amount of the county allocation determined under the above formula, or the total eligible costs and debt service costs incurred by the county.

Eligible local units of government are required to deposit grant moneys in a separate account and submit a report to DOR within one year after receiving the grant. The report must document the uses to which the grant money has been put. The bill prohibits an eligible local unit of government from using grant moneys for the cost of equipment that an emergency service provider uses to respond directly to an emergency call or for the cost of personnel other than certain personnel training costs.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 20.566 (2) (v) of the statutes is created to read:

2 20.566 **(2)** (v) *Assistance grants for "911"*. From the assistance fund for "911",
3 a sum sufficient for grants made under s. 76.55.

4 **SECTION 2.** 25.17 (1) (aj) of the statutes is created to read:

5 25.17 **(1)** (aj) Assistance fund for "911" (s. 25.98).

6 **SECTION 3.** 25.98 of the statutes is created to read:

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1 **25.98 Assistance fund for “911”.** There is established a separate nonlapsible
2 trust fund designated as the assistance fund for “911”, consisting of all moneys
3 deposited under 1999 Wisconsin Act ... (this act), section 12 (3).

4 **SECTION 4.** 76.55 of the statutes is created to read:

5 **76.55 Assistance grants for “911”. (1)** In this section:

6 (a) “Basic system” has the meaning given in s. 146.70 (1) (c).

7 (b) “Debt service costs” means principal and interest costs for bonds issued for
8 the purpose of financing eligible costs.

9 (c) “Department” means the department of revenue.

10 (d) “Eligible costs” means costs incurred after the effective date of this
11 paragraph ... [revisor insert date], that are directly related to purchasing or leasing
12 equipment for establishing or improving a basic system or a sophisticated system,
13 including costs for telephone, radio communications, computer–aided dispatch,
14 records management, voice recording and mobile data network systems; and costs
15 for training personnel to use the equipment.

16 (e) “Eligible local unit of government” means a town, village, city or county that
17 has a large telecommunications utility operating within its borders and that satisfies
18 one of the following:

19 1. The town, village, city or county operates a public safety answering point on
20 the effective date of this subdivision ... [revisor inserts date].

21 2. The town, village, city or county intends to operate a public safety answering
22 point no later than the first day of the 19th month beginning after the effective date
23 of this subdivision ... [revisor inserts date].

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1 (f) “Fund balance” means the balance in the assistance fund for “911”
2 immediately after the public service commission has deposited all of the payments
3 made under 1999 Wisconsin Act (this act), section 12 (3).

4 (g) “Large telecommunications utility” has the meaning given in s. 196.219
5 (2m) (a) 4.

6 (h) “Public safety answering point” has the meaning given in s. 146.70 (1) (gm).

7 (i) “Sophisticated system” has the meaning given in s. 146.70 (1) (i).

8 **(2)** (a) Except as provided in sub. (3), the department shall award a grant from
9 the appropriation under s. 20.566 (2) (v), equal to the amount determined under par.
10 (b), to an eligible local unit of government for eligible costs and debt service costs.

11 (b) The department shall award a grant under this section to an eligible local
12 unit of government to cover eligible costs and debt service costs. Except as provided
13 in sub. (3), the department shall award a grant to each eligible local unit of
14 government equal to an amount determined as follows:

15 1. For each county that includes an eligible local unit of government, multiply
16 the fund balance by a fraction whose numerator is equal to the number of access lines
17 owned by large telecommunications utilities in the county and whose denominator
18 is equal to the number of access lines in the state that are owned by large
19 telecommunications utilities.

20 2. Multiply the result under subd. 1. by a fraction whose numerator is equal
21 to the number of county residents who are or will be served by the eligible local unit
22 of government’s basic system or sophisticated system and whose denominator is the
23 number of county residents who are or will be served by any eligible local unit of
24 government’s basic system or sophisticated system.

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1 **(3)** For a county that has a population of more than 500,000 and that operates
2 a public safety answering point, the department shall award a grant in an amount
3 equal to the lesser of 5% of the amount calculated for the county under sub. (2) (b)
4 1. or the total eligible costs and debt service costs that are incurred by the county.

5 **(4)** A grant recipient under this section shall deposit the grant moneys in a
6 separate account and shall submit a report to the department within one year after
7 receiving the grant. The report shall document the uses to which the grant money
8 has been put. A grant recipient may not use grant moneys for the cost of equipment
9 that an emergency service provider uses to respond directly to an emergency call or
10 for the cost of personnel other than the cost of training personnel to use equipment.

11 **SECTION 5.** 196.196 (2) (a) of the statutes is amended to read:

12 196.196 **(2)** (a) Except as required to enforce this subsection and the
13 requirements of s. 196.219 (2m), the commission may not review or set the rates for
14 intrastate access services offered by price-regulated telecommunications utilities.
15 This paragraph does not waive the tariff requirements of s. 196.219 (2m).

16 **SECTION 6.** 196.203 (1) of the statutes is amended to read:

17 196.203 **(1)** Except as provided in this section and s. 196.219 (2m), alternative
18 telecommunications utilities are exempt from all provisions of ch. 200 and this
19 chapter.

20 **SECTION 7.** 196.219 (2m) of the statutes is renumbered 196.219 (2m) (b).

21 **SECTION 8.** 196.219 (2m) (a) of the statutes is created to read:

22 196.219 **(2m)** (a) *Definitions.* In this subsection:

23 1. “Access rate” means any rate, fee, price or amount for the provision of an
24 access service or any basic network function or element that comprises an access
25 service or any traffic sensitive or nontraffic sensitive charge.

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1 2. “Affiliate of a large telecommunications utility” means any person who
2 controls, is controlled by or is under common control with a large telecommunications
3 utility.

4 3. “Holding company” means a holding company, as defined in s. 196.795 (1) (h)
5 1., that owns or controls one or more large telecommunications utilities.

6 4. “Large telecommunications utility” means a telecommunications utility with
7 more than 200,000 access lines in this state.

8 5. “Unaffiliated telecommunications provider” means a telecommunications
9 provider that is not an affiliate of a large telecommunications utility.

10 **SECTION 9.** 196.219 (2m) (b) (title) of the statutes is created to read:

11 196.219 **(2m)** (b) (title) *Nondiscrimination.*

12 **SECTION 10.** 196.219 (2m) (c) of the statutes is created to read:

13 196.219 **(2m)** (c) *Unaffiliated telecommunications providers.* 1. Beginning on
14 the first day of the 13th month after the effective date of this subdivision [revisor
15 inserts date], a large telecommunications utility or a holding company may not
16 charge an access rate to an unaffiliated telecommunications provider that exceeds
17 the lowest compensation rate or combination of rates that it charges, whether by
18 tariff or agreement, to itself, an affiliate of the large telecommunications utility or
19 any other telecommunications provider for the same or similar service, basic
20 network function or element used for the termination or transport of a local exchange
21 call, including extended community calling or extended area service calling.

22 2. Notwithstanding subd. 1., a large telecommunications utility or holding
23 company may petition the commission for approval to charge an unaffiliated
24 telecommunications provider an access rate that exceeds an access rate specified in
25 subd. 1. The commission may grant its approval after notice to all interested parties

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1 and a hearing if the commission finds that the large telecommunications utility or
2 holding company has established, by clear and convincing evidence, each of the
3 following:

4 a. That the large telecommunications utility or holding company has
5 experienced a substantial change in circumstances that justifies the petitioned
6 access rate.

7 b. That the petitioned access rate will not have an anticompetitive impact on
8 any competitor of the large telecommunications utility or holding company.

9 c. That the petitioned access rate does not exceed the large telecommunications
10 utility's or holding company's total service long-run incremental costs in providing
11 the access service.

12 d. That the petitioned access rate is in the public interest.

13 **SECTION 11.** 196.219 (2r) of the statutes is created to read:

14 196.219 **(2r)** REDUCTION OF RATES. Each unaffiliated telecommunications
15 provider, as defined in sub. (2m) (a) 5., shall pass on its savings, in the aggregate, to
16 its customers in an amount equal to the reductions in intrastate access rates under
17 sub. (2m) (c). To ensure compliance with this subsection, the commission may review
18 the method of passing on savings to customers that the unaffiliated
19 telecommunications provider chooses.

20 **SECTION 12. Nonstatutory provisions.**

21 (1) DEFINITIONS. In this SECTION:

22 (a) "Access rate" has the meaning given in section 196.219 (2m) (a) 1. of the
23 statutes, as created by this act.

24 (b) "Commission" means the public service commission.

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1 (c) “Large telecommunications utility” has the meaning given in section
2 196.219 (2m) (a) 4. of the statutes, as created by this act.

3 (d) “Public safety answering point” has the meaning given in section 146.70 (1)
4 (gm) of the statutes.

5 (2) REPORTING REQUIREMENTS.

6 (a) Each large telecommunications utility shall report to the commission the
7 number of access lines that the utility owns in this state and in each county and the
8 number and identity of the towns, cities, villages and counties that it serves by the
9 first day of the 3rd month following the effective date of this paragraph. The
10 commission shall provide the information reported under this paragraph to the
11 department of revenue for the purpose of administering the requirements of section
12 76.55 of the statutes, as created by this act.

13 (b) Each town, city, village or county that is not operating a public safety
14 answering point on the effective date of this paragraph, that intends to operate a
15 public safety answering point by the first day of the 19th month following the
16 effective date of this paragraph and that seeks a grant under section 76.55 of the
17 statutes, as created by this act, shall notify the commission of the town’s, city’s,
18 village’s or county’s intent to operate a public safety answering point. The
19 commission shall prepare a list of existing public safety answering points and of
20 public safety answering points that are intended to be operational by the first day
21 of the 19th month following the effective date of this paragraph and provide the
22 department of revenue with a copy of this list by the first day of the 10th month
23 following the effective date of this paragraph.

24 (3) ASSESSMENTS. On the first day of the 14th month following the effective date
25 of this subsection, the commission shall assess against each large

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1 telecommunications utility an amount equal to the result obtained by multiplying
2 the number of access lines in this state owned by the large telecommunications
3 utility by the difference between the large telecommunications utility's access rates
4 in effect on the effective date of this subsection and the access rates in effect on the
5 first day of the 13th month following the effective date of this subsection. A large
6 telecommunications utility shall pay an assessment within 30 days after the
7 commission has mailed a bill for the assessment. The bill constitutes notice of the
8 assessment and demand of payment. The commission shall deposit the payments in
9 the assistance fund for "911" under section 25.98 of the statutes, as created by this
10 act.

11 (END)