

2001 ASSEMBLY BILL 662

December 3, 2001 – Introduced by Representatives PETTIS, FREESE, GRONEMUS, PLOUFF, HUNDERTMARK, SYKORA, TOWNSEND, KEDZIE, LIPPERT, HUBLER, LASSA, LOEFFELHOLZ, MUSSER, SHERMAN, OTT, HINES, ALBERS and AINSWORTH, cosponsored by Senators JAUCH, HARSDORF, HANSEN and SCHULTZ. Referred to Joint committee on Information Policy and Technology.

1 **AN ACT** *to create* 196.204 (8) and 196.52 (10) of the statutes; **relating to:**
2 cross-subsidization requirements public and service commission jurisdiction
3 regarding small telecommunications utilities.

Analysis by the Legislative Reference Bureau

Under current law, with certain exceptions, a telecommunications utility may not subsidize any activity, including the activity of an affiliate, that is not subject to regulation by the public service commission (PSC). In addition, the PSC is allowed to attribute any revenues derived from the sale of directory advertising or directory publishing rights to the regulated activities of a telecommunications utility for purposes of rate making. Also, with certain exceptions, a telecommunications utility must offer telecommunications services at prices that exceed total service long-run incremental costs, except for telecommunications services that are offered by a competitor, which are subject to other price restrictions.

Also under current law, PSC has supervisory jurisdiction over contracts between telecommunications utilities and their affiliated interests, but only as necessary to enforce the requirements described above and certain other requirements regarding users of telecommunications services. In general, an “affiliated interest” is any person owning or holding, directly or indirectly, 5% or more of the voting securities of a public utility, including a telecommunications utility.

With one exception, this bill exempts a telecommunications utility from all of the above if the telecommunications utility has less than 50,000 access lines in use in this state. If a telecommunications utility is owned by a holding company, the

ASSEMBLY BILL 662

telecommunications utility's access lines, as well as the access lines of all other telecommunications utilities owned by the holding company, are counted to determine whether the telecommunications utility has less than 50,000 access lines. However, the access lines of a commercial mobile radio service provider are not counted. The bill defines "holding company" as a person that owns 50% or more of the outstanding voting securities of a telecommunications utility.

The one exception under the bill is that, for purposes of rate making, the PSC is allowed, as under current law, to attribute any revenues derived from the sale of directory advertising or directory publishing rights to the regulated activities of a telecommunications utility, including a telecommunications utility that has less than 50,000 access lines in this state.

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

1 **SECTION 1.** 196.204 (8) of the statutes is created to read:

2 196.204 **(8)** (a) In this subsection, "holding company" means a person that, in
3 any chain of successive ownership, directly or indirectly as a beneficial owner, owns,
4 controls, or holds 50% or more of the outstanding voting securities of a
5 telecommunications utility.

6 (b) Except for sub. (2), this section does not apply to a telecommunications
7 utility that has less than 50,000 access lines in use in this state. For purposes of this
8 paragraph, if a telecommunications utility is owned, controlled, or held by a holding
9 company, the number of access lines in use in this state by the telecommunications
10 utility shall include the number of access lines in use in this state by all other
11 telecommunications utilities, other than commercial mobile radio service providers,
12 that are owned, controlled, or held by the holding company.

13 **SECTION 2.** 196.52 (10) of the statutes is created to read:

14 196.52 **(10)** (a) In this subsection, "holding company" means a person that, in
15 any chain of successive ownership, directly or indirectly as a beneficial owner, owns,

ASSEMBLY BILL 662

1 controls, or holds 50% or more of the outstanding voting securities of a
2 telecommunications utility.

3 (b) This section does not apply to a telecommunications utility that has less
4 than 50,000 access lines in use in this state. For purposes of this paragraph, if a
5 telecommunications utility is owned, controlled, or held by a holding company, the
6 number of access lines in use in this state by the telecommunications utility shall
7 include the number of access lines in use in this state by all other
8 telecommunications utilities, other than commercial mobile radio service providers,
9 that are owned, controlled, or held by the holding company.

10

(END)