

House Bill 998

By: Representatives Leverett of the 123<sup>rd</sup>, Camp of the 135<sup>th</sup>, Powell of the 33<sup>rd</sup>, Jasperse of the 11<sup>th</sup>, Williams of the 168<sup>th</sup>, and others

A BILL TO BE ENTITLED  
AN ACT

1 To amend Article 4 of Chapter 5 of Title 46 of the Official Code of Georgia Annotated,  
2 relating to telecommunications and competition development, so as to authorize certain Tier  
3 2 local exchange companies to elect to become subject to rate of return regulation; to repeal  
4 a limitation on the period of time certain distributions can be made from the Universal  
5 Access Fund; to provide for related matters; to repeal conflicting laws; and for other  
6 purposes.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

8 **SECTION 1.**

9 Article 4 of Chapter 5 of Title 46 of the Official Code of Georgia Annotated, relating to  
10 telecommunications and competition development, is amended by revising Code Section  
11 46-5-165, relating to alternative regulation of rates, terms, and conditions, as follows:

12 "46-5-165.

13 (a) Any Tier 1 local exchange company may elect to have its rates, terms, and conditions  
14 for its services determined pursuant to the alternative regulation described in this article,  
15 in lieu of other forms of regulation, including, but not limited to, rate of return or rate base  
16 monitoring or regulation, upon the filing of notice with the commission and committing to

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17 provide basic local exchange services upon reasonable request and to invest \$500 million  
18 per year for five years to improve and strengthen telecommunications services in Georgia  
19 this state; provided, however, that, after the expiration of three years of such investments,  
20 the commission shall determine, after notice and opportunity for a Tier 1 local exchange  
21 company or other interested parties to be heard, whether such investment commitment  
22 should be continued for the remaining two years or whether such commitment should be  
23 reduced.

24 (b) Any Tier 2 local exchange company may elect to have the rates, terms, and conditions  
25 for its services determined pursuant to the alternative regulation described in this article  
26 upon the filing of notice with the commission and committing to provide basic local  
27 exchange services upon reasonable request.

28 (c) The alternative regulation under this article shall become effective on the date specified  
29 by the electing company but in no event sooner than 30 days after such notice is filed with  
30 the commission.

31 (d) On the date a telecommunications company elects the alternative regulation described  
32 in this article, all existing rates, terms, and conditions for the services provided by the  
33 electing company contained in the then existing tariffs and contracts ~~are~~ shall be deemed  
34 just and reasonable.

35 (e) Any Tier 2 local exchange company that is an electing company may elect to become  
36 subject to rate of return regulation by certification to the commission of such election no  
37 later than August 1, 2026. A Tier 2 local exchange company making such election shall  
38 be prohibited from making a subsequent election to have the rates, terms, and conditions  
39 for its services determined pursuant to the alternative regulation described in subsection (b)  
40 of this Code section prior to August 1, 2031."

41 **SECTION 2.**

42 Said article is further amended in Code Section 46-5-166, relating to rates for switched  
43 access, by revising subsection (c) as follows:

44 "(c) Beginning January 1, 2011, and ending December 31, 2015, each Tier 2 local  
45 exchange company shall adjust in equal annual increments its intrastate switched access  
46 charges to parity with its similar interstate switched access rates. The commission shall  
47 have authority to govern the transition of Tier 2 local exchange company switched access  
48 rates to their corresponding interstate levels and the commission shall allow adjustment of  
49 basic local exchange services or universal access funds, as necessary to recover those  
50 revenues, based on calendar year 2008, lost through the concurrent reduction of the  
51 intrastate switched access rates. In the event that the rates for switched access cannot be  
52 negotiated in good faith between the parties, the commission shall determine the reasonable  
53 rates for switched access in accordance with the procedures provided in subsection (b) of  
54 this Code section. ~~Any Tier 2 local exchange company that is an electing company may  
55 elect to become subject to rate of return regulation by certification to the commission of  
56 this election no later than December 31, 2010. A Tier 2 local exchange company making  
57 this election is prohibited from making a subsequent election to have the rates, terms, and  
58 conditions for its services determined pursuant to the alternative regulation described in  
59 subsection (b) of Code Section 46-5-165 prior to January 1, 2016."~~

60 **SECTION 3.**

61 Said article is further amended in Code Section 46-5-167, relating to Universal Access Fund,  
62 by revising subparagraph (d)(2)(B) as follows:

63 "(B) Except for those distributions to Tier 2 local exchange companies that have  
64 reduced intrastate switched access charges pursuant to subsection (c) of Code Section  
65 46-5-166, distributions to a Tier 2 local exchange carrier subject to rate of return  
66 regulation shall also be reduced by the amount per access line, which if added to the

67 carrier's basic local exchange service rate, in accordance with a schedule established by  
68 the commission, results in an amount that would be equal to 110 percent of the July 1,  
69 2009, residential state-wide weighted average rate for basic local exchange services  
70 imputed across all access lines and adjusted annually for inflation measured by the  
71 change in GDP-PI. The commission shall determine any such distributions upon  
72 application, demonstration, and good cause shown that the reasonable actual costs to  
73 provide basic local exchange services exceed the maximum fixed price permitted for  
74 such basic local exchange services; ~~any distributions pursuant to this subparagraph shall~~  
75 ~~be limited to a period of no more than 20 years."~~

76 **SECTION 4.**

77 All laws and parts of laws in conflict with this Act are repealed.