

The House Committee on Rules offers the following substitute to HB 998:

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  
3 Tier 2 local exchange companies to elect to become subject to rate of return regulation; to  
4 extend the period of time certain distributions can be made from the Universal Access Fund;  
5 to require certain information from local exchange companies seeking reimbursement from  
6 the fund; to require the total amount of distributions not to exceed \$50 million in the  
7 aggregate during any single fund year; to provide annual monetary limitations on certain  
8 distributions; to require annual reports on the Universal Access Fund; to provide for contents  
9 of such report; to provide for a definition; to provide for related matters; to repeal conflicting  
10 laws; and for other purposes.

11 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

12 **SECTION 1.**

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

16 "46-5-165.

17 (a) Any Tier 1 local exchange company may elect to have its rates, terms, and conditions  
18 for its services determined pursuant to the alternative regulation described in this article,  
19 in lieu of other forms of regulation, including, but not limited to, rate of return or rate base  
20 monitoring or regulation, upon the filing of notice with the commission and committing to  
21 provide basic local exchange services upon reasonable request and to invest \$500 million  
22 per year for five years to improve and strengthen telecommunications services in ~~Georgia~~  
23 this state; provided, however, that, after the expiration of three years of such investments,  
24 the commission shall determine, after notice and opportunity for a Tier 1 local exchange  
25 company or other interested parties to be heard, whether such investment commitment  
26 should be continued for the remaining two years or whether such commitment should be  
27 reduced.

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

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

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

39 (e)(1) As used in this subsection, the term 'eligible Tier 2 local exchange company'  
40 means a Tier 2 local exchange company that:

41 (A) Is not affiliated, directly or indirectly, with any provider serving more than 50,000  
42 access lines nation wide; and



69 ~~conditions for its services determined pursuant to the alternative regulation described in~~  
70 ~~subsection (b) of Code Section 46-5-165 prior to January 1, 2016."~~

71 **SECTION 3.**

72 Said article is further amended in Code Section 46-5-167, relating to Universal Access Fund,  
73 by revising subparagraph (d)(2)(B) and subsection (e) and by adding new subsections to read  
74 as follows:

75 "(B) Except for those distributions to Tier 2 local exchange companies that have  
76 reduced intrastate switched access charges pursuant to subsection (c) of Code  
77 Section 46-5-166, distributions to a Tier 2 local exchange carrier subject to rate of  
78 return regulation shall also be reduced by the amount per access line, which if added  
79 to the carrier's basic local exchange service rate, in accordance with a schedule  
80 established by the commission, results in an amount that would be equal to 110 percent  
81 of the July 1, 2009, residential state-wide weighted average rate for basic local  
82 exchange services imputed across all access lines and adjusted annually for inflation  
83 measured by the change in GDP-PI. The commission shall determine any such  
84 distributions upon application, demonstration, and good cause shown that the  
85 reasonable actual costs to provide basic local exchange services exceed the maximum  
86 fixed price permitted for such basic local exchange services; ~~any distributions pursuant~~  
87 ~~to this subparagraph shall be limited to a period of no more than 20 years.~~

88 (e) The commission shall require any local exchange company seeking reimbursement  
89 from the fund pursuant to subparagraph (d)(2)(B) of this Code section to file the  
90 information reasonably necessary to determine the actual and reasonable costs of providing  
91 basic local exchange services. Such information shall include, but not be limited to, the  
92 most recent unredacted audited financial reports with any accompanying notes for each  
93 company and its parent company. No distribution pursuant to this subsection shall be made  
94 for any expense incurred after December 31, 2040."

95 “(h)(1) Beginning with distributions made for approved costs incurred on or after July  
96 1, 2026, the total amount of distributions from the fund pursuant to this Code section  
97 shall not exceed \$50 million in the aggregate during any single fund year; provided,  
98 however, that, if the total amount of distributions authorized by the commission exceeds  
99 the annual monetary limitation, the commission shall reduce distributions on a  
100 proportional, pro rata basis so that the total distributions do not exceed such monetary  
101 limitation.

102 (2) For purposes of this subsection, the annual monetary limitation on distributions shall  
103 apply only to distributions attributable to costs incurred during fund years beginning on  
104 or after July 1, 2026, regardless of the date such distributions are disbursed.

105 (3) The commission shall continue to administer, review, approve, and disburse  
106 distributions as reimbursements for eligible costs incurred prior to July 1, 2026, in  
107 accordance with this Code section, without regard to the limitation established in  
108 paragraph (1) of this subsection.

109 (4) Nothing in this subsection shall be construed to impair or delay the payment of any  
110 distributions lawfully approved for costs incurred prior to July 1, 2026.

111 (i) The commission shall submit a written report on December 31, 2026, and every other  
112 year thereafter, concerning the Universal Access Fund to the Governor, the Lieutenant  
113 Governor, and the Speaker of the House of Representatives. Such report shall be submitted  
114 no later than December 31 of every even-numbered year and shall include the following  
115 information for the most recently completed Universal Access Fund year:

116 (1) The total amount of contributions collected for the Universal Access Fund, including  
117 the percentage rate charged to consumers for such contributions and the remaining  
118 balance of the fund as of the end of the reporting period;

119 (2) The total amount of fund requests and disbursements made from the Universal  
120 Access Fund and notable findings from annual audits;

- 121 (3) The total number of access lines providing basic local exchange service in the State  
122 of Georgia;  
123 (4) The total number of access lines receiving support from the Universal Access Fund;  
124 (5) The number of eligible local exchange companies receiving distributions from the  
125 Universal Access Fund; and  
126 (6) Any other information determined by the commission to be material to describing the  
127 financial condition and operation of the Universal Access Fund, so long as such  
128 information does not disclose any trade secret or proprietary information of any specific  
129 provider."

130 **SECTION 4.**

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