

**2009 DRAFTING REQUEST**

**Bill**

Received: 11/11/2009

Received By: **mkunkel**

Wanted: **As time permits**

Identical to LRB:

For: **Josh Zepnick (608) 266-1707**

By/Representing:

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

Drafter: **mkunkel**

May Contact:

Addl. Drafters:

Subject: **Public Util. - telco**

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Zepnick@legis.wisconsin.gov**

Carbon copy (CC:) to:

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**Pre Topic:**

No specific pre topic given

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**Topic:**

Telecommunications and alternative telecommunications utilities, intrastate telecommunications access rates, universal telecommunications service and contributions, and tandem switching providers

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**Instructions:**

Companion to Plale bill on same subject

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**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>
/?	mkunkel 01/21/2010	kfollett 01/21/2010		_____			State
/1			mduchek 01/21/2010	_____	sbasford 01/21/2010	cduerst 01/27/2010	

FE Sent For:

*at  
intro*

<END>

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/?	mkunkel	1/15/09 1/21/09	 1/21/09	== ==			
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FE Sent For:

<END>

## Kunkel, Mark

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**From:** Schroeder, Ryan  
**Sent:** Tuesday, October 13, 2009 4:42 PM  
**To:** Kunkel, Mark  
**Subject:** Bill drafting....

**Attachments:** Draft Narrative.doc; Picture (Metafile)



Draft Narrative.doc  
(44 KB)

Hello Mark the above attachment should address some of the questions you had. Could we schedule a meeting next week to go over specifics? Thanks so much and I look forward to hearing from you.-Ryan

A handwritten signature in black ink, appearing to read 'Ryan J. Schroeder', with a long horizontal flourish extending to the right.

**Ryan J. Schroeder**  
Office of Rep. Josh Zepnick  
State Capitol Room 219 North  
P.O. Box 8953  
Madison, WI 53703

Phone (608) 266-1707  
Toll Free (888) 534-0009  
Fax (608) 282-3609

## **Analysis**

Under current law, a telecommunications utility may petition the Public Service Commission (Commission) to be regulated as an alternative telecommunications utility (ATU) under section 196.203. Per current law, an ATU is exempt from regulation under Chapter 196, unless the Commission decides to impose a provision of Chapter 196 on it. This bill clarifies that any telecommunications utility may petition to become an ATU, including a telecommunication utility previously certificated under section 196.50. Second, this bill specifies the provisions of Chapter 196 that would apply to all ATUs and ensures that all ATUs are regulated the same. Third, this bill provides a procedure and standard for a utility currently certificated under section 196.50 to be re-certificated as an ATU. For such a utility, the bill provides that the Commission shall grant an ATU certificate to a telecommunications utility that was previously certificated pursuant to section 196.50 so long as that utility demonstrates the existence of effective competition for residential local exchange service in exchanges that comprise at least 60% of the total households within the petitioning telecommunications utility's retail service territory. In making this showing, the petitioning telecommunications utility may rely on previous Commission findings of effective competition, in which case the Commission is to grant the petition for ATU status in thirty days. In the absence of a previous Commission finding of effective competition, the petitioning telecommunications utility may cite other evidence of effective competition, in which case the Commission is to act upon the petition within three months. The bill lists what is to be considered evidence of competitors. In particular, the bill specifies that other ATUs, CMRS providers and VoIP providers are to be considered competitors. In addition, the bill provides a list of other evidence deemed sufficient to demonstrate the presence of competitors. The bill also revises current law by making all ATU certifications statewide.

Section 196.204 imposes certain cross subsidization and price floor requirements on telecommunications utilities. The bill defines telecommunications bundles and packages and clarifies that section 196.204 does not apply to a telecommunications utility, or any affiliated interest of a telecommunications utility, that offers services in a bundle or package. Section 196.213 imposes certain procedures for price increases by small telecommunications utilities. The bill states that section 196.213 does not apply to rate increases for bundles or packages. Under current law, the Commission has authority to regulate affiliate transactions between utilities and their affiliates. This bill provides that the Commission's authority to regulate affiliate transactions would only apply to a utility that does not offer a bundle or package except that such a telecommunications utility shall provide a copy of any contract or arrangement with an affiliated interest that is necessary for an investigation of a violation of section 196.219 (other than section 196.219(3)(g)) and has been required in a complaint proceeding by the Commission.

Under current law, the Commission must define a basic set of essential telecommunications services that are a necessary component of universal service. The bill would define essential telecommunications services to be the same set of essential telecommunications services determined by the FCC to be eligible for federal universal service support. The bill would also clarify that a telecommunications provider may satisfy the requirements to provide essential

telecommunications service by providing them itself, through an affiliate and through the use of any available technology or mode.

Switched access charges are the rates and rate elements that one telecommunications provider charges another telecommunications provider for the provision of switched access to a local exchange network for the purpose of enabling the completion of long distance telephone calls. Telecommunications providers have interstate switched access charges (regulated by the Federal Communications Commission (FCC)) and intrastate switched access charges (regulated by the Commission). Under current law, only price-regulated utilities are required to mirror their interstate switched access charges on an intrastate basis. This bill would require that all telecommunications providers mirror their interstate switched access rate on an intrastate basis, although the bill accomplishes this result in different ways depending on whether the telecommunications provider is an incumbent local exchange carrier.

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In regard to incumbent local exchange carriers, the bill would require that such incumbents mirror their interstate switched access charges on an intrastate basis within six months. The bill provides the Commission with the authority to determine the amount of lost revenues due to the switched access charges decreases required by the bill that an incumbent local exchange carrier may recover from the existing universal service fund, retail rate increases, or a combination thereof. The bill provides the Commission the authority to administer the universal service fund for this purpose, although it caps the fund at \$50 million per year and eliminates any reimbursement from the fund after three years from the date when the incumbents begin mirroring. Contribution to the universal service fund remains consistent with current law, except that the bill also provides that interconnected Voice over Internet protocol (VoIP) services shall be included in the revenues from which contribution to the universal service fund are determined, and the bill identifies how VoIP providers may determine the portion of their VoIP revenues subject to state universal service fund contributions. However, the bill specifies that the Commission shall not otherwise have authority over VoIP providers. In the event the FCC adopts intercarrier compensation reform or takes action that causes or requires significant changes in interstate switched access charges for incumbent local exchange carriers, the bill provides the Commission the authority to investigate whether such FCC action should result in any modifications to the size, operation, or composition of the universal service fund and, during the pendency of that investigation, the mirroring requirements of the bill, as they apply to incumbent local exchange carriers, are suspended. Following notice and opportunity for hearing, and upon a showing of good cause the Commission may lift that suspension or place reasonable conditions on the temporary suspension

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\$50 mil*

In regard to telecommunications providers that are not incumbent local exchange carriers, the bill would require all such providers to mirror their interstate switched access charges on an intrastate basis within five years. The bill requires such providers to reduce their switched access charges in five equal steps over that five-year period. The bill would also immediately prohibit any telecommunications provider or telecommunications utility from increasing its intrastate switched access charges unless that increase results in the provider or telecommunications utility mirroring its interstate switched access charges on an intrastate basis.

ask Ryan

from Zepnick

1 SECTION 1. 196.01 (2s) of the statutes is created to read:

2 196.01 (2s) "Household" means a house, apartment, mobile home, group of  
3 rooms, or single room that is intended for occupancy as separate living quarters.

4 SECTION 2. 196.01 (6m) of the statutes is created to read:

5 196.01 (6m) "Separate living quarters" means those in which the occupants live  
6 and eat separately from any other persons in the building and which have direct access  
7 from the outside of the building or through a common hall.

8 SECTION 3. 196.[x] is created to read:

9 (1) Interconnected Voice over Internet protocol services, as defined in 47 C.F.R.  
10 s. 9.3, shall not be subject to ch. 201 or this chapter, except that the portions of  
11 revenues from such services calculated pursuant to sub. (2), shall be included  
12 in the revenues from which contribution under s. 196.218(3) are determined.  
13 Except as provided in this section, the commission shall not have authority  
14 over Voice over Internet protocol services.

15 (2) An Interconnected Voice over Internet protocol service provider may  
16 determine the portion of its Voice over Internet protocol revenues subject to  
17 contributions under s. 196.218(3) by using direct assignment, a provider-  
18 specific traffic study, or the inverse of the interstate jurisdictional allocation  
19 established by the Federal Communications Commission for this purpose.  
20 Direct assignment or traffic studies shall be based on the primary physical  
21 service address identified by the customer.

22

23 SECTION 4. 196.07 (1) of the statutes is amended to read:

why necessary?

1           196.07 (1) Each public utility shall close its accounts annually on December 31  
2 and promptly prepare a balance sheet of that date. On or before the following ~~April~~ May  
3 1 every public utility shall file with the commission the balance sheet together with any  
4 other information the commission prescribes, verified by an officer of the public utility.  
5 The commission, for good cause shown, may extend the time for filing the balance sheet  
6 and prescribed information.

7           **SECTION 5.** 196.191 of the statutes is created to read:

8           **196.191 Pricing of intrastate access services.**

9           **(1) DEFINITIONS.** In this section:

10           (a) “Access charges differential” means the amount by which a local exchange  
11 carrier’s intrastate switched access charges exceed that carrier’s interstate switched  
12 access charges.

13           (b) “Incumbent local exchange carrier” has the meaning given in 47 U.S.C. s.  
14 251(h)(1).

15           (c) “Switched access charges” means the rates and rate elements that an  
16 incumbent local exchange carrier charges a telecommunications provider for the  
17 provision of switched access to a local exchange network for the purpose of enabling a  
18 telecommunications provider to originate or terminate telecommunications service,  
19 including any carrier common line charges or substitute charges to a telecommunications  
20 provider.

21           (d) “Universal service fund” shall has the meaning given in s. 196.218(1)(d).

22           **(2) INCUMBENT LOCAL EXCHANGE CARRIERS.**



1           Notwithstanding any other provision of this chapter, no later than six months after  
2 the effective date of this section, each incumbent local exchange carrier shall reduce its  
3 intrastate switched access charges such that its intrastate switched access charges do not  
4 exceed its interstate switched charges allowed by the Federal Communications  
5 Commission so that its access charges differential is zero.

6           **(3) RECOVERY OF LOST REVENUES.** (a) Subject to the limitations set forth in  
7 paragraphs (b) and (c), within six months after the effective date of this section, the  
8 commission shall determine the amount of lost revenues due to intrastate switched access  
9 charges decreases required by sub. (2) that an incumbent local exchange carrier may  
10 recover from either the universal service fund, retail rate increases, or a combination  
11 thereof. In making its determination under this paragraph, the commission may consider  
12 the public interest, including the factors listed in s. 196.03(6).

13           (b) Any increase in the universal service fund for the purposes of funding the  
14 amounts authorized in paragraph (a) shall not exceed \$50 million in any 12-month period  
15 starting six months after the effective date of this section.

16           (c) Use of the universal service fund for the purpose of funding the amounts  
17 authorized in paragraph (a) shall end forty-two months after the effective date of this  
18 section.

19           (d) Notwithstanding any other provision in this chapter, the commission is  
20 authorized to calculate and approve any incumbent local exchange carrier retail rate  
21 increases it deems necessary under this paragraph.

7. (all incal or absent)

1 (e) The commission is authorized to fund, calculate and administer any  
2 distribution from the universal service fund under this paragraph and consistent with its  
3 authority under s. 196.218.

increase  
disposit

4 1. Within thirty days of the effective date of this section, each incumbent  
5 local exchange carrier shall inform the commission in writing, with supporting  
6 documentation, of the amount of the reduction in annual intrastate switched access  
7 revenues which will result from the reduction in switched access charges required by sub.

applied

8 (2). The reduction shall be calculated for each eligible incumbent local exchange carrier  
9 as the difference between intrastate and interstate switched access charges in effect on  
10 October 1, 2009, multiplied by the intrastate switched access minutes of use and other  
11 switched access demand quantities for the calendar year 2008.

12 2. The commission shall establish procedures and timelines for organizing,  
13 funding and administering the universal fund disbursements allowed by this section.

14 (f) If the federal communications commission adopts intercarrier compensation  
15 reforms or takes any action that causes or requires a significant change in interstate  
16 switched access charges for incumbent local exchange carriers, the commission may  
17 initiate, or any interested party may file an application for, an investigation within sixty  
18 days of that action to determine whether any modifications to the size, operation, or  
19 composition of the universal service fund is warranted. During the pendency of that  
20 proceeding, the requirements in sub. (2) shall be temporarily suspended. Intrastate access  
21 rates may not be increased above the levels that exist at the time of suspension.

22 Following notice and opportunity for hearing, and upon a showing of good cause, the

1 commission may lift or place reasonable and necessary conditions on the temporary  
2 suspension.

3           **(4) TELECOMMUNICATIONS PROVIDERS THAT ARE NOT INCUMBENT LOCAL**  
4 **EXCHANGE CARRIERS.** (a) Beginning immediately upon the effective date of this section,  
5 no telecommunications provider or telecommunications utility (including an alternative  
6 telecommunications utility) may increase its intrastate switched access charges unless  
7 that increase results in the provider or telecommunications utility charging no more for  
8 intrastate switched access services in a basic local exchange area than it charges for  
9 interstate switched access services in that same area.

10

11           (b) Beginning sixty months after the effective date of this section, no  
12 telecommunications provider or telecommunications utility (including an alternative  
13 telecommunications utility) except for an incumbent local exchange carrier governed by  
14 sub. (2) may charge more for intrastate switched access services in a basic local exchange  
15 area than it charges for interstate switched access services in that same area.

16           (c) Each telecommunications provider or telecommunications utility  
17 (including an alternative utility), except for incumbent local exchange carriers governed  
18 by sub. (2), shall reduce its switched access charge differential in effect as of October 1,  
19 2009 to zero in no more than five steps of at least twenty percent each on the following  
20 dates: three months from the effective date of this section, January 1, 2011; January 1,  
21 2012; January 1, 2013; and January 1, 2014

22

23           **SECTION 6.** 196.194 (1) of the statutes is amended to read:

1           196.194 (1) TELECOMMUNICATIONS UTILITIES. ~~Except as provided in this~~  
2 ~~subsection, nothing~~ Nothing in this chapter prohibits the commission from approving the  
3 filing of a tariff ~~which permits~~ with general terms and conditions allowing a  
4 telecommunications utility to enter into an individual contract with an individual  
5 customer ~~if substitute telecommunications services are available to customers or potential~~  
6 ~~customers of the telecommunications utility and the absence of such a tariff will cause the~~  
7 ~~telecommunications utility to be disadvantaged in competing for business. A tariff filed~~  
8 ~~under this subsection shall include the condition that any such contract shall be~~  
9 ~~compensatory as determined under s. 196.204 (5) and (6). The tariff shall include any~~  
10 ~~other condition and procedure required by the commission in the public interest. Within~~  
11 ~~20 days after a contract authorized under this subsection or an amendment to such a~~  
12 ~~contract has been executed, the telecommunications utility shall submit to the~~  
13 ~~commission written notice of the general nature of the contract and the parties to the~~  
14 ~~contract. Upon request, the commission shall inform a person, or direct that the person~~  
15 ~~be informed, that notice has been received by the commission of execution of a contract~~  
16 ~~under this subsection. Within 6 months after receiving substantial evidence that a contract~~  
17 ~~may be noncompensatory, or upon its own motion, the commission shall investigate and~~  
18 ~~determine whether the contract is compensatory. If the commission determines that the~~  
19 ~~contract is noncompensatory, the commission may make appropriate adjustments in the~~  
20 ~~rates or tariffs of the telecommunications utility that has entered into the contract, in~~  
21 ~~addition to other remedies under this chapter. The dollar amount of the adjustment may~~  
22 ~~not be less than the amount by which the contract was found to be noncompensatory.~~

23           **SECTION 7.** 196.196 (2) of the statutes is repealed and recreated to read:

why  
need to  
state  
here?

1 196.196 (2) PRICE REGULATION OF INTRASTATE ACCESS SERVICES. Rates for  
2 intrastate access services provided by price-regulated telecommunications utilities shall  
3 be governed by s. 196.191.

4 SECTION 8. 196.196 (3) (a) of the statutes is amended to read:

5 196.196 (3) (a) Except to the extent expressly permitted by this section and ss.  
6 196.19 (1m), 196.191, 196.194, 196.195, 196.20 (1m), 196.204, 196.209 and 196.219,  
7 the commission may not have jurisdiction over the prices or terms and conditions for the  
8 offering of any other services, including new telecommunications services, offered by a  
9 price-regulated telecommunications utility.

10 SECTION 9. 196.203 (1) of the statutes is amended to read:

11 196.203 (1) Alternative telecommunications utilities are exempt from all  
12 provisions of ch. 201 and this chapter, except as provided in this section and except ~~that~~  
13 for an alternative telecommunications utility that is a local government  
14 ~~telecommunications utility, as defined in s. 196.204 (5) (ag) 1., is subject to s. 196.204~~  
15 ~~(5).~~

16 SECTION 10. 196.203 (1d) of the statutes is created to read:

17 196.203 (1d) In this section, "local government telecommunications utility" has  
18 the meaning given in s. 196.204 (5) (ag) 1.

19 SECTION 11. 196.203 (2) of the statutes is renumbered 196.203 (2) (a) and  
20 amended to read:

21 196.203 (2) (a) Any telecommunications utility, including any  
22 telecommunications utility certified pursuant to s. 196.50, may petition the commission  
23 for certification as an alternative telecommunications utility. No person may commence

1 providing service as an alternative telecommunications utility unless the person petitions  
2 for and the commission issues a certification determination that the person is an  
3 alternative telecommunications utility. ~~The commission shall maintain information on  
4 authorized alternative telecommunications utilities and on applicants for alternative  
5 telecommunications utility status and make that information available to any person,  
6 upon request.~~

7 **SECTION 12.** 196.203 (2) (b) of the statutes is created to read:

8 196.203 (2) (b) Except for an alternative telecommunications utility that is a local  
9 government telecommunications utility, certification as an alternative  
10 telecommunications utility shall be a statewide certification and any certification issued  
11 by the commission before the effective date of this paragraph .... [revisor inserts date] to  
12 an alternative telecommunications utility that is not a local government  
13 telecommunications utility is amended by operation of this paragraph to be a statewide  
14 certification. This paragraph does not alter any conditions of an alternative  
15 telecommunications utility certification issued before the effective date of this paragraph  
16 .... [revisor inserts date] except for geographic scope.

17 **SECTION 13.** 196.203 (2) (c) of the statutes is created to read:

18 196.203 (2) (c) The commission may deny a petition for certification as an  
19 alternative telecommunications utility described in s. 196.01 (1d) (f) if the commission  
20 finds that the petitioner does not have the financial, managerial, or technical capabilities  
21 to provide its proposed services or to comply with conditions that the commission is  
22 authorized to impose under sub. (3) (a).

23 **SECTION 14.** 196.203(2m) of the statutes is created to read:

1           196.203 **(2m)** (a) The commission shall grant a petition for certification as an  
2 alternative telecommunications utility submitted by a telecommunications utility that was  
3 previously certified pursuant to s. 196.50 if the telecommunications utility demonstrates  
4 any of the following:

5           1. The commission has made a previous finding of effective competition pursuant  
6 to s. 196.195 (2) for residential basic local exchange service in exchanges that comprise  
7 at least sixty percent (60%) of the total households within the telecommunications  
8 utility's retail service territory; or

9           2. Effective competition exists for residential basic local exchange service in  
10 exchanges that comprise at least sixty percent (60%) of the households within the  
11 petitioning telecommunication utility's retail service territory. The commission  
12 shall determine that effective competition exists in an exchange if there are two  
13 more non-affiliated competitors offering competitive residential local telephone  
14 service or functionally equivalent service in the exchange. For purposes of this  
15 paragraph, competitors shall include, at a minimum, alternative telecommunications  
16 utilities, CMRS providers and providers of telephone service using voice over the  
17 Internet protocol technology. Any of the following shall be sufficient to  
18 demonstrate the presence of a competitor: a provider is certified to provide local  
19 exchange service in the applicable area; a provider is listed as a service provider in  
20 a community within the relevant exchange on the commission's Local Service  
21 Competitors web site; a provider has been assigned numbering resources in a  
22 relevant exchange by the Pooling or Numbering Administrator as documented in  
23 reports published on the internet; CMRS numbering resources count for all the

1 exchanges that have Extended Area Service to the number resource's assigned  
2 exchange; copies of providers' marketing materials used in a relevant exchange  
3 such as a direct mail piece or media advertising.

4 (b) The commission's review of a petition filed pursuant to par. (a) shall be  
5 strictly limited to determining whether the petitioner meets one of the criteria set forth in  
6 par. (a) 1. or 2.

7 1. Within thirty (30) calendar days of the filing of a petition pursuant to par. (a)  
8 1., the commission shall grant or deny such a petition and, if denied, the commission  
9 shall provide reasons explaining its denial.

10 2. Within three (3) months of the filing of a petition pursuant to par. (a) 2., the  
11 commission shall grant or deny such a petition and, if denied, the commission shall  
12 provide reasons explaining its denial.

13  
14 **SECTION 15.** 196.203 (3) (a) of the statutes is amended to read:

15 196.203 (3) (a) ~~In response to a petition from any interested person, or upon its~~  
16 ~~own motion, the commission shall determine whether the public interest requires that any~~  
17 The following provisions of ch. 201 of this chapter are by operation of this paragraph be  
18 ~~imposed on a person providing or proposing to provide service as an all alternative~~ *degr's ?*  
19 telecommunications utility in a relevant market. utilities in this state: 196.01, 196.02 (1),  
20 196.02 (4), 196.02 (5), 196.03 (6), 196.04, 196.07, 196.14, 196.191, 196.199, 196.203,  
21 196.207, 196.208, 196.209, 196.218, 196.219 (1), 196.219 (2) (b), 196.219 (2) (d),  
22 196.219 (3) (a), 196.219 (3) (c), 196.219 (3) (d), 196.219 (3) (e), 196.219 (3) (h), 196.219  
23 (3) (m), 196.219 (3) (n), 196.219 (3) (o), 196.25, 196.26, 196.28, 196.39, 196.395,



1 196.40, 196.41, 196.43, 196.44, 196.65, 196.66, 196.81, 196.85, and 196.858. In making  
2 ~~this determination, the commission may consider factors including the quality of service,~~  
3 ~~customer complaints, concerns about the effect on customers of local exchange~~  
4 ~~telecommunications utilities and the extent to which similar services are available from~~  
5 ~~alternative sources.~~

6 SECTION 16. 196.203 (3) (ae) of the statutes is created to read:

7 196.203 (3) (ae) The commission shall impose the same level of regulation on all  
8 alternative telecommunications utilities. Except as expressly provided in par. (a), the  
9 commission may not impose any other requirement on alternative telecommunications  
10 utilities. The commission may determine in an order applicable to all  
11 telecommunications utilities that one or more of the statutes under par. (a) shall no longer  
12 apply to alternative telecommunications utilities.

*what does this mean?*

*Can't find difference between PS (by order) vs. PS (by statute)*

*PS (by order) or except*

13 SECTION 17. 196.203 (3) (as) of the statutes is created to read:

14 196.203 (3) (as) A commission determination that a person is an alternative  
15 telecommunications utility shall operate to extinguish any previous certification or  
16 ongoing regulatory requirements related to the previous regulatory classification of that  
17 telecommunications utility, whether such requirements were imposed by the previous  
18 certification, commission order or otherwise, and shall extinguish all requirements  
19 contained within or imposed by any previous certification or order.

*Extinguish? why not terminate?*

*what's the diff btw contained in or imposed by?*

20 SECTION 18. 196.203 (3) (b) of the statutes is amended to read:

21 196.203 (3) (b) The commission may not deny a petition for certification as an  
22 alternative telecommunications utility filed under par. (a) sub. (2m) (a) by a provider of  
23

1 cable service ~~for alternative telecommunications utility status~~ in a particular geographical  
2 area as not being in the public interest if basic local exchange service is provided in the  
3 same geographical area by any of the following:

4 1. A telecommunications utility with more than 50,000 access lines in use in this  
5 state.

6 2. Subject to par. (c), a telecommunications utility with 50,000 or less access lines  
7 in use in this state which also provides cable service in that geographical area, if  
8 provision of cable service began after September 1, 1994.

9 **SECTION 19.** 196.203 (3) (d) of the statutes is repealed.

10 **SECTION 20.** 196.203 (3) (e) 1. (intro.) of the statutes is amended to read:

11 196.203 (3) (e) 1. (intro.) If a provider of cable service files a petition under ~~par.~~  
12 ~~(a) sub. (2m) (a)~~ for alternative telecommunications certification status to offer local  
13 exchange service, as defined in s. 196.219 (1) (b) ~~50 (1) (b) 1.~~, in a geographical area  
14 served by a telecommunications utility with less than 50,000 access lines in use in this  
15 state on September 1, 1994, or at any time thereafter, the commission may not deny the  
16 petition as not being in the public interest and shall do any of the following:

17 **SECTION 21.** 196.203 (4) of the statutes is repealed.

18 **SECTION 22.** 196.203 (5) of the statutes is amended to read:

19 196.203 (5) The commission may establish a reasonable fee schedule and may  
20 assess an alternative telecommunications utility to cover the cost of making a certification  
21 or other determination under this section.

*why?*

22 **SECTION 23.** 196.203 (6) of the statutes is created to read:

23 196.203 (6) The commission shall maintain information on certified alternative

1 telecommunications utilities and on applicants for alternative telecommunications utility  
2 certification and make that information available to any person, upon request.

3 **SECTION 24.** 196.204 (7) of the statutes is created to read:

4 196.204 (7) (a) In this subsection:

5 1. "Affiliated interest" has the meaning given in s. 196.52 (1).

6 2. "Bundle" means a multiservice retail offering by a telecommunications utility  
7 that combines one or more telecommunications services provided by the  
8 telecommunications utility with one or more services provided by an affiliated interest, as  
9 defined in s. 196.52 (1) (a), of the telecommunications utility or by an unaffiliated 3rd  
10 party.

11 3. "Package" means a multiservice retail offering by a telecommunications utility  
12 that combines a telecommunications service provided by the telecommunications utility  
13 with one or more other telecommunications or other services provided by the  
14 telecommunications utility.

15 (b) This section does not apply to a telecommunications utility, or any affiliated  
16 interest of a telecommunications utility, that offers services in a bundle or package.

17 **SECTION 25.** 196.213 (3) of the statutes is created to read:

18 196.213 (3) This section does not apply to a rate increase for a bundle, as  
19 defined in s. 196.204 (7) (a) 2., or package, as defined in s. 196.204 (7) (a) 3.

20 **SECTION 26.** 196.218(3)(a) 3c is created to read:

21 c. The amounts allowed to reimburse telecommunication utilities pursuant to s.  
22 196.191(3), as determined by the commission under that section.

24 **SECTION 27.** 196.218(3)(h) is created to read:

25

1 (h) If the Federal Communications Commission changes the federal universal  
2 service contribution methodology so that it is not based on a percentage of total interstate  
3 telecommunications services revenues, the commission shall modify the contribution  
4 methodology for the portion of the state universal service fund used to fund  
5 disbursements pursuant to s. 196.191. The commission shall initiate a proceeding to  
6 determine such a new contribution methodology and to set a reasonable time period for  
7 transition to the new contribution methodology.

8  
9 **SECTION 28.** 196.218 (4) of the statutes is amended to read:

10 196.218 (4) ~~ESSENTIAL SERVICES AND ADVANCED SERVICE CAPABILITIES.~~ For  
11 purposes of this chapter, “essential telecommunications services” means services or  
12 functionalities determined by the federal communications commission to be eligible for  
13 support by federal universal service support mechanisms. ~~Before January 1, 1996, and~~  
14 ~~biennially thereafter, the commission shall promulgate rules that define a basic set of~~  
15 ~~essential telecommunications services that shall be available to all customers at~~  
16 ~~affordable prices and that are a necessary component of universal service. Before January~~  
17 ~~1, 1996, and biennially thereafter, the commission shall promulgate rules that define a set~~  
18 ~~of advanced service capabilities that shall be available to all areas of this state at~~  
19 ~~affordable prices within a reasonable time and that are a necessary component of~~  
20 ~~universal service. For rules promulgated before January 1, 1996, a reasonable time for the~~  
21 ~~availability of the defined set of advance service capabilities shall be no later than~~  
22 ~~January 1, 2005, and, for rules promulgated thereafter, a reasonable time for the~~  
23 ~~availability of additional advanced service capabilities in the defined set shall be no later~~  
24 ~~than 7 years after the effective date of the rules. These essential services and advanced~~

1 ~~service capabilities shall be based on market, social, economic development and~~  
2 ~~infrastructure development principles rather than on specific technologies or providers.~~  
3 ~~Essential services include single-party service with touch-tone capability, line quality~~  
4 ~~capable of carrying facsimile and data transmissions, equal access, emergency services~~  
5 ~~number capability, a statewide telecommunications relay service and blocking of long~~  
6 ~~distance toll service. A telecommunications provider may satisfy requirements to provide~~  
7 ~~essential telecommunications services by providing them itself or through an affiliate and~~  
8 ~~in either case may provide essential telecommunications services through the use of any~~  
9 ~~available technology or mode.~~

*what is the diff b/w  
technology and  
mode?*

10 **SECTION 29.** 196.218(5)(a) 3 is created to read:

11 3. To reimburse telecommunications utilities as provided in 196.191(3).

12 **SECTION 30.** 196.219(5r)(am) is created to read:

13 196.219(5r)(am). The commission shall issue a written report to the universal  
14 service fund council at least annually regarding the administration and distribution of the  
15 revenue recovery funds allowed by 196.191(3). The report shall include the total amount  
16 of money collected from each contributing provider, the total money disbursed from the  
17 universal service fund pursuant to 196.191(3) annually to each incumbent local exchange  
18 carrier, and the expenses of administration related to 196.191(3).

19 **SECTION 31.** 196.219 (1) (b) of the statutes is amended to read:

20 196.219 (1) (b) "Local exchange service" ~~has the meaning given in s. 196.50 (1)~~  
21 ~~(b) 1~~ includes access service, basic local exchange service, and business access line and  
22 usage service within a local calling area.

23 **SECTION 32.** 196.219 (2) (a) of the statutes is amended to read:

1           196.219 (2) (a) Notwithstanding any exemptions identified in this chapter except  
2 sub. (3) (g) and s. 196.202, a telecommunications utility or provider shall provide  
3 protection to its consumers under this section unless exempted in whole or in part by rule  
4 or order of the commission under this section. The commission shall promulgate rules  
5 that identify the conditions under which provisions of this section may be suspended.

6           **SECTION 33.** 196.219 (3) (g) of the statutes is amended to read:

7           196.219 (3) (g) Provide services, products or facilities in violation of s. 196.204.  
8 This paragraph does not apply to a telecommunications utility, or any affiliated interest,  
9 as defined in s. 196.52 (1), of a telecommunications utility, that offers services in a  
10 bundle, as defined in s. 196.204 (7) (a) 2., or package, as defined in s. 196.204 (7) (a) 3.

11           **SECTION 34.** 196.50 (1) (b) 1. of the statutes is repealed.

12           **SECTION 35.** 196.50 (1) (b) 2. of the statutes is repealed.

13           **SECTION 36.** 196.50 (1) (b) 3. of the statutes is renumbered 196.50 (1) (bm).

14           **SECTION 37.** 196.52 (5) (b) of the statutes is renumbered 196.52 (5) (b) 2. and  
15 amended to read:

16           196.52 (5) (b) 2. For a telecommunications-utilities utility that does not offer a  
17 bundle or package, the commission shall have supervisory jurisdiction over the terms and  
18 conditions of contracts and arrangements under this section as necessary to enforce ss.  
19 196.204 and 196.219.

20           **SECTION 38.** 196.52 (5) (b) 1. of the statutes is created to read:

21           196.52 (5) (b) 1. In this paragraph:

22           a. “Bundle” has the meaning given in s. 196.204 (7) (a) 2.

23           b. “Package” has the meaning given in s. 196.204 (7) (a) 3.

1           **SECTION 39.** 196.52 (5) (b) 3. of the statutes is created to read:  
2           196.52 **(5)** (b) 3. This section does not apply to a telecommunications utility, or  
3 any affiliated interest of a telecommunications utility, that offers a bundle or package,  
4 except that such a telecommunications utility shall provide a copy of any contract or  
5 arrangement with an affiliated interest that is necessary for an investigation of a violation  
6 of s. 196.219, other than s. 196.219 (3) (g), and has been requested in a complaint  
7 proceeding by the commission.

8           **SECTION 40. Nonstatutory provisions.**  
9           (1) Notwithstanding the treatment of sections 196.203 (2) (b) and 196.50 (1) (b)  
10 1., 2., and 3. of the statutes by this act, the parties to the proceeding before the Public  
11 Service commission in docket 3355–NC–104 shall comply with the settlement agreement  
12 accepted by the commission in that proceeding.

13           **SECTION 41. Initial applicability.**  
14           (1) The treatment of section 196.194 (1) of the statutes first applies to tariffs filed  
15 on the effective date of this subsection.

16                                                           **(END)**  
17