

1999 DRAFTING REQUEST

Assembly Amendment (AA-AB133)

Received: **05/18/99**

Received By: **kunkemd**

Wanted: **As time permits**

Identical to LRB:

For: **Legislative Fiscal Bureau**

By/Representing: **Zabawa (DS)**

This file may be shown to any legislator: **NO**

Drafter: **kunkemd**

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Subject: **Public Util. - telco and cable**

Extra Copies:

Pre Topic:

LFB:.....Zabawa (DS) -

Topic:

DOJ telecommunications position funding

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/1	kunkemd 05/24/99	gilfokm 05/24/99	jfrantze 05/25/99	_____	lrb_docadmin 05/25/99		

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1/?	kunkemd	1-5-24-99 kmg	6/25	8/24 5/25			

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Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

Bar Zabawa (DS)

May 18, 1999

Joint Committee on Finance

Paper #606

Telecommunications Position Funding (Justice)

[LFB 1999-01 Budget Summary: Page 378, #1 and Page 385, #17]

CURRENT LAW

Under current law, the Attorney General may, on his own initiative, appear before the Public Service Commission (PSC) on telecommunications matters relating to consumer protection and antitrust. Currently, the Department of Justice (DOJ) has 1.0 PR project telecommunications attorney position. Annually, the PSC assesses telecommunications utilities for the cost of the position. Adjusted base funding for the 1.0 position is \$119,200 PR. The position, created under 1993 Act 496, was authorized to begin on October 1, 1996 and will terminate on June 30, 1999. Authorization for the PSC to assess utilities for the cost of one attorney position and authorization to encumber monies from the telecommunications positions appropriation terminates on June 30, 1999. Authority for the Attorney General to appear before the PSC on telecommunications matters relating to consumer protection and antitrust also ends after June 30, 1999.

GOVERNOR

Delete, as a non-continuing item under the standard budget adjustments, \$93,500 PR in 1999-00 and \$124,700 PR in 2000-01 and 1.0 PR position annually. Provide \$19,400 PR annually for full funding of salary and fringe benefits under the standard budget adjustments. Delete \$45,100 PR in 1999-00 and \$13,900 PR in 2000-01 to remove all funding associated with the telecommunications attorney position.

DISCUSSION POINTS

1. 1993 Act 496 established a new regulatory model for telecommunications utilities to reflect the transition to a competitive telecommunications marketplace. As authorized under 1993

Act 496, beginning on October 1, 1996 and ending on June 30, 1999, the Attorney General is authorized to appear before the PSC on telecommunications matters relating to consumer protections and antitrust. In making such an appearance, the Attorney General has the rights accorded a party before the Commission in its proceedings but is not authorized to appeal as a party a decision of the Commission to the circuit court. Act 496 created a two-year, telecommunications attorney project position in DOJ (from August 1, 1994 through July 31, 1996), and authorized a separate telecommunications attorney project position for the period of October 1, 1996 to June 30, 1999. The current position, as was its predecessor, is funded from assessments of telecommunications utilities. Further, Act 496 required DOJ to evaluate the effectiveness of the project position and to submit, prior to January 1, 1999, a report regarding the benefits of extending the telecommunications advocate position and associated statutory authority beyond June 30, 1999, to the appropriate standing committees of the Legislature. All Act 496 provisions concerning the DOJ telecommunications advocate will sunset on June 30, 1999.

2. According to the State Budget Office, the bill eliminates the telecommunications attorney position because DOJ failed to submit the required report to the appropriate standing committees of the Legislature by January 1, 1999. DOJ submitted this report to the Legislature on March 10, 1999.

3. Attorney General James Doyle, in his testimony before the Joint Committee on Finance on March 11, 1999, requested that the telecommunications advocate position be converted to permanent status because the complex, unresolved issues in the telecommunications area require a position to represent the interests of Wisconsin consumers and businesses. As detailed in the report, these issues include: (a) the regulation of affiliates of local exchange telephone companies competing in related markets; (b) Ameritech's desire to provide long-distance service originating in Wisconsin; (c) the interest of local telephone companies to offer advanced digital services and the impact such offers would have on investment in the local exchange network; (d) pending mergers of various telecommunications companies; and (e) preserving universal service in a time of increasing competition.

4. The telecommunications attorney position was created as a project position because it was believed that deregulation of the telecommunications industry would be complete in five years. However, deregulation has taken longer than expected. This has been caused, in part, by the federal Telecommunications Act of 1996, which has hampered PSC's rule-making initiatives to transition the telecommunications industry into a competitive model. As an example of the issues still unresolved, the PSC is in the process of drafting administrative rules to define the Commission's level of regulation of competitive local exchange telephone companies.

5. According to DOJ, since Act 496 eliminated the PSC's authority to review telecommunications mergers, the telecommunications attorney has assumed this responsibility. The attorney has coordinated a review of the SBC Communications' proposed merger with Ameritech by the offices of Attorneys General in four states (Wisconsin, Indiana, Michigan, and Missouri) that would be affected by the merger. In addition, the telecommunications attorney: (a) participates in PSC proceedings to consider the plans of local telephone companies in the state to join together to

provide video distance learning services to schools and other customers; (b) participates in PSC proceedings investigating standards for promoting effective competition in local exchange telephone markets in the state; (c) encourages consumer education in federal rulemaking regarding pay-per-call (900 number) and toll-free call abuses, slamming and cramming ("slamming" is defined as an unauthorized change of long distance carriers; "cramming" is defined as unauthorized charges with bills for local telephone service), excessive public phones chargers and detariffing telecommunications services; and (d) participates in multi-state and national efforts in helping shape federal telecommunications policies.

6. In a letter dated April 22, 1999 to members of the Committee, MCI WorldCom strongly recommended the continuation of the telecommunications advocate, stating that while the company has at times disagreed with the decisions of the advocate, it recognizes "the importance of impartial analysis and perspective, especially with a consumer focus. The experience of this Advocate is integral to the momentum of competition coming to Wisconsin."

7. If the Committee approves the Governor's recommendation to eliminate the telecommunications position, the Committee may wish to remove the statutory provisions that will sunset on June 30, 1999. If the Committee chooses to convert the telecommunications attorney position to permanent status, the sunset language could be deleted. Alternatively, the sunset language could be extended to June 30, 2001, to allow the Legislature to reassess, as part of the next biennial budget deliberations, the status of telecommunications deregulation and the need for a telecommunications advocate.

ALTERNATIVES

1. Approve the Governor's recommendation to: (a) delete \$93,500 PR in 1999-00 and \$124,700 PR in 2000-01 and 1.0 position annually as a non-continuing item under the standard budget adjustments; (b) provide \$19,400 PR annually for full funding of salaries and fringe benefits under the standard budget adjustments; and (c) delete \$45,100 in 1999-00 and \$13,900 in 2000-01 to remove all funding associated with a telecommunications attorney position.

2. Approve the Governor's recommendation. In addition, delete the statutory language, which will sunset on June 30, 1999, related to: (a) authorization for the PSC to assess utilities for the cost of one attorney position, including the cost of supplies, services and equipment related to the position; (b) authorization to encumber monies from the telecommunications positions appropriation; and (c) authority for the Attorney General to appear before the PSC on telecommunications matters relating to consumer protection and antitrust.

3. Modify the Governor's recommendation by providing \$119,200 PR and 1.0 position annually to convert the current telecommunications attorney project position to permanent status. In addition, remove the June 30, 1999, sunset date for: (a) authorization for the PSC to assess utilities for the cost of one attorney position, including the cost of supplies, services and equipment related to the position; (b) authorization to encumber monies from the

telecommunications positions appropriation; and (c) authority for the Attorney General to appear before the PSC on telecommunications matters relating to consumer protection and antitrust.

Alternative 3	PR
1999-01 FUNDING (Change to Bill)	\$238,400

Adopted

4. Modify the Governor's recommendation by providing \$119,200 PR and 1.0 position annually to convert the current telecommunications attorney project position to permanent status. In addition, extend the June 30, 1999, sunset date to June 30, 2001, for: (a) authorization for the PSC to assess utilities for the cost of one attorney position, including the cost of supplies, services and equipment related to the position; (b) authorization to encumber monies from the telecommunications positions appropriation; and (c) authority for the Attorney General to appear before the PSC on telecommunications matters relating to consumer protection and antitrust.

Alternative 4	PR
1999-01 FUNDING (Change to Bill)	\$238,400

AM 196.85 (2M)

Prepared by: Barbara Zabawa



State of Wisconsin
1999 - 2000 LEGISLATURE

LRBb0349/1

MDK: *king*

SOON

LFB:.....Zabawa (DS) – DOJ telecommunications position funding

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

LFB AMENDMENT

TO 1999 ASSEMBLY BILL 133 AND 1999 SENATE BILL 45

1 At the locations indicated, amend the bill as follows:

2 ✓ 1. Page 445, line 14: after that line insert:

3 “SECTION 480m. 20.455 (1) (kt) of the statutes is amended to read:

4 20.455 (1) (kt) *Telecommunications positions*. All moneys received from the
5 public service commission under s. 196.85 (2m) for services provided by the
6 department of justice relating to telecommunications matters. No moneys may be
7 encumbered from this appropriation after June 30, ~~1999~~ 2001.”

History: 1971 c. 125; 1973 c. 90, 336; 1975 c. 39 s. 732 (1); 1975 c. 224; 1977 c. 29, 418; 1979 c. 34 ss. 286m, 290, 523 to 526; 1979 c. 189, 219, 355; 1981 c. 20, 169; 1983 a. 27 ss. 427 to 430, 1800; 1983 a. 199, 523; 1985 a. 29, 120; 1987 a. 27, 326, 399; 1989 a. 31, 122, 336; 1991 a. 11, 39, 269; 1993 a. 16, 98, 193, 460, 496; 1995 a. 27 ss. 1014h to 1029, 9126 (19), 9130 (4); 1995 a. 227; 1997 a. 27, 237.

8 ✓ 2. Page 1077, line 2: after that line insert:

9 “SECTION 2335m. 196.44 (2) (b) of the statutes is amended to read:

10 196.44 (2) (b) The attorney general may, on his or her own initiative, appear
11 before the commission on telecommunications matters relating to consumer

1 protection and antitrust. If acting under the authority granted by this paragraph,
2 the attorney general shall have the rights accorded a party before the commission
3 in its proceedings but may not appeal as a party a decision of the commission to the
4 circuit court. This paragraph does not apply after June 30, ~~1999~~ 2001.”.

History: Sup. Ct. Order, 67 W (2d) 585, 775 (1975); 1977 c. 29 ss. 1337, 1654 (10) (c), 1656 (43); 1977 c. 272; Stats. 1977 s. 196.44; 1981 c. 390 s. 252; 1983 a. 53; 1993 a. 496; 1997 a. 218.

5 **3.** Page 1077, line 13: after that line insert:

6 “SECTION **2336m.** 196.85 (2m) of the statutes is amended to read:

7 196.85 (2m) Annually, the commission shall assess telecommunications
8 utilities for the cost of one attorney position in the department of justice to provide
9 services relating to telecommunications matters and for the cost of supplies, services
10 and equipment related to that position. The amounts received under this subsection
11 shall be credited to the appropriation under s. 20.455 (1) (kt). This subsection does
12 not apply after June 30, ~~1999~~ 2001.”.

History: 1971 c. 40 s. 93; 1971 c. 125; 1973 c. 243 s. 82; 1975 c. 68; 1977 c. 29 ss. 1359, 1360, 1654 (10) (f); 1977 c. 203, 418; 1979 c. 171; 1981 c. 390; 1987 a. 378; 1991 a. 269; 1993 a. 496; 1997 a. 27, 140, 184, 229, 254; s. 13.93 (2) (c).

13

(END)



State of Wisconsin
1999 - 2000 LEGISLATURE

LRBb0349/1
MDK:kmg:jf

LFB:.....Zabawa (DS) – DOJ telecommunications position funding

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12 not apply after June 30, ~~1999~~ 2001.”

13 (END)