

## State Corporation Commission 2011 Fiscal Impact Statement

**1. Bill Number:** HB2367

House of Origin	<input checked="" type="checkbox"/>	Introduced	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Engrossed
Second House	<input type="checkbox"/>	In Committee	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Enrolled

**2. Patron:** Hugo

**3. Committee:** Commerce and Labor

**4. Title:** Telecommunications services; regulation.

**5. Summary:** Telecommunications services; regulation. Eliminates certain requirements applicable to competitive telecommunications services. The requirement that competitive services be offered for sale under a filed tariff is eliminated. The State Corporation Commission may permit the detariffing of any or all terms, conditions, or rates for retail telephone service not found prior to January 1, 2011, to be a basic local exchange telephone service. After July 1, 2013, the Commission shall permit, but may not mandate, the detariffing of any or all terms, conditions, or rates for any or all retail telephone services. In addition, the measure (i) limits the facility-building requirements of incumbent telephone companies to instances where the customer requesting service does not have an alternative provider of voice telephone service at prevailing market rates; (ii) permits an incumbent provider to meet its obligation to furnish reasonably adequate service and facilities through the use of any wireline or terrestrial wireless technology without expanding the Commission's jurisdiction to include those technologies; (iii) provides that the Commission's duty to ensure that a telephone company is furnishing reasonably adequate retail service in its competitive exchanges may be met by monitoring individual customer complaints and requiring appropriate responses by the company; (iv) eliminates the requirement of prior approval for the sale of all of the assets of a telephone company; (v) eliminates requirements associated with telegraph service that is no longer offered in the Commonwealth; (vi) expands the definition of mail used for providing notice to customers to include electronic mail; (vii) provides that the prohibition on multiple rate increases within a 12-month period does not apply to competitive services; (viii) exempts telephone companies from provisions relating to energy and capital resource use conservation, standard units of products or service, and fuel purchases; (ix) limits the authority of the Commission to require reports to services not found to be competitive; (x) eliminates provisions relating to the authority of the Commission to establish areas where a telephone company may provide mobile telephone service; (xi) deletes obsolete provisions applicable to the extension of telephone facilities into rural areas, and to the rates of telephone companies set by municipal ordinances; (xii) allows the detariffing of interexchange service; and (xiii) provides that requirements that telephone companies file reports, other than reports relating to the special revenue tax, will expire on December 31 of each year unless the Commission extends the requirement after notice and an opportunity for a hearing.

**6. Budget Amendment Necessary:** No.

- 7. Fiscal Impact Estimates:** Fiscal impacts are not available. See Item 8.
- 8. Fiscal Implications:** Concerning the proposed changes in § 56-234 of the Code of Virginia, in order to determine whether a telephone company has a duty to serve, the Commission (i.e. Division Staff) may have to determine through on-site investigations or otherwise the adequacy of alternative services, such as wireless and VoIP technologies, for specific customers at such locations. The fiscal impact of these investigations (work force, test equipment, etc.) is not determinable in advance. In addition, cases in which the adequacy of substitute services are in dispute would presumably come before the Commission for adjudication, so it could increase judicial costs, again not determinable in advance.
- 9. Specific Agency or Political Subdivisions Affected:** State Corporation Commission
- 10. Technical Amendment Necessary:** None
- 11. Other Comments:** No.

**Date:** 1/19/11 S. Bradley/ K. Cummings/ W. Irby