

**2007 DRAFTING REQUEST**

**Bill**

Received: **11/28/2006**

Received By: **mkunkel**

Wanted: **As time permits**

Identical to LRB:

For: **Legislative Council - LRC**

By/Representing:

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

Drafter: **mkunkel**

May Contact:

Addl. Drafters:

Subject: **Public Util. - misc.**

Extra Copies:

Submit via email: **YES**

Requester's email: **don.dyke@legis.wisconsin.gov**

Carbon copy (CC:) to:

**Pre Topic:**

No specific pre topic given

**Topic:**

Public service commission remedial changes

**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>
/?							
/P1	mkunkel 08/14/2007	kfollett 08/23/2007	jfrantze 08/23/2007	_____	lparisi 08/23/2007		
/P2	mkunkel 12/13/2007	kfollett 12/18/2007		_____			
/1			rschluet 12/19/2007	_____	sbasford 12/19/2007		

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/2	mkunkel 01/30/2008	kfollett 01/31/2008	rschluet 01/31/2008	_____	mbarman 01/31/2008	sbasford 02/04/2008	

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<END>

C → Not Needed

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Requester's email: john.stolzenberg@legis.wisconsin.gov

*e-mailed PDF to  
Don Dyke per phone  
call request*

Carbon copy (CC:) to: david.lovell@legis.wisconsin.gov

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/P2	mkunkel 12/13/2007	kfollett 12/18/2007		_____			
/1		12/16/07 1/31	rschluet 12/19/2007	_____	sbasford 12/19/2007		

*Handwritten signature and date: 12/19/2007*

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**<END>**

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### Topic:

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FE Sent For:

11/5/07  
12/18

12/18/07  
pg  
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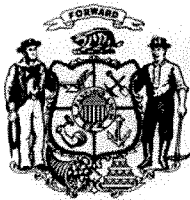
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FE Sent For:

<END>





# Public Service Commission of Wisconsin

Daniel R. Ebert, Chairperson  
Robert M. Garvin, Commissioner  
Mark Meyer, Commissioner

610 North Whitney Way  
P.O. Box 7854  
Madison, WI 53707-7854

November 14, 2006

Mr. Terry Anderson, Director  
Legislative Council  
One Main Street, Suite 401  
P.O. Box 2536  
Madison, WI 53701-2536

Re: Proposals for Law Revision Committee

Dear Mr. Anderson:

In a correspondence dated September 14, 2006, you informed all state agencies that proposed remedial legislation may be submitted to the Law Revision Committee for consideration during the upcoming legislative session. Enclosed is a memorandum identifying the Commission's proposals.

Thank you for the opportunity to submit these proposed revisions. Please contact my Executive Assistant, Eric Callisto, at 266-1261 if you have any questions or if we can be of further assistance.

Sincerely,

Daniel R. Ebert  
Chairperson

DRE:JL:sp:K:\dre\letters\2006\2006 Law Revision cover letter.doc

Enclosure

# **PUBLIC SERVICE COMMISSION OF WISCONSIN**

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## **Memorandum**

November 1, 2006

TO: Daniel R. Ebert, Chairperson  
Robert M. Garvin, Commissioner  
Mark Meyer, Commissioner

FROM: John Lorence, Deputy General Counsel  
Office of General Counsel

RE: 2006 Law Revision Suggestions

This memo incorporates several legislative suggestions for submission to the Law Revision Committee. As required to be considered as Law Revision drafts, these proposals are minor substantive remedial measures that improve the administration of the Commission. None of the proposals have a negative fiscal impact to the Commission. In addition, none of the suggestions have been prepared as bill drafts in previous sessions.

### ***A. Infrastructure. Changes Related to the Recommendations in the Commission's Spring 2006 Report to the Legislature on Infrastructure***

#### **Wis. Stat. § 196.196(5)(f)1.**

#### **SUGGESTED CHANGE**

In the 2006 Report to the Legislature, the Commission suggested the following:

- *Report only on the specific infrastructure reporting subjects named in a.-d. under Wis. Stat. § 196.196(5)(f)1 when there is an issue with availability or deployment for these uses.*
- *Replace e. under Wis. Stat. § 196.196(5)(f)1. in reference to ISDN deployment with a more generic technologies reporting requirement.*

Current law reads as follows:

**Wis. Stat. § 196.196(5)(f)1.** Before January 1, 1996, and biennially thereafter, the commission shall submit a report to the joint committee on information policy and technology describing the

status of investments in advanced telecommunications infrastructure in this state. The report shall include information on the progress made in all of the following areas:

- a. Distance learning, including the number of schools and other educational institutions connected to distance learning networks.
- b. Interconnection of libraries, including the number of libraries with video conferencing and network access capabilities.
- c. Access to health care.
- d. Education, health care and employment opportunities for the disabled and other persons in the home.
- e. Integrated services digital network deployment.
- f. Other infrastructure investments identified by the commission.

The intent of those recommendations could be accomplished by the following revisions:

**Wis. Stat. § 196.196(5)(f)1.** ~~Before January 1, 1996, and biennially thereafter,~~ Biennially the commission shall submit a report to the ~~joint committee on information policy and technology legislature~~ describing the status of investments in advanced telecommunications infrastructure in this state. The report shall include information on ~~the progress made in all of the following areas~~ if there are issues with the availability or deployment of telecommunications infrastructure for these uses:

*report to  
legis*

- a. Distance learning, including the number of schools and other educational institutions connected to distance learning networks.
- b. Interconnection of libraries, including the number of libraries with video conferencing and network access capabilities.
- c. Access to health care.
- d. Education, health care and employment opportunities for the disabled and other persons in the home.
- e. ~~Integrated services digital network deployment.~~
- f. Other ~~infrastructure investments~~ uses identified by the commission.

#### PROBLEM

The telecommunications infrastructure does not appear to be the limiting factor for the use of telecommunication to provide services for distance learning, interconnection of libraries, access to health care and service to persons with disabilities. Consequently, the reporting on these matters is becoming less useful. Changing to an "as needed" approach would still bring the issues to the legislature's attention if infrastructure becomes a limiting factor for these identified uses. ISDN is a technology that is not as prevalent or "state of the art" as it was deemed to be when the original legislation was passed, so it is a much less meaningful item to focus on in the report.

#### WHAT THE CHANGE WOULD DO

The change would remove a mandate on reporting on subjects that are not that useful to the understanding of infrastructure in the state. The remaining language seems adequate for focusing the report on advances in and any problems with infrastructure deployment in the state.

#### *B. Telecommunications Depreciation*

##### Wis. Stat. § 196.09(9)(a)2.

#### SUGGESTED CHANGE

Change the time frame for telecommunications depreciation reviews.

**Wis. Stat. § 196.09(9)(a)2.** The commission shall review ~~biennially~~ triennially the guidelines established under subd. 1., except that if the commission receives, more than 365 days before the deadline for a ~~biennial~~ review, a written request from a telecommunications utility for a review, the commission shall review the guidelines no later than 365 days after receiving the request. ✓

#### PROBLEM

This depreciation provision only affects telecommunications. Currently the Commission goes through the process of represcription of depreciation schedules every two years. Changes tend to be minimal. A change to every three years would reduce the work effort – for staff and industry. (Even a change to every 4 years would not be unreasonable.) If changes to depreciation schedules are needed sooner, the statute allows providers to seek quicker action.

#### WHAT WOULD THE CHANGE DO

This requires that a telecommunications depreciation review take place every three years rather than every two years. Historically, the Federal Communications Commission looks at depreciation every three years.

#### *C. References to Moody's*

##### Wis. Stat. § 196.215(5)(b)1. and 4.

#### SUGGESTED CHANGE

These statutory provisions refer to a specific company reference for bond yields. The name of that reference has changed from Moody's to Mergent. ✓

**Wis. Stat. § 196.215(5)(b)1.** Target rate is calculated by adding ~~Moody's~~ Mergent's average of yields on Baa public utility bonds, expressed in percent, to a percentage set by the commission under subd. 2.

**Wis. Stat. § 196.215(5)(b)4.** Annually no later than January 31, the commission shall issue an order adjusting the ~~Moody's~~ Mergent's average of yields on Baa public utility bonds used to determine the target rate by taking the most recent 12-month average of ~~Moody's~~ Mergent's average of yields on Baa public utility bonds. The order shall take effect on February 1 immediately following the order. The commission may issue the order without a hearing.

**PROBLEM**

This statute includes a reference to Moody's as source for bond yields. That is no longer available. The statute should reflect the recognized source for this information.

**WHAT THE CHANGE WOULD DO**

Replace the name 'Moody' with 'Mergent,' as this reflects the actual source that is available and used.

NOTE: "Moody's" is used in other places in the statutes and all references should be checked for current accuracy. See Wis. Stat. §§ 25.17(3)(dg)2., 66.0603(1m)(a)4., 289.41(6)(L)1. and (7)(c), 623.06(2m)(a)5., (f)1. to 6. and (g), 632.475(3)(b), and 646.35(6)(c)1.b. and 2.b.

***D. Outdated References***

**1. Wis. Stat. § 196.215(7)(b)1.**

**SUGGESTED CHANGE**

This will remove information that is out of date.

**Wis. Stat. § 196.215(7)(b)1.** ~~Beginning on September 1, 1994, and ending on December 31, 1997, the basic single-party residential flat rate shall be the weighted average basic single-party residential monthly rate for all telecommunications utilities in this state as of December 31, 1993, which includes average local usage charges, touch-tone charges and extended area service charges but does not include extended community calling usage charges. Beginning on January 1, 1998, the basic single-party residential flat rate shall be the weighted average basic single-party residential monthly rate for all telecommunications utilities in this state, which includes average local usage charges, touch-tone charges and extended area service charges but does not include extended community calling usage charges, subject to adjustment under subd. 2.~~

Page 5

PROBLEM

The first sentence of this provision reference dates that have passed and is no longer relevant.

WHAT THE CHANGE WOULD DO

Remove a provision that is now an anachronism.

**2. Wis. Stat. § 196.196(1)(g)4.**

SUGGESTED CHANGE

Repeal this provision entirely.

~~Wis. Stat. § 196.196(1)(g)4. If a telecommunications utility that has more than 150,000 access lines in use in this state elects to become a price-regulated telecommunications utility before December 31, 1997, the commission shall commence the hearing required under subd. 1. no earlier than February 1, 1999, and no later than February 15, 1999, and shall complete the proceeding that includes that hearing no later than June 30, 1999.~~ ✓

PROBLEM

This provision refers to actions of the past and is no longer relevant.

WHAT THE CHANGE WOULD DO

Remove a provision that is now an anachronism.

A conforming amendment would be needed to Wis. Stat. § 196.196(1)(g)1.(intro.):

~~Wis. Stat. § 196.196(1)(g)1. Five years after a telecommunications utility elects to become a price-regulated telecommunications utility or, if subd. 4. applies, within the dates specified in that subdivision, the commission shall hold a hearing, and at any time thereafter, upon complaint or on the commission's own motion, the commission may hold a hearing, to determine whether it is in the public interest to suspend one or more of the provisions of this subsection as it applies to a price-regulated telecommunications utility or to approve an alternative regulatory method for that utility. In making a determination under this subdivision, the commission shall identify all of the following:~~ ✓

**3. Wis. Stat. § 196.218(9)**

SUGGESTED CHANGE

Repeal this provision entirely.

~~196.218(9) Emergency telephone service study. The commission shall conduct a study to determine if emergency telephone services should be supported by the universal service fund.~~ ✓

Page 6

~~The commission shall report its findings and recommendations, including any recommendations for statutory changes no later than January 1, 1997, to the joint committee on information policy and technology.~~

#### PROBLEM

This provision refers to actions of the past and is no longer relevant.

#### WHAT THE CHANGE WOULD DO

Remove a provision that is now an anachronism.

#### *E. References to the Joint Committee on Information Policy*

There are references to this legislative committee in Wis. Stat. §§ 196.196(5)(D)1. and 196.218(5r)(a)(intro.) and (9). The proposed revision changes the reference from the specific joint committee to the legislature generally, to ensure the oversight is maintained whether the joint committee is available or not. These revisions are shown elsewhere in this memo and are not repeated here.

#### *F. Universal Service Fund (USF) Provisions*

##### 1. Timing of USF Report

##### Wis. Stat. § 196.218(5r)(a)

#### SUGGESTED CHANGE

Change the filing of the USF Report from an annual requirement to a biennial requirement.

**Wis. Stat. § 196.218(5r)(a)** ~~Annually~~ Biennially, the commission shall submit a universal service fund report to the ~~joint committee on information policy and technology~~ legislature. The report shall include information about all of the following:

#### PROBLEM

This provision would allow the Commission to submit its USF report biennially rather than annually. This would enable the Commission staff to combine the USF report with the Advanced Telecommunications Infrastructure Report, which is currently required to be filed biennially. It appears that this was contemplated when looking at Wis. Stat. § 196.196(5)(f)3. which states "The commission may combine its report under this paragraph with its report under 196.218(5r)." Topics in both reports are related and it would be more efficient and less confusing to have a joint biennial report.

#### WHAT THE CHANGE WOULD DO

Requiring an annual report on just the USF for the years that an Advanced Telecommunications Infrastructure report is not prepared is not necessary and may be confusing for the recipients. Staff time would be saved for the preparation and distribution of the report.

## 2. Essential Services – Rulemaking

### Wis. Stat. § 196.218(4)

#### SUGGESTED CHANGE

Delete outdated language and revise frequency of rules review.

**Wis. Stat. § 196.218(4) Essential services and advanced service capabilities.** ~~Before January 1, 1996, and biennially thereafter, the~~ The commission shall promulgate rules that define a basic set of essential telecommunications services that shall be available to all customers at affordable prices and that are a necessary component of universal service. ~~Before January 1, 1996, and biennially thereafter, the~~ The commission shall promulgate rules that define a set of advanced service capabilities that shall be available to all areas of this state at affordable prices within a reasonable time and that are a necessary component of universal service. For rules promulgated before January 1, 1996, a reasonable time for the availability of the defined set of advance service capabilities shall be no later than January 1, 2005, and, for rules promulgated thereafter after December 31, 1995, a reasonable time for the availability of additional advanced service capabilities in the defined set shall be no later than 7 years after the effective date of the rules. These essential services and advanced service capabilities shall be based on market, social, economic development and infrastructure development principles rather than on specific technologies or providers. Essential services include single-party service with touch-tone capability, line quality capable of carrying facsimile and data transmissions, equal access, emergency services number capability, a statewide telecommunications relay service and blocking of long distance toll service.

**Wis. Stat. § 196.218(5m) Rule review.** ~~At least biennially, the~~ The commission shall review and revise as appropriate rules promulgated under this section.

#### PROBLEM

The first change is proposed because the established time limits have passed and are no longer relevant. In addition, the two sections require the Commission to promulgate these rules biennially. This requirement is overly-burdensome and the agency has had difficulty meeting this requirement because of the time-consuming nature of rulemaking. With a required biennial rulemaking process, the agency is unable to gain any experience with a new rule before it is required to begin the rulemaking process for the next revision. This requirement is time consuming and results in ineffective program management.

#### WHAT THE CHANGE WOULD DO



A considerable amount of time may be saved for the Commission, the Universal Service Fund Council, and the legislature if these rules are revised on an "as needed" basis rather than every two years.

**3. USF Contribution Calculation Revision, Wis. Stat. § 196.218(5)(a)9.**

**SUGGESTED CHANGE**

This proposed change clarifies which USF-funded programs may receive different rate recovery treatment, depending on whether the program is administered by the Commission or by another agency.

The suggested change renumbers Wis. Stat. § 196.218(5)(a)9. to Wis. Stat. § 196.218(5)(a)3.

Relevant current law reads as follows:

**Wis. Stat. § 196.218(3)(a)4.** In calculating contribution amounts that must be paid into the universal service fund by telecommunications utilities that provide local exchange service, the commission shall determine the portion of the contributions that is used for the purposes specified in sub. (5) (a) 5. to 11.

**Wis. Stat. § 196.218(4u) Medical telecommunications equipment program.** From the appropriation under 20.155 (1) (q), the commission may spend up to \$500,000 annually for grants to nonprofit medical clinics and public health agencies for the purchase of telecommunications equipment to be used in providing services to their clients. The commission shall promulgate rules establishing requirements and procedures for awarding grants under this subsection.

**Wis. Stat. § 196.218(5) Uses of the Fund.** (a) The commission shall use the moneys in the universal service fund only for any of the following purposes:

1. To assist customers located in areas of this state that have relatively high costs of telecommunications services, low-income customers and disabled customers in obtaining affordable access to a basic set of essential telecommunications services.
2. To assist in the deployment of advanced service capabilities of a modern telecommunications infrastructure throughout this state.
4. To administer the universal service fund.
5. To pay costs incurred under contracts under s. 16.971 (13) to (16) to the extent that these costs are not paid under s. 16.997 (2) (d), except that no moneys in the universal service fund may be used to pay installation costs that are necessary for a political subdivision to obtain access to bandwidth under a shared service agreement under s. 16.997 (2r) (a).
- 5m. To provide statewide access, through the Internet, to periodical reference information databases.
6. To pay the department of administration for telecommunications services provided under s. 16.972 (1) to the campuses of the University of Wisconsin System at River Falls, Stout, Superior and Whitewater.

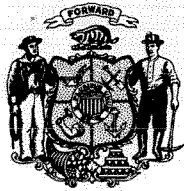
7. To make grants awarded by the department of administration to school districts and private schools under s. 16.997 (6). This subdivision does not apply after December 31, 2005.
8. To promote access to information and library services to blind and visually handicapped individuals.
9. To make grants under sub. (4u).
11. To provide for state aid to public library systems under s. 43.24.

#### PROBLEM

A number of programs are funded from the Universal Service Fund, some administered by the Commission and some administered by other agencies or the University of Wisconsin. Telecommunications providers may include in rates without Commission approval the costs associated with the USF-funded programs that are not administered by the Commission, which are the Technology for Educational Achievement (TEACH) program, UW-System programs, and the Department of Public Instruction BadgerLink and Library Aids programs. Because of this, current Wis. Stat. § 196.218(3)(a)4. requires the Commission to identify for telecommunications providers the amounts required to fund these programs. However, as written, that provision also requires the Commission to identify amounts associated with a Commission-administered program, the Telemedicine grant program. This is unnecessary and may be confusing, as telecommunications providers may not unilaterally adjust rates to recover the cost of that program.

#### WHAT THE CHANGE WOULD DO

The proposed change renumbers the reference to the Telemedicine grant program from Wis. Stat. § 196.218(5)(a)9. to Wis. Stat. § 196.218(5)(a)3. to exclude it from the list of programs requiring itemized costing. This makes a clear delineation between the Commission-administered USF programs and the other USF-funded programs that may get separate rate recovery treatment. By renumbering this item to a place earlier in the list of USF-funded programs, the Commission will clearly identify for providers those costs that may be recovered without Commission authority and which costs need Commission-approval for rate recovery. This change would have no fiscal impact on the USF program and may result in minimal savings in PSC staff time.



State of Wisconsin  
2007 - 2008 LEGISLATURE

LRB-0926/P1

MDK.....  
gf

O-NOTE

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

Gen

- 1 AN ACT ...; **relating to:** certain review, reporting, and out-of-date requirements  
2 regarding the Public Service Commission and rate adjustments for certain  
3 contributions to the universal service fund (suggested as remedial legislation  
4 by the Public Service Commission).

---

***Analysis by the Legislative Reference Bureau***

This bill makes the following changes to statutes administered by the Public Service Commission (PSC):

X 1. Under current law, the PSC must submit a biennial report to the joint committee on information policy and technology regarding investments in advanced telecommunications infrastructure and the report must cover specified topics, including integrated services digital network (ISDN) deployment. This bill requires the PSC to submit the report to the legislature and eliminates the requirement that the report must cover ISDN deployment. Also, the bill requires the report to cover a topic only if there are issues with the availability or deployment of telecommunications infrastructure regarding the topic.

two 2. The bill requires the PSC to review telecommunications depreciation guidelines every 3 years, rather than every 2 years as required under current law.

three X 3. Under current law, the PSC must submit an annual report to the joint committee on information policy and technology regarding the universal service fund (USF). This bill requires the PSC to submit the report biennially to the legislature.

4. Current law requires the PSC to review, at least biennially, rules regarding the USF. The bill requires the PSC to review the rules, but eliminates the biennial requirement.

X 5. Under current law, a local exchange telecommunications utility is allowed to adjust its rates to recover the portion of its contributions to the USF that is used for funding specified programs, including a grant program for medical telecommunications equipment. This bill prohibits such a utility from making the rate adjustment for the portion of its contributions that are used for that grant program. 15

6. Current law requires the PSC to use a reference source for bond information that is called "Moody's." The reference source has changed its name to "Mergent's" and this bill updates the name of the reference source.

7. The bill eliminates certain requirements with outdated deadlines.

X For further information, see the NOTES provided by the Law Revision Committee of the Joint Legislative Council.

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

LAW REVISION COMMITTEE PREFATORY NOTE: This bill is a remedial legislation proposal, requested by the Public Service Commission and introduced by the Law Revision Committee under s. 13.83 (1) (c) 4., stats. After careful consideration of the various provisions of the bill, the Law Revision Committee has determined that this bill makes minor substantive changes in the statutes, and that these changes are desirable as a matter of public policy.

1 **SECTION 1.** 20.155 (1) (q) of the statutes is amended to read:

2 20.155 (1) (q) *Universal telecommunications service.* From the universal  
3 service fund, the amounts in the schedule for the promotion of universal  
4 telecommunications service for the purposes specified in s. 196.218 (5) (a) 1. to 4., and  
5 8. and 9.

History: 1971 c. 125; 1973 c. 90; 1975 c. 39; 1977 c. 29; 1979 c. 34; 1981 c. 20; 1985 a. 79, 296, 297, 332; 1987 a. 27, 399; 1991 a. 39, 269; 1993 a. 16, 123; 1995 a. 27; 1997 a. 27, 140, 229; 1999 a. 9, 32, 84, 150, 196; 2001 a. 16, 30; 2003 a. 48; 2005 a. 179.

6 **SECTION 2.** 196.09 (9) (a) 2. of the statutes is amended to read:

7 196.09 (9) (a) 2. The commission shall review ~~biennially~~ triennially the  
8 guidelines established under subd. 1., except that if the commission receives, more  
9 than 365 days before the deadline for a ~~biennial~~ review, a written request from a

1 telecommunications utility for a review, the commission shall review the guidelines  
2 no later than 365 days after receiving the request.

3 **History:** 1981 c. 148; 1983 a. 53; 1985 a. 297; 1989 a. 303, 344; 1993 a. 496; 2005 a. 441.

3 **SECTION 3.** 196.196 (1) (g) 1. (intro.) of the statutes is amended to read:

4 196.196 (1) (g) 1. (intro.) Five years after a telecommunications utility elects  
5 to become a price-regulated telecommunications utility or, if subd. 4. applies, within  
6 the dates specified in that subdivision, the commission shall hold a hearing, and at  
7 any time thereafter, upon complaint or on the commission's own motion, the  
8 commission may hold a hearing, to determine whether it is in the public interest to  
9 suspend one or more of the provisions of this subsection as it applies to a  
10 price-regulated telecommunications utility or to approve an alternative regulatory  
11 method for that utility. In making a determination under this subdivision, the  
12 commission shall identify all of the following:

13 **History:** 1993 a. 496; 1999 a. 29, 85; 2001 a. 16.

13 **SECTION 4.** 196.196 (1) (g) 4. of the statutes is repealed.

14 **SECTION 5.** 196.196 (5) (f) 1. (intro.) of the statutes is amended to read:

15 196.196 (5) (f) 1. (intro.) ~~Before January 1, 1996, and biennially thereafter~~  
16 Biennially, the commission shall submit a report to the joint committee on  
17 information policy and technology legislature under s. 13.172 (2) describing the  
18 status of investments in advanced telecommunications infrastructure in this state.  
19 The report shall include information on ~~the progress made in all of the following~~  
20 areas uses if there are issues with the availability or deployment of  
21 telecommunications infrastructure for those uses:

22 **History:** 1993 a. 496; 1999 a. 29, 85; 2001 a. 16.

22 **SECTION 6.** 196.196 (5) (f) 1. e. of the statutes is repealed.

23 **SECTION 7.** 196.196 (5) (f) 1. f. of the statutes is amended to read:

1           196.196 (5) (f) 1. f. Other infrastructure investments uses identified by the  
2           commission.

History: 1993 a. 496; 1999 a. 29, 85; 2001 a. 16.

3           **SECTION 8.** 196.215 (5) (b) 1. of the statutes is amended to read:

4           196.215 (5) (b) 1. Target rate is calculated by adding Moody's Mergent's average  
5           of yields on Baa public utility bonds, expressed in percent, to a percentage set by the  
6           commission under subd. 2.

History: 1985 a. 297; 1989 a. 344; 1993 a. 496; 1997 a. 218; 1999 a. 32.

7           **SECTION 9.** 196.215 (5) (b) 4. of the statutes is amended to read:

8           196.215 (5) (b) 4. Annually no later than January 31, the commission shall  
9           issue an order adjusting the Moody's Mergent's average of yields on Baa public utility  
10          bonds used to determine the target rate by taking the most recent 12-month average  
11          of Moody's Mergent's average of yields on Baa public utility bonds. The order shall  
12          take effect on February 1 immediately following the order. The commission may  
13          issue the order without a hearing.

History: 1985 a. 297; 1989 a. 344; 1993 a. 496; 1997 a. 218; 1999 a. 32.

14          **SECTION 10.** 196.215 (7) (b) 1. of the statutes is amended to read:

15          196.215 (7) (b) 1. ~~Beginning on September 1, 1994, and ending on December~~  
16          ~~31, 1997, the basic single-party residential flat rate shall be the weighted average~~  
17          ~~basic single-party residential monthly rate for all telecommunications utilities in~~  
18          ~~this state as of December 31, 1993, which includes average local usage charges,~~  
19          ~~touch-tone charges and extended area service charges but does not include extended~~  
20          ~~community calling usage charges.~~ Beginning on January 1, 1998, the basic  
21          single-party residential flat rate shall be the weighted average basic single-party  
22          residential monthly rate for all telecommunications utilities in this state, which  
23          includes average local usage charges, touch-tone charges and extended area service

1 charges but does not include extended community calling usage charges, subject to  
2 adjustment under subd. 2.

3 **History:** 1985 a. 297; 1989 a. 344; 1993 a. 496; 1997 a. 218; 1999 a. 32.

3 **SECTION 11.** 196.218 (4) of the statutes is amended to read:

4 196.218 (4) ESSENTIAL SERVICES AND ADVANCED SERVICE CAPABILITIES. ~~Before~~  
5 ~~January 1, 1996, and biennially thereafter, the~~ The commission shall promulgate  
6 rules that define a basic set of essential telecommunications services that shall be  
7 available to all customers at affordable prices and that are a necessary component  
8 of universal service. ~~Before January 1, 1996, and biennially thereafter, the~~ The  
9 commission shall promulgate rules that define a set of advanced service capabilities  
10 that shall be available to all areas of this state at affordable prices within a  
11 reasonable time and that are a necessary component of universal service. For rules  
12 promulgated ~~before January 1, 1996, a reasonable time for the availability of the~~  
13 ~~defined set of advance service capabilities shall be no later than January 1, 2005,~~  
14 ~~and, for rules promulgated thereafter~~ after December 31, 1995, a reasonable time for  
15 the availability of additional advanced service capabilities in the defined set shall be  
16 no later than 7 years after the effective date of the rules. These essential services  
17 and advanced service capabilities shall be based on market, social, economic  
18 development and infrastructure development principles rather than on specific  
19 technologies or providers. Essential services include single-party service with  
20 touch-tone capability, line quality capable of carrying facsimile and data  
21 transmissions, equal access, emergency services number capability, a statewide  
22 telecommunications relay service and blocking of long distance toll service.

23 **History:** 1993 a. 496; 1997 a. 27, 41, 237; 1999 a. 9, 29, 185; 2001 a. 16; 2003 a. 33; 2005 a. 25.

23 **SECTION 12.** 196.218 (5) (a) 9. of the statutes is renumbered 196.218 (5) (a) 3.

24 **SECTION 13.** 196.218 (5m) of the statutes is amended to read:





**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB-0926/P1dn  
MDK...*ef*

*Date*

John Stolzenberg:

Please note the following about this draft:

1. In s. 196.196 (5) (f) 1. (intro.), I changed "areas" to "uses" to be consistent with the change to s. 196.196 (5) (f) 1. f. However, I'm not sure whether "uses" is the appropriate word to use in this context.
2. Regarding the reports to the legislature under ss. 196.196 (5) (f) 1. (intro.) and 196.218 (5r) (a) (intro.), note that I added the reference to s. 13.172 (2). Is that okay, or do you want to refer instead to s. 13.172 (3)?
3. The following statutes outside of ch. 196 refer to "Moody's": ss. 25.17 (3) (dg) 2., 66.0603 (1m) (a) 4., 289.41 (6) (L) 1. and (7) (c), 623.06 (2m) (a) 5., (f) 1., 2., 3., 4., 5., and 6., and (g), 632.475 (3) (b), and 646.35 (6) (c) 1. b. and 2. b. Do you want to change those references to "Mergent's"?

Mark D. Kunkel  
Senior Legislative Attorney  
Phone: (608) 266-0131  
E-mail: mark.kunkel@legis.wisconsin.gov

**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-0926/P1dn  
MDK:kjfjf

August 23, 2007

John Stolzenberg:

Please note the following about this draft:

1. In s. 196.196 (5) (f) 1. (intro.), I changed "areas" to "uses" to be consistent with the change to s. 196.196 (5) (f) 1. f. However, I'm not sure whether "uses" is the appropriate word to use in this context.
2. Regarding the reports to the legislature under ss. 196.196 (5) (f) 1. (intro.) and 196.218 (5r) (a) (intro.), note that I added the reference to s. 13.172 (2). Is that okay, or do you want to refer instead to s. 13.172 (3)?
3. The following statutes outside of ch. 196 refer to "Moody's": ss. 25.17 (3) (dg) 2., 66.0603 (1m) (a) 4., 289.41 (6) (L) 1. and (7) (c), 623.06 (2m) (a) 5., (f) 1., 2., 3., 4., 5., and 6., and (g), 632.475 (3) (b), and 646.35 (6) (c) 1. b. and 2. b. Do you want to change those references to "Mergent's"?

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**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB-0926/P1dn  
MDK:kjf:jf

August 23, 2007

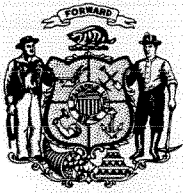
*rec'd from  
Leg Council*

John Stolzenberg:

Please note the following about this draft:

1. In s. 196.196 (5) (f) 1. (intro.), I changed "areas" to "uses" to be consistent with the change to s. 196.196 (5) (f) 1. f. However, I'm not sure whether "uses" is the appropriate word to use in this context. *OK.*
2. Regarding the reports to the legislature under ss. 196.196 (5) (f) 1. (intro.) and 196.218 (5r) (a) (intro.), note that I added the reference to s. 13.172 (2). Is that okay, or do you want to refer instead to s. 13.172 (3)? *OK.*
3. The following statutes outside of ch. 196 refer to "Moody's": ss. 25.17 (3) (dg) 2., 66.0603 (1m) (a) 4., 289.41 (6) (L) 1. and (7) (c), 623.06 (2m) (a) 5., (f) 1., 2., 3., 4., 5., and 6., and (g), 632.475 (3) (b), and 646.35 (6) (c) 1. b. and 2. b. Do you want to change those references to "Mergent's"? *OK.*

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State of Wisconsin  
2007 - 2008 LEGISLATURE

LRB-0926/PR  
MDK:kjf

1

O-NOTE

5002

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

Regen

1 AN ACT *to repeal* 196.196 (1) (g) 4., 196.196 (5) (f) 1. e. and 196.218 (9); *to*  
 2 *renumber* 196.218 (5) (a) 9.; and *to amend* 20.155 (1) (q), 196.09 (9) (a) 2.,  
 3 196.196 (1) (g) 1. (intro.), 196.196 (5) (f) 1. (intro.), 196.196 (5) (f) 1. f., 196.215  
 4 (5) (b) 1., 196.215 (5) (b) 4., 196.215 (7) (b) 1., 196.218 (4), 196.218 (5m) and  
 5 196.218 (5r) (a) (intro.) of the statutes; **relating to:** certain review, reporting,  
 6 and out-of-date requirements regarding the Public Service Commission and  
 7 rate adjustments for certain contributions to the universal service fund  
 8 (suggested as remedial legislation by the Public Service Commission).

***Analysis by the Legislative Reference Bureau***

This bill makes the following changes to statutes administered by the Public Service Commission (PSC):

1. Under current law, the PSC must submit a biennial report to the Joint Committee on Information Policy and Technology regarding investments in advanced telecommunications infrastructure and the report must cover specified topics, including integrated services digital network (ISDN) deployment. This bill requires the PSC to submit the report to the legislature and eliminates the requirement that the report must cover ISDN deployment. Also, the bill requires the report to cover a topic only if there are issues with the availability or deployment of telecommunications infrastructure regarding the topic.

INSERT 2A

2. The bill requires the PSC to review telecommunications depreciation guidelines every three years, rather than every two years as required under current law.

3. Under current law, the PSC must submit an annual report to the Joint Committee on Information Policy and Technology regarding the universal service fund (USF). This bill requires the PSC to submit the report biennially to the legislature.

4. Current law requires the PSC to review, at least biennially, rules regarding the USF. The bill requires the PSC to review the rules, but eliminates the biennial requirement.

5. Under current law, a local exchange telecommunications utility is allowed to adjust its rates to recover the portion of its contributions to the USF that is used for funding specified programs, including a grant program for medical telecommunications equipment. This bill prohibits such a utility from making the rate adjustment for the portion of its contributions that is used for that grant program.

6. Current law requires the PSC to use a reference source for bond information that is called "Moody's." The reference source has changed its name to "Mergent's" and this bill updates the name of the reference source. *no #*

67. The bill eliminates certain requirements with outdated deadlines.

For further information, see the NOTE provided by the Law Revision Committee of the Joint Legislative Council.

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

LAW REVISION COMMITTEE PREFATORY NOTE: This bill is a remedial legislation proposal, requested by the Public Service Commission and introduced by the Law Revision Committee under s. 13.83 (1) (c) 4., stats. After careful consideration of the various provisions of the bill, the Law Revision Committee has determined that this bill makes minor substantive changes in the statutes, and that these changes are desirable as a matter of public policy.

1 **SECTION 1.** 20.155 (1) (q) of the statutes is amended to read:

2 20.155 (1) (q) *Universal telecommunications service.* From the universal  
3 service fund, the amounts in the schedule for the promotion of universal  
4 telecommunications service for the purposes specified in s. 196.218 (5) (a) 1. to 4., and  
5 8. and 9.

6 **SECTION 2.** 196.09 (9) (a) 2. of the statutes is amended to read:

INSERT 2-5

1 196.09 (9) (a) 2. The commission shall review ~~biennially~~ triennially the  
2 guidelines established under subd. 1., except that if the commission receives, more  
3 than 365 days before the deadline for a ~~biennial~~ review, a written request from a  
4 telecommunications utility for a review, the commission shall review the guidelines  
5 no later than 365 days after receiving the request.

INSERT  
3-5

6 ~~SECTION 3.~~ 196.196 (1) (g) 1. (intro.) of the statutes is amended to read:

7 196.196 (1) (g) 1. (intro.) Five years after a telecommunications utility elects  
8 to become a price-regulated telecommunications utility ~~or, if subd. 4. applies, within~~  
9 ~~the dates specified in that subdivision,~~ the commission shall hold a hearing, and at  
10 any time thereafter, upon complaint or on the commission's own motion, the  
11 commission may hold a hearing, to determine whether it is in the public interest to  
12 suspend one or more of the provisions of this subsection as it applies to a  
13 price-regulated telecommunications utility or to approve an alternative regulatory  
14 method for that utility. In making a determination under this subdivision, the  
15 commission shall identify all of the following:

16 ~~SECTION 4.~~ 196.196 (1) (g) 4. of the statutes is repealed.

INSERT  
3-16

17 ~~SECTION 5.~~ 196.196 (5) (f) 1. (intro.) of the statutes is amended to read:

18 196.196 (5) (f) 1. (intro.) ~~Before January 1, 1996, and biennially thereafter~~  
19 Biennially, the commission shall submit a report to the ~~joint committee on~~  
20 ~~information policy and technology legislature under s. 13.172 (2)~~ describing the  
21 status of investments in advanced telecommunications infrastructure in this state.  
22 The report shall include information on ~~the progress made in all of the following~~  
23 areas uses if there are issues with the availability or deployment of  
24 telecommunications infrastructure for those uses:

25 ~~SECTION 6.~~ 196.196 (5) (f) 1. e. of the statutes is repealed.

INSERT  
3-24

1 SECTION 7. 196.196 (5) (f) 1. f. of the statutes is amended to read:

2 196.196 (5) (f) 1. f. Other ~~infrastructure investments~~ uses identified by the  
3 commission.

*10 ← create a.r. (9)*

4 SECTION 8. 196.215 (5) (b) 1. of the statutes is amended to read:

5 196.215 (5) (b) 1. Target rate is calculated by adding ~~Moody's~~ Mergent's average  
6 of yields on Baa public utility bonds, expressed in percent, to a percentage set by the  
7 commission under subd. 2.

*11 ← create a.r. (h)*

8 SECTION 9. 196.215 (5) (b) 4. of the statutes is amended to read:

9 196.215 (5) (b) 4. Annually no later than January 31, the commission shall  
10 issue an order adjusting the ~~Moody's~~ Mergent's average of yields on Baa public utility  
11 bonds used to determine the target rate by taking the most recent 12-month average  
12 of ~~Moody's~~ Mergent's average of yields on Baa public utility bonds. The order shall  
13 take effect on February 1 immediately following the order. The commission may  
14 issue the order without a hearing.

*(WSEP 4-14)*

*15 ← create a.r. (i)*

15 SECTION 10. 196.215 (7) (b) 1. of the statutes is amended to read:

16 196.215 (7) (b) 1. ~~Beginning on September 1, 1994, and ending on December~~  
17 ~~31, 1997, the basic single-party residential flat rate shall be the weighted average~~  
18 ~~basic single-party residential monthly rate for all telecommunications utilities in~~  
19 ~~this state as of December 31, 1993, which includes average local usage charges,~~  
20 ~~touch-tone charges and extended area service charges but does not include extended~~  
21 ~~community calling usage charges.~~ Beginning on January 1, 1998, the basic  
22 single-party residential flat rate shall be the weighted average basic single-party  
23 residential monthly rate for all telecommunications utilities in this state, which  
24 includes average local usage charges, touch-tone charges and extended area service

INSERT  
5-2

1 charges but does not include extended community calling usage charges, subject to  
2 adjustment under subd. 2.

3 **SECTION 11.** 196.218 (4) of the statutes is amended to read:

4 196.218 (4) ESSENTIAL SERVICES AND ADVANCED SERVICE CAPABILITIES. Before  
5 January 1, 1996, and biennially thereafter, the The commission shall promulgate  
6 rules that define a basic set of essential telecommunications services that shall be  
7 available to all customers at affordable prices and that are a necessary component  
8 of universal service. ~~Before January 1, 1996, and biennially thereafter, the~~ The  
9 commission shall promulgate rules that define a set of advanced service capabilities  
10 that shall be available to all areas of this state at affordable prices within a  
11 reasonable time and that are a necessary component of universal service. For rules  
12 promulgated ~~before January 1, 1996, a reasonable time for the availability of the~~  
13 ~~defined set of advance service capabilities shall be no later than January 1, 2005,~~  
14 ~~and, for rules promulgated thereafter~~ after December 31, 1995, a reasonable time for  
15 the availability of additional advanced service capabilities in the defined set shall be  
16 no later than 7 years after the effective date of the rules. These essential services  
17 and advanced service capabilities shall be based on market, social, economic  
18 development and infrastructure development principles rather than on specific  
19 technologies or providers. Essential services include single-party service with  
20 touch-tone capability, line quality capable of carrying facsimile and data  
21 transmissions, equal access, emergency services number capability, a statewide  
22 telecommunications relay service and blocking of long distance toll service.

23 **SECTION 12.** 196.218 (5) (a) 9. of the statutes is renumbered 196.218 (5) (a) 3.

24 **SECTION 13.** 196.218 (5m) of the statutes is amended to read:

17 ← create av. (j)

INSERT  
5-22

INSERT 5-23



INSERT 6-2

1 196.218 (5m) RULE REVIEW. ~~At least biennially, the~~ The commission shall  
2 review and revise as appropriate rules promulgated under this section.

3 SECTION 14. 196.218 (5r) (a) (intro.) of the statutes is amended to read:

4 196.218 (5r) (a) (intro.) ~~Annually~~ Biennially, the commission shall submit a  
5 universal service fund report to the ~~joint committee on information policy and~~  
6 technology legislature under s. 13.172 (2). The report shall include information  
7 about all of the following:

INSERT  
6-7

8 SECTION 15. 196.218 (9) of the statutes is repealed.

INSERT 6-8

(END)

INSERT 6-9

D - Note

Note:

a.r. (a) ← a.r. (j)

INSERT 5-83:

(put after Section 12): Sections 1 and 12 repeal, and then renumber, a statutory reference that allows universal service fund moneys for grants for the medical telecommunications equipment program.

INSERT 3-5:

Section 2: This section changes, from a biennial to a triennial requirement, the requirement for the public service commission to review the guidelines establishing classes of fixed capital that telecommunications utilities use for public utility purposes, a range of annual depreciation rates for each of those classes, and a composite range of annual depreciation rates for all classes of fixed capital.

INSERT 3-16:

(put after section 4): Sections 3 and 4 repeal an outdated provision that specifies deadlines for hearings for a telecommunications utility that elects to become a price-regulated telecommunications utility.

INSERT 3-24:

Section 8 requires the public service commission to submit a biennial report on status of investments in advanced telecommunications infrastructure to the legislature, rather than an annual report to the joint committee on information policy and technology; and deletes the report's inclusion of information on integrated services digital network deployment.

NOTE:

(put after section 9) Sections 8 and 9 change a reference, from Moody's to Mergent's, as the entity that is the reference source for bond information.

INSERT 5-2:

Section 10: Section 10 deletes an outdated requirement that set the basic single party residential flat rate for the time period from September 1, 1994 to December 31, 1997.

INSERT 5-22:

Section 11: This section deletes outdated references to the time period within which administrative rules must be promulgated relating to essential services and advanced service capabilities; and inserts an up to date reference to the time period.

INSERT 6-2:

Section 13: This section deletes a requirement to review and revise administrative rules relating to the universal service fund at least biennially. As amended, the commission must review and revise the rules as appropriate.

NOTE:

INSERT 6-7:

Section 14: This section changes a requirement that the commission submit the universal service fund report annually to the joint committee on information policy and technology to a biennial report submitted to the legislature under section 13.172(2) of the statutes. That section requires reports to be submitted to the chief clerk of each house of the legislature, who must publish notice of receipt of the report in the journals of the respective houses and periodically provide a list of the agency reports received to the members of the respective houses.

NOTE:

INSERT 6-8:

Section 15 deletes a requirement that the commission conduct a study to determine if emergency telephone services should be supported by the universal service fund. Because the study was submitted by the due date specified in the statute (January 1, 1997), the statute is now obsolete.

2007-2008 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRB-0926/lins  
MDK:.....

1 **INSERT 2A:**

2 , as well as the department of natural resources, the commissioner of insurance, the  
3 State of Wisconsin Investment Board, and certain local government entities,

4 **INSERT 2-5:**

5 **SECTION 1.** 25.17 (3) (dg) 2. of the statutes is amended to read:

6 25.17 (3) (dg) 2. Commercial paper maturing within one year or less from the  
7 date of investment and rated prime by the national credit office, if the issuing  
8 corporation has one or more long-term senior debt issues outstanding, each of which  
9 has one of the 3 highest ratings issued by Moody's Mergent's investors service or  
10 Standard & Poor's corporation.

**History:** 1971 c. 41 s. 12; 1971 c. 74; 1971 c. 100 s. 23; 1971 c. 125 s. 522 (1); 1971 c. 164; 1971 c. 214 s. 147; 1971 c. 260 s. 92 (3) to (5); 1973 c. 117, 137, 151; 1973 c. 208 s. 17; 1973 c. 209, 333, 336; 1975 c. 26, 27, 39, 118, 147, 164, 180, 189, 200, 422; 1977 c. 29 ss. 439 to 439f, 1654 (1); 1977 c. 31, 107, 377, 418, 423; 1979 c. 32; 1979 c. 34 ss. 705 to 707b, 2102 (56) (a); 1979 c. 102; 1979 c. 109 s. 16; 1979 c. 221; 1979 c. 318 ss. 1 to 3; 1979 c. 361 s. 113; 1981 c. 20, 86; 1981 c. 96 ss. 18 to 21, 67; 1981 c. 169, 386; 1983 a. 27; 1983 a. 36 ss. 31, 96 (4); 1983 a. 81 s. 11; 1983 a. 83 s. 20; 1983 a. 142, 189, 192, 368, 410; 1985 a. 25, 29, 53, 120; 1985 a. 332 s. 251 (1); 1987 a. 27, 38, 119, 186, 252, 399; 1989 a. 13, 31, 64, 187, 307, 335, 359, 366; 1991 a. 32, 38, 39, 152, 174, 221, 269, 315; 1993 a. 16, 112, 263, 477; 1995 a. 27 ss. 1394m to 1396, 9116 (5); 1995 a. 56, 213, 227, 274, 403; 1997 a. 27, 35, 191; 1999 a. 9, 11, 63, 65, 83, 167, 196; 2001 a. 7, 13, 16, 92, 104, 109; 2003 a. 33, 35, 48, 91, 111, 299; 2005 a. 1, 22, 25, 74, 153, 172, 335, 441, 478.

11 **SECTION 2.** 66.0603 (1m) (a) 4. of the statutes is amended to read:

12 66.0603 (1m) (a) 4. Any security which matures or which may be tendered for  
13 purchase at the option of the holder within not more than 7 years of the date on which  
14 it is acquired, if that security has a rating which is the highest or 2nd highest rating  
15 category assigned by Standard & Poor's corporation, Moody's Mergent's investors  
16 service or other similar nationally recognized rating agency or if that security is  
17 senior to, or on a parity with, a security of the same issuer which has such a rating.

**History:** 1999 a. 9 ss. 1607, 1608; 1999 a. 65 ss. 15 to 17; 1999 a. 150 ss. 93, 95, 168; 1999 a. 167 ss. 31, 32; 1999 a. 186 ss. 43, 44; 2001 a. 30; 2003 a. 264; 2005 a. 99, 335.

NOTE: SECTIONS 1 and 2 change a reference, from Moody's to Mergent's, as the entity that is the reference source.

18 **INSERT 4-14:**

NOTE: SECTIONS 10 and 11 change a reference, from Moody's to Mergent's, as the entity that is the reference source for bond information.

✓ Create a.f. (M)

**INSERT 5-9:**

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**SECTION 3.** 289.41 (6) (L) 1. of the statutes is amended to read:

289.41 (6) (L) 1. The company received a rating for its senior unsubordinated debt of "AAA," "AA," "A," or "BBB" from Standard and Poor's Corporation, or of "Aaa," "Aa," "A," or "Baa" from Moody's Mergent's Investor Service, Incorporated, in the most recent issuance of ratings by either firm.

History: 1981 c. 374; 1983 a. 27; 1983 a. 53 s. 114; 1985 a. 29 s. 3202 (39); 1987 a. 384; 1989 a. 31, 359; 1991 a. 31, 39; 1993 a. 135; 1995 a. 63; 1995 a. 227 ss. 588, 617 to 624; Stats. 1995 s. 289.41; 1995 a. 377 ss. 1 to 3; 1997 a. 35 ss. 327, 328, 396; 2001 a. 16.

**SECTION 4.** 289.41 (7) (c) of the statutes is amended to read:

289.41 (7) (c) *Minimum bond ratings.* The public utility received a bond rating of "A" or better from the Moody's Mergent's investor service, incorporated, or "A" or better from Standard and Poor's corporation in the most recent issuance of ratings by either firm.

History: 1981 c. 374; 1983 a. 27; 1983 a. 53 s. 114; 1985 a. 29 s. 3202 (39); 1987 a. 384; 1989 a. 31, 359; 1991 a. 31, 39; 1993 a. 135; 1995 a. 63; 1995 a. 227 ss. 588, 617 to 624; Stats. 1995 s. 289.41; 1995 a. 377 ss. 1 to 3; 1997 a. 35 ss. 327, 328, 396; 2001 a. 16.

**SECTION 5.** 623.06 (2m) (a) 5. of the statutes is amended to read:

623.06 (2m) (a) 5. "Moody's Mergent's monthly average" means the corporate bond yield monthly average, as published by Moody's Mergent's Investors Service, Inc.

History: 1973 c. 303; 1977 c. 153 ss. 2, 4, 6; 1977 c. 273; 1977 c. 339 ss. 17, 44; Stats. 1977 s. 623.06; 1979 c. 110 s. 60 (13); 1981 c. 307 ss. 1x to 6, 13; 1989 a. 56; 1993 a. 490; 1995 a. 396; 1999 a. 85; 2001 a. 103.

**SECTION 6.** 623.06 (2m) (f) 1. of the statutes is amended to read:

623.06 (2m) (f) 1. For life insurance, the reference interest rate is the lesser of the average over a period of 36 months and the average over a period of 12 months, ending on June 30 of the calendar year next preceding the year of issue, of Moody's Mergent's monthly average.

History: 1973 c. 303; 1977 c. 153 ss. 2, 4, 6; 1977 c. 273; 1977 c. 339 ss. 17, 44; Stats. 1977 s. 623.06; 1979 c. 110 s. 60 (13); 1981 c. 307 ss. 1x to 6, 13; 1989 a. 56; 1993 a. 490; 1995 a. 396; 1999 a. 85; 2001 a. 103.

**SECTION 7.** 623.06 (2m) (f) 2. of the statutes is amended to read:

1           623.06 (2m) (f) 2. For single premium immediate annuities and for annuity  
2 benefits involving life contingencies arising from other annuities with cash  
3 settlement options and guaranteed interest contracts with cash settlement options,  
4 the reference interest rate is the average over a period of 12 months, ending on June  
5 30 of the calendar year of issue or year of purchase, of Moody's Mergent's monthly  
6 average.

History: 1973 c. 303; 1977 c. 153 ss. 2, 4, 6; 1977 c. 273; 1977 c. 339 ss. 17, 44; Stats. 1977 s. 623.06; 1979 c. 110 s. 60 (13); 1981 c. 307 ss. 1x to 6, 13; 1989 a. 56; 1993 a. 490; 1995 a. 396; 1999 a. 85; 2001 a. 103.

7           **SECTION 8.** 623.06 (2m) (f) 3. of the statutes is amended to read:

8           623.06 (2m) (f) 3. Except as provided under subd. 2., for annuities with cash  
9 settlement options and guaranteed interest contracts with cash settlement options,  
10 valued on an issue year basis and having a guarantee duration in excess of 10 years,  
11 the reference interest is the lesser of the average over a period of 36 months and the  
12 average over a period of 12 months, ending on June 30 of the calendar year of issue  
13 or purchase, of Moody's Mergent's monthly average.

History: 1973 c. 303; 1977 c. 153 ss. 2, 4, 6; 1977 c. 273; 1977 c. 339 ss. 17, 44; Stats. 1977 s. 623.06; 1979 c. 110 s. 60 (13); 1981 c. 307 ss. 1x to 6, 13; 1989 a. 56; 1993 a. 490; 1995 a. 396; 1999 a. 85; 2001 a. 103.

14           **SECTION 9.** 623.06 (2m) (f) 4. of the statutes is amended to read:

15           623.06 (2m) (f) 4. Except as provided under subd. 2., for annuities with cash  
16 settlement options and guaranteed interest contracts with cash settlement options,  
17 valued on an issue year basis and having a guarantee duration of 10 years or less,  
18 the reference interest rate is the average over a period of 12 months, ending on June  
19 30 of the calendar year of issue or purchase, of Moody's Mergent's monthly average.

History: 1973 c. 303; 1977 c. 153 ss. 2, 4, 6; 1977 c. 273; 1977 c. 339 ss. 17, 44; Stats. 1977 s. 623.06; 1979 c. 110 s. 60 (13); 1981 c. 307 ss. 1x to 6, 13; 1989 a. 56; 1993 a. 490; 1995 a. 396; 1999 a. 85; 2001 a. 103.

20           **SECTION 10.** 623.06 (2m) (f) 5. of the statutes is amended to read:

21           623.06 (2m) (f) 5. For annuities with no cash settlement options and for  
22 guaranteed interest contracts with no cash settlement options, the reference interest

1 rate is the average over a period of 12 months, ending on June 30 of the calendar year  
2 of issue or purchase, of Moody's Mergent's monthly average.

History: 1973 c. 303; 1977 c. 153 ss. 2, 4, 6; 1977 c. 273; 1977 c. 339 ss. 17, 44; Stats. 1977 s. 623.06; 1979 c. 110 s. 60 (13); 1981 c. 307 ss. 1x to 6, 13; 1989 a. 56; 1993 a. 490; 1995 a. 396; 1999 a. 85; 2001 a. 103.

3 **SECTION 11.** 623.06 (2m) (f) 6. of the statutes is amended to read:

4 623.06 (2m) (f) 6. Except as provided under subd. 2., for annuities with cash  
5 settlement options and guaranteed interest contracts with cash settlement options,  
6 valued on a change in fund basis, the reference interest rate is the average over a  
7 period of 12 months, ending on June 30 of the calendar year of the change in the fund,  
8 of Moody's Mergent's monthly average.

History: 1973 c. 303; 1977 c. 153 ss. 2, 4, 6; 1977 c. 273; 1977 c. 339 ss. 17, 44; Stats. 1977 s. 623.06; 1979 c. 110 s. 60 (13); 1981 c. 307 ss. 1x to 6, 13; 1989 a. 56; 1993 a. 490; 1995 a. 396; 1999 a. 85; 2001 a. 103.

9 **SECTION 12.** 646.35 (6) (c) 1. b. of the statutes is amended to read:

10 646.35 (6) (c) 1. b. The rate of interest, which may not be less than zero,  
11 determined by subtracting 3 percentage points from the monthly corporate bond  
12 yield average, as most recently published by Moody's Mergent's investors service or  
13 its successor.

*crate a.r. (n)*

History: 1979 c. 109; 1983 a. 120; 1985 a. 216; 1989 a. 23; 1995 a. 236; 2003 a. 261; 2005 a. 253.

14 **SECTION 13.** 646.35 (6) (c) 2. b. of the statutes is amended to read:

15 646.35 (6) (c) 2. b. The rate of interest, which may not be less than zero,  
16 determined by subtracting 2 percentage points from the monthly corporate bond  
17 yield average, as published by Moody's Mergent's investors service or its successor,  
18 when averaged over the 4-year period ending on the date of entry of the order of  
19 liquidation or averaged over such lesser period if the contract was issued less than  
20 4 years before that date.

*a.r. (m) a.r. (n)*

History: 1979 c. 109; 1983 a. 120; 1985 a. 216; 1989 a. 23; 1995 a. 236; 2003 a. 261; 2005 a. 253.

**NOTE:** SECTIONS 3 through 13 change a reference, from Moody's to Mergent's, as the entity that is the reference source.

*INSERT 4-8*



**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-0926/1dn

MDK: 

*Date*

This version adds the NOTES supplied by Legislative Council.

x In addition, I also changed references from Moody's to Mergent's in the following statutes outside of ch. 196: ss. 25.17 (3) (dg) 2., 66.0603 (1m) (a) 4., 289.41 (6) (L) 1. and (7) (c), 623.06 (2m) (a) 5., (f) 1., 2., 3., 4., 5., and 6., and (g), 632.475 (3) (b), and 646.35 (6) (c) 1. b. and 2. b. I added NOTES following the treatment of the foregoing statutes. If you want any changes, please let me know.

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**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-0926/1dn  
MDK:kjf:rs

December 19, 2007

This version adds the NOTES supplied by Legislative Council.

In addition, I also changed references from Moody's to Mergent's in the following statutes outside of ch. 196: ss. 25.17 (3) (dg) 2., 66.0603 (1m) (a) 4., 289.41 (6) (L) 1. and (7) (c), 623.06 (2m) (a) 5., (f) 1., 2., 3., 4., 5., and 6., and (g), 632.475 (3) (b), and 646.35 (6) (c) 1. b. and 2. b. I added NOTES following the treatment of the foregoing statutes. If you want any changes, please let me know.

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State of Wisconsin  
2007 - 2008 LEGISLATURE

LRB-0926/1

MDK:kjf:rs

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*note*

2007 BILL

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1 AN ACT *to repeal* 196.196 (1) (g) 4., 196.196 (5) (f) 1. e. and 196.218 (9); *to*  
2 *renumber* 196.218 (5) (a) 9.; and *to amend* 20.155 (1) (q), 25.17 (3) (dg) 2.,  
3 66.0603 (1m) (a) 4., 196.09 (9) (a) 2., 196.196 (1) (g) 1. (intro.), 196.196 (5) (f) 1.  
4 (intro.), 196.196 (5) (f) 1. f., 196.215 (5) (b) 1., 196.215 (5) (b) 4., 196.215 (7) (b)  
5 1., 196.218 (4), 196.218 (5m), 196.218 (5r) (a) (intro.), 289.41 (6) (L) 1., 289.41  
6 (7) (c), 623.06 (2m) (a) 5., 623.06 (2m) (f) 1., 623.06 (2m) (f) 2., 623.06 (2m) (f) 3.,  
7 623.06 (2m) (f) 4., 623.06 (2m) (f) 5., 623.06 (2m) (f) 6., 623.06 (2m) (g), 632.475  
8 (3) (b), 646.35 (6) (c) 1. b. and 646.35 (6) (c) 2. b. of the statutes; **relating to:**  
9 certain review, reporting, and out-of-date requirements regarding the Public  
10 Service Commission and rate adjustments for certain contributions to the  
11 universal service fund (suggested as remedial legislation by the Public Service  
12 Commission).

**Analysis by the Legislative Reference Bureau**

This bill makes the following changes to statutes administered by the Public Service Commission (PSC):

**BILL**

1. Under current law, the PSC must submit a biennial report to the Joint Committee on Information Policy and Technology regarding investments in advanced telecommunications infrastructure and the report must cover specified topics, including integrated services digital network (ISDN) deployment. This bill requires the PSC to submit the report to the legislature and eliminates the requirement that the report must cover ISDN deployment. Also, the bill requires the report to cover a topic only if there are issues with the availability or deployment of telecommunications infrastructure regarding the topic.

2. The bill requires the PSC to review telecommunications depreciation guidelines every three years, rather than every two years as required under current law.

3. Under current law, the PSC must submit an annual report to the Joint Committee on Information Policy and Technology regarding the universal service fund (USF). This bill requires the PSC to submit the report biennially to the legislature.

4. Current law requires the PSC to review, at least biennially, rules regarding the USF. The bill requires the PSC to review the rules, but eliminates the biennial requirement.

5. Under current law, a local exchange telecommunications utility is allowed to adjust its rates to recover the portion of its contributions to the USF that is used for funding specified programs, including a grant program for medical telecommunications equipment. This bill prohibits such a utility from making the rate adjustment for the portion of its contributions that is used for that grant program.

6. Current law requires the PSC, as well as the Department of Natural Resources, the commissioner of insurance, the State of Wisconsin Investment Board, and certain local government entities, to use a reference source for bond information that is called "Moody's." The reference source has changed its name to "Mergent's" and this bill updates the name of the reference source. The bill eliminates certain requirements with outdated deadlines.

For further information, see the NOTES provided by the Law Revision Committee of the Joint Legislative Council.

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

LAW REVISION COMMITTEE PREFATORY NOTE: This bill is a remedial legislation proposal, requested by the Public Service Commission and introduced by the Law Revision Committee under s. 13.83 (1) (c) 4., stats. After careful consideration of the various provisions of the bill, the Law Revision Committee has determined that this bill makes minor substantive changes in the statutes, and that these changes are desirable as a matter of public policy.

1 SECTION 1. 20.155 (1) (q) of the statutes is amended to read:

## BILL

1           20.155 (1) (q) *Universal telecommunications service.* From the universal  
2 service fund, the amounts in the schedule for the promotion of universal  
3 telecommunications service for the purposes specified in s. 196.218 (5) (a) 1. to 4., and  
4 8. and 9.

5           **SECTION 2.** 25.17 (3) (dg) 2. of the statutes is amended to read:

6           25.17 (3) (dg) 2. Commercial paper maturing within one year or less from the  
7 date of investment and rated prime by the national credit office, if the issuing  
8 corporation has one or more long-term senior debt issues outstanding, each of which  
9 has one of the 3 highest ratings issued by ~~Moody's~~ Mergent's investors service or  
10 Standard & Poor's corporation.

11           **SECTION 3.** 66.0603 (1m) (a) 4. of the statutes is amended to read:

12           66.0603 (1m) (a) 4. Any security which matures or which may be tendered for  
13 purchase at the option of the holder within not more than 7 years of the date on which  
14 it is acquired, if that security has a rating which is the highest or 2nd highest rating  
15 category assigned by Standard & Poor's corporation, ~~Moody's~~ Mergent's investors  
16 service or other similar nationally recognized rating agency or if that security is  
17 senior to, or on a parity with, a security of the same issuer which has such a rating.

NOTE: SECTIONS 2 and 3 change a reference, from Moody's to Mergent's, as the  
entity that is the reference source.

18           **SECTION 4.** 196.09 (9) (a) <sup>✓</sup>2. of the statutes is amended to read:

19           196.09 (9) (a) 2. The commission shall review ~~biennially~~ triennially the  
20 guidelines established under subd. 1., except that if the commission receives, more  
21 than 365 days before the deadline for a ~~biennial~~ review, a written request from a  
22 telecommunications utility for a review, the commission shall review the guidelines  
23 no later than 365 days after receiving the request.

## BILL

NOTE: This section changes, from a biennial to a triennial requirement, the requirement for the public service commission to review the guidelines establishing classes of fixed capital that telecommunications utilities use for public utility purposes, a range of annual depreciation rates for each of those classes, and a composite range of annual depreciation rates for all classes of fixed capital.

1           **SECTION 5.** 196.196 (1) (g) 1. (intro.) of the statutes is amended to read:

2           196.196 (1) (g) 1. (intro.) Five years after a telecommunications utility elects  
3 to become a price-regulated telecommunications utility ~~or, if subd. 4. applies, within~~  
4 ~~the dates specified in that subdivision,~~ the commission shall hold a hearing, and at  
5 any time thereafter, upon complaint or on the commission's own motion, the  
6 commission may hold a hearing, to determine whether it is in the public interest to  
7 suspend one or more of the provisions of this subsection as it applies to a  
8 price-regulated telecommunications utility or to approve an alternative regulatory  
9 method for that utility. In making a determination under this subdivision, the  
10 commission shall identify all of the following:

11           **SECTION 6.** 196.196 (1) (g) 4. of the statutes is repealed.

NOTE: Sections 5 and 6 repeal an outdated provision that specifies deadlines for hearings for a telecommunications utility that elects to become a price-regulated telecommunications utility.

12           **SECTION 7.** 196.196 (5) (f) 1. (intro.) of the statutes is amended to read:

13           196.196 (5) (f) 1. (intro.) ~~Before January 1, 1996, and biennially thereafter~~  
14 Biennially, the commission shall submit a report to the ~~joint committee on~~  
15 information policy and technology legislature under s. 13.172 (2) describing the  
16 status of investments in advanced telecommunications infrastructure in this state.  
17 The report shall include information on ~~the progress made in all of the following~~  
18 areas uses if there are issues with the availability or deployment of  
19 telecommunications infrastructure for those uses:

NOTE: Section 7 requires the public service commission to submit a biennial report on status of investments in advanced telecommunications infrastructure to the legislature, rather than an annual report to the joint committee on information policy and

**BILL**

technology; and deletes the report's inclusion of information on integrated services digital network deployment.

1           **SECTION 8.** 196.196 (5) (f) 1. e. of the statutes is repealed.

2           **SECTION 9.** 196.196 (5) (f) 1. f. of the statutes is amended to read:

3           196.196 (5) (f) 1. f. Other ~~infrastructure investments~~ uses identified by the  
4           commission.

5           **SECTION 10.** 196.215 (5) (b) 1. of the statutes is amended to read:

6           196.215 (5) (b) 1. Target rate is calculated by adding ~~Moody's~~ Mergent's average  
7           of yields on Baa public utility bonds, expressed in percent, to a percentage set by the  
8           commission under subd. 2.

9           **SECTION 11.** 196.215 (5) (b) 4. of the statutes is amended to read:

10           196.215 (5) (b) 4. Annually no later than January 31, the commission shall  
11           issue an order adjusting the ~~Moody's~~ Mergent's average of yields on Baa public utility  
12           bonds used to determine the target rate by taking the most recent 12-month average  
13           of ~~Moody's~~ Mergent's average of yields on Baa public utility bonds. The order shall  
14           take effect on February 1 immediately following the order. The commission may  
15           issue the order without a hearing.

NOTE: SECTIONS 10 and 11 change a reference, from Moody's to Mergent's, as the entity that is the reference source for bond information.

16           **SECTION 12.** 196.215 (7) (b) 1. of the statutes is amended to read:

17           196.215 (7) (b) 1. ~~Beginning on September 1, 1994, and ending on December~~  
18           ~~31, 1997, the basic single-party residential flat rate shall be the weighted average~~  
19           ~~basic single-party residential monthly rate for all telecommunications utilities in~~  
20           ~~this state as of December 31, 1993, which includes average local usage charges,~~  
21           ~~touch-tone charges and extended area service charges but does not include extended~~  
22           ~~community calling usage charges. Beginning on January 1, 1998, the basic~~

**BILL**

1 single-party residential flat rate shall be the weighted average basic single-party  
2 residential monthly rate for all telecommunications utilities in this state, which  
3 includes average local usage charges, touch-tone charges and extended area service  
4 charges but does not include extended community calling usage charges, subject to  
5 adjustment under subd. 2.

NOTE: Section 12 deletes an outdated requirement that set the basic single party residential flat rate for the time period from September 1, 1994 to December 31, 1997.

6 **SECTION 13.** 196.218 (4) of the statutes is amended to read:

7 196.218 (4) ESSENTIAL SERVICES AND ADVANCED SERVICE CAPABILITIES. ~~Before~~  
8 ~~January 1, 1996, and biennially thereafter, the~~ The commission shall promulgate  
9 rules that define a basic set of essential telecommunications services that shall be  
10 available to all customers at affordable prices and that are a necessary component  
11 of universal service. ~~Before January 1, 1996, and biennially thereafter, the~~ The  
12 commission shall promulgate rules that define a set of advanced service capabilities  
13 that shall be available to all areas of this state at affordable prices within a  
14 reasonable time and that are a necessary component of universal service. For rules  
15 promulgated ~~before January 1, 1996, a reasonable time for the availability of the~~  
16 ~~defined set of advance service capabilities shall be no later than January 1, 2005,~~  
17 ~~and, for rules promulgated thereafter~~ after December 31, 1995, a reasonable time for  
18 the availability of additional advanced service capabilities in the defined set shall be  
19 no later than 7 years after the effective date of the rules. These essential services  
20 and advanced service capabilities shall be based on market, social, economic  
21 development and infrastructure development principles rather than on specific  
22 technologies or providers. Essential services include single-party service with  
23 touch-tone capability, line quality capable of carrying facsimile and data

**BILL**

1 transmissions, equal access, emergency services number capability, a statewide  
2 telecommunications relay service and blocking of long distance toll service.

NOTE: This section deletes outdated references to the time period within which administrative rules must be promulgated relating to essential services and advanced service capabilities; and inserts an up to date reference to the time period.

3 **SECTION 14.** 196.218 (5) (a) 9. of the statutes is renumbered 196.218 (5) (a) 3.

NOTE: Sections 2 and 14 repeal, and then renumber, a statutory reference that allows universal service fund moneys for grants for the medical telecommunications equipment program.

4 **SECTION 15.** 196.218 (5m) of the statutes is amended to read:

5 196.218 (5m) RULE REVIEW. ~~At least biennially, the~~ The commission shall  
6 review and revise as appropriate rules promulgated under this section.

NOTE: This section deletes a requirement to review and revise administrative rules relating to the universal service fund at least biennially. As amended, the commission must review and revise the rules as appropriate.

7 **SECTION 16.** 196.218 (5r) (a) (intro.) of the statutes is amended to read:

8 196.218 (5r) (a) (intro.) ~~Annually~~ Biennially, the commission shall submit a  
9 universal service fund report to the ~~joint committee on information policy and~~  
10 ~~technology legislature under s. 13.172 (2).~~ The report shall include information  
11 about all of the following:

NOTE: This section changes a requirement that the commission submit the universal service fund report annually to the joint committee on information policy and technology to a biennial report submitted to the legislature under section 13.172 (2) of the statutes. That section requires reports to be submitted to the chief clerk of each house of the legislature, who must publish notice of receipt of the report in the journals of the respective houses and periodically provide a list of the agency reports received to the members of the respective houses.

12 **SECTION 17.** 196.218 (9) of the statutes is repealed.

NOTE: Section 17 deletes a requirement that the commission conduct a study to determine if emergency telephone services should be supported by the universal service fund. Because the study was submitted by the due date specified in the statute (January 1, 1997), the statute is now obsolete.

13 **SECTION 18.** 289.41 (6) (L) 1. of the statutes is amended to read:



## BILL

1 289.41 (6) (L) 1. The company received a rating for its senior unsubordinated  
2 debt of "AAA," "AA," "A," or "BBB" from Standard and Poor's Corporation, or of "Aaa,"  
3 "Aa," "A," or "Baa" from Moody's Mergent's Investor Service, Incorporated, in the  
4 most recent issuance of ratings by either firm.

5 SECTION 19. 289.41 (7) (c) of the statutes is amended to read:

6 289.41 (7) (c) *Minimum bond ratings.* The public utility received a bond rating  
7 of "A" or better from the Moody's Mergent's investor service, incorporated, or "A" or  
8 better from Standard and Poor's corporation in the most recent issuance of ratings  
9 by either firm.

10 SECTION 20. 623.06 (2m) (a) 5. of the statutes is amended to read:

11 623.06 (2m) (a) 5. "Moody's Mergent's monthly average" means the corporate  
12 bond yield monthly average, as published by Moody's Mergent's Investors Service,  
13 Inc.

14 SECTION 21. 623.06 (2m) (f) 1. of the statutes is amended to read:

15 623.06 (2m) (f) 1. For life insurance, the reference interest rate is the lesser of  
16 the average over a period of 36 months and the average over a period of 12 months,  
17 ending on June 30 of the calendar year next preceding the year of issue, of Moody's  
18 Mergent's monthly average.

19 SECTION 22. 623.06 (2m) (f) 2. of the statutes is amended to read:

20 623.06 (2m) (f) 2. For single premium immediate annuities and for annuity  
21 benefits involving life contingencies arising from other annuities with cash  
22 settlement options and guaranteed interest contracts with cash settlement options,  
23 the reference interest rate is the average over a period of 12 months, ending on June  
24 30 of the calendar year of issue or year of purchase, of Moody's Mergent's monthly  
25 average.

**BILL**

1           **SECTION 23.** 623.06 (2m) (f) 3. of the statutes is amended to read:

2           623.06 (2m) (f) 3. Except as provided under subd. 2., for annuities with cash  
3 settlement options and guaranteed interest contracts with cash settlement options,  
4 valued on an issue year basis and having a guarantee duration in excess of 10 years,  
5 the reference interest is the lesser of the average over a period of 36 months and the  
6 average over a period of 12 months, ending on June 30 of the calendar year of issue  
7 or purchase, of Moody's Mergent's monthly average.

8           **SECTION 24.** 623.06 (2m) (f) 4. of the statutes is amended to read:

9           623.06 (2m) (f) 4. Except as provided under subd. 2., for annuities with cash  
10 settlement options and guaranteed interest contracts with cash settlement options,  
11 valued on an issue year basis and having a guarantee duration of 10 years or less,  
12 the reference interest rate is the average over a period of 12 months, ending on June  
13 30 of the calendar year of issue or purchase, of Moody's Mergent's monthly average.

14           **SECTION 25.** 623.06 (2m) (f) 5. of the statutes is amended to read:

15           623.06 (2m) (f) 5. For annuities with no cash settlement options and for  
16 guaranteed interest contracts with no cash settlement options, the reference interest  
17 rate is the average over a period of 12 months, ending on June 30 of the calendar year  
18 of issue or purchase, of Moody's Mergent's monthly average.

19           **SECTION 26.** 623.06 (2m) (f) 6. of the statutes is amended to read:

20           623.06 (2m) (f) 6. Except as provided under subd. 2., for annuities with cash  
21 settlement options and guaranteed interest contracts with cash settlement options,  
22 valued on a change in fund basis, the reference interest rate is the average over a  
23 period of 12 months, ending on June 30 of the calendar year of the change in the fund,  
24 of Moody's Mergent's monthly average.

25           **SECTION 27.** 623.06 (2m) (g) of the statutes is amended to read:

## BILL

1           623.06 (2m) (g) If Moody's Mergent's monthly average is no longer published,  
2 or if the national association of insurance commissioners determines that Moody's  
3 Mergent's monthly average is no longer appropriate for the determination of the  
4 reference interest rate, an alternative method for determination of the reference  
5 interest rate, which is adopted by the National Association of Insurance  
6 Commissioners and approved by rule adopted by the commissioner, may be  
7 substituted.

8           SECTION 28. 632.475 (3) (b) of the statutes is amended to read:

9           632.475 (3) (b) Moody's Mergent's corporate bond yield monthly average, as  
10 published by Moody's Mergent's Investors Service, Inc., or its successor, for the  
11 month ending 2 months before the rate is applied. If the monthly average is no longer  
12 published, a comparable average shall be substituted by the commissioner by rule.

13           SECTION 29. 646.35 (6) (c) 1. b. of the statutes is amended to read:

14           646.35 (6) (c) 1. b. The rate of interest, which may not be less than zero,  
15 determined by subtracting 3 percentage points from the monthly corporate bond  
16 yield average, as most recently published by Moody's Mergent's investors service or  
17 its successor.

18           SECTION 30. 646.35 (6) (c) 2. b. of the statutes is amended to read:

19           646.35 (6) (c) 2. b. The rate of interest, which may not be less than zero,  
20 determined by subtracting 2 percentage points from the monthly corporate bond  
21 yield average, as published by Moody's Mergent's investors service or its successor,  
22 when averaged over the 4-year period ending on the date of entry of the order of  
23 liquidation or averaged over such lesser period if the contract was issued less than  
24 4 years before that date.

**BILL**

NOTE: SECTIONS 18 through 30 change a reference, from Moody's to Mergent's, as the entity that is the reference source.

1

(END)

**Basford, Sarah**

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**From:** Dyke, Don  
**Sent:** Monday, February 04, 2008 9:45 AM  
**To:** LRB.Legal  
**Subject:** Draft Review: LRB 07-0926/2 Topic: Public service commission remedial changes

Please Jacket LRB 07-0926/2 for the ASSEMBLY.  
Thanks,  
Don Dyke