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SENATE BILL NO. 577

Offered January 26, 1998

A BILL to amend and reenact §§ 56-458 and 56-462 of the Code of Virginia, and to amend the Code of Virginia by adding in Article 1 of Chapter 15 of Title 56 sections numbered 56-468.1 and 56-468.2, relating to public service companies; use of public rights-of-way; Public Rights-of-Way Use Fee; costs of relocating telecommunication facilities in public rights-of-way.

Patron—Whipple

Referred to the Committee on Transportation

Be it enacted by the General Assembly of Virginia:

1. That §§ 56-458 and 56-462 of the Code of Virginia are amended and reenacted, and that the Code of Virginia is amended by adding in Article 1 of Chapter 15 of Title 56 sections numbered 56-468.1 and 56-468.2 as follows:

§ 56-458. Right to erect lines parallel to railroads; occupation of roads, streets, etc.; location of same.

A. Every telegraph company and every telephone company incorporated by this or any other state, or by the United States, may construct, maintain and operate its line along and parallel to any of the railroads of the Commonwealth, and shall have authority to occupy and use the public parks, roads, works, turnpikes, streets, avenues and alleys in any of the counties, with the consent of the board of supervisors or other governing authority thereof, or in any incorporated city or town, with the consent of the council thereof, and the waterways within this Commonwealth, for the erection of poles and wires, or cables, or the laying of underground conduits, portions of which they may lease, rent, or hire to other like companies; provided, however, that if the road or street be in the State Highway System or the secondary system of state highways, the consent of the board of supervisors or other governing authority of any county shall not be necessary, but a permit for such occupation and use shall first be obtained from the Commonwealth Transportation Board.

B. No locality or the Commonwealth Transportation Board shall impose any fees on a certificated provider of telecommunications service for the use of public rights-of-way except in the manner prescribed in § 56-468.1; provided, however, the provisions of § 56-468.1 shall not apply to providers of commercial mobile radio services.

C. No locality or the Commonwealth Transportation Board shall impose on certificated providers of telecommunications service, whether by franchise, ordinance or other means, any restrictions or requirements concerning the use of the public rights-of-way (including but not limited to the permitting process; notice, time and location of excavations and repair work; enforcement of the statewide building code; and inspections), which are (i) unfair or unreasonable or (ii) any greater than those imposed on the following users of the public rights-of-way: all providers of telecommunications services and nonpublic providers of cable television, electric, natural gas, water and sanitary sewer services. For purposes of this subsection, "restrictions or requirements concerning the use of the public rights-of-way" shall not include any franchise fee or the Public Rights-of-Way Use Fee.

D. Notwithstanding any other provision of law, any permit or other permission required by a locality pursuant to a franchise, ordinance, or other permission to use the public rights-of-way or by the Commonwealth Transportation Board of a certificated provider of telecommunications services to use the public rights-of-way shall be granted or denied within forty-five days from submission and, if denied, accompanied by a written explanation of the reasons the permit was denied and the actions required to cure the denial.

E. No locality receiving directly or indirectly a Public Rights-of-Way Use Fee or the Commonwealth Transportation Board shall require a certificated provider of telecommunications services to provide in-kind services or physical assets as a condition of consent to use public rights-of-way or easements, or in lieu of the Public Rights-of-Way Use Fee. This shall not limit the ability of localities, their authorities or commissions which provide utility services, or the Commonwealth Transportation Board to enter into voluntary pole attachment, conduit occupancy or conduit construction agreements with certificated providers of telecommunications service.

§ 56-462. Franchise to occupy parks, streets, etc.; imposition of terms, conditions, etc., as to use of streets, etc., and construction thereon.

A. No incorporated city or town shall grant to any such telegraph or telephone corporation the right to erect its poles, wires, or cables, or to lay its conduits upon or beneath its parks, streets, avenues, or alleys until such company shall have first obtained, in the manner prescribed by the laws of this Commonwealth, the franchise to occupy the same. Notwithstanding the provisions of this chapter the

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SB577

60 corporate authorities of any city or town may impose upon any such corporation any terms and
61 conditions inconsistent herewith or supplemental hereto, as to the occupation and use of its parks,
62 streets, avenues, and alleys, and as to the construction and use of its parks, streets, avenues, and alleys,
63 and as to the construction and maintenance of the works of such company along, over, or under the
64 same, the corporate authorities may deem expedient and proper, and the Commonwealth Transportation
65 Board may impose upon any such company any terms, rules, regulations, requirements, restrictions and
66 conditions inconsistent herewith or supplemental hereto, as to the occupation and use of roads and
67 streets in either state highway system, and as to the construction, operation or maintenance of the works
68 along, over, or under the same, which the Board may deem expedient and proper, but not in conflict, in
69 incorporated cities and towns, with any vested contractual rights of any such company with such city or
70 town.

71 *B. No locality or the Commonwealth Transportation Board shall impose any fees on a certificated*
72 *provider of telecommunications service for the use of public rights-of-way except in the manner*
73 *prescribed in § 56-468.1; provided, however, the provisions of § 56-468.1 shall not apply to providers of*
74 *commercial mobile radio services.*

75 *C. No locality or the Commonwealth Transportation Board shall impose on certificated providers of*
76 *telecommunications service, whether by franchise, ordinance or other means, any restrictions or*
77 *requirements concerning the use of the public rights-of-way (including but not limited to the permitting*
78 *process; notice, time and location of excavations and repair work; enforcement of the statewide building*
79 *code; and inspections), which are (i) unfair or unreasonable or (ii) any greater than those imposed on*
80 *the following users of the public rights-of-way: all providers of telecommunications services and*
81 *nonpublic providers of cable television, electric, natural gas, water and sanitary sewer services. For*
82 *purposes of this subsection, "restrictions or requirements concerning the use of the public rights-of-way"*
83 *shall not include any franchise fee or the Public Rights-of-Way Use Fee.*

84 *D. Notwithstanding any other provision of law, any permit or other permission required by a locality*
85 *pursuant to a franchise, ordinance, or other permission to use the public rights-of-way or by the*
86 *Commonwealth Transportation Board of a certificated provider of telecommunications services to use*
87 *the public rights-of-way shall be granted or denied within forty-five days from submission and, if denied,*
88 *accompanied by a written explanation of the reasons the permit was denied and the actions required to*
89 *cure the denial.*

90 *E. No locality receiving directly or indirectly a Public Rights-of-Way Use Fee or the Commonwealth*
91 *Transportation Board shall require a certificated provider of telecommunications services to provide*
92 *in-kind services or physical assets as a condition of consent to use public rights-of-way or easements, or*
93 *in lieu of the Public Rights-of-Way Use Fee. This shall not limit the ability of localities, their authorities*
94 *or commissions which provide utility services, or the Commonwealth Transportation Board to enter into*
95 *voluntary pole attachment, conduit occupancy or conduit construction agreements with certificated*
96 *providers of telecommunications service.*

97 *§ 56-468.1. Public Rights-of-Way Use Fee.*

98 *A. As used in this article:*

99 *"Access lines" are defined to include residence and business telephone lines and other switched*
100 *common lines connecting the customer premises to the end office switch. Access lines do not include*
101 *local, state, and federal government lines; interstate and intrastate dedicated WATS lines; special access*
102 *lines; off-premises extensions; official lines used by providers of telecommunications service for*
103 *administrative, testing, intercept, and verification purposes; and commercial mobile radio service lines.*

104 *"Certificated provider of telecommunications service" means a public service corporation holding a*
105 *certificate issued by the State Corporation Commission to provide local exchange or interexchange*
106 *telephone service.*

107 *"Locality" has the same meaning as contained in § 15.2-102.*

108 *"New installation of telecommunications facilities" or "new installation" includes the construction of*
109 *new pole lines and new conduit systems, and the burying of new cables in existing public rights-of-way.*
110 *New installation does not include adding new cables to existing pole lines and conduit systems.*

111 *"Public highway" means, for purposes of computing the Public Rights-of-Way Use Fee, the centerline*
112 *mileage of highways and streets which are part of the State Highway System as defined in § 33.1-25, the*
113 *secondary system of highways as defined in § 33.1-67, the highways of those cities and certain towns*
114 *defined in § 33.1-41.1 and the highways and streets maintained and operated by counties which have*
115 *withdrawn or elect to withdraw from the secondary system of state highways under the provisions of*
116 *§ 11 of Chapter 415 of the Acts of Assembly of 1932 and which have not elected to return.*

117 *B. Notwithstanding any other provisions of law, there is hereby established a Public Rights-of-Way*
118 *Use Fee to replace any and all fees of general application (except for zoning and comprehensive plan*
119 *fees of general application) otherwise chargeable to a certificated provider of telecommunications*
120 *service by (i) any locality in connection with a franchise granted after June 30, 1998, in accordance*
121 *with §§ 56-458 or 56-462, or under a lease or any other right to use the public right-of-way or an*

easement which is part of or adjacent to any road, turnpike, street, avenue or alley, or (ii) the Commonwealth Transportation Board in connection with a permit for such occupation and use granted in accordance with §§ 56-458 or 58-462.

C. The amount of the Public Rights-of-Way use fee shall be calculated annually by the Department of Transportation (VDOT), based on the calculations described in subsection D of this section. In no year shall the amount of the fee be less than fifty cents per access line per month.

D. The annual rate of the Public Rights-of-Way Use Fee shall be calculated by multiplying the number of public highway miles in the Commonwealth by a highway mileage rate (as defined in subsection E of this section), and by adding the number of feet of new installations in the Commonwealth (multiplied by one dollar per foot), and dividing this sum by the total number of access lines in the Commonwealth. The monthly rate shall be this annual rate divided by twelve.

E. The annual fee per mile is \$250 from July 1, 1998, through June 30, 1999; \$300 per mile for the year July 1, 1999, through June 30, 2000; \$350 per mile for the year July 1, 2000, through June 30, 2001; and \$425 per mile beginning July 1, 2001 and thereafter.

F. The data used for the calculation in subsection D shall be based on the following information and schedule: (i) all certified providers of telecommunications services shall remit to VDOT by December 1 of each year data indicating the number of feet of new installations made during the one-year period ending September 30 of that year, by affected locality, and the number of access lines as of September 30 of that year, by affected locality; and (ii) the public highway mileage from the most recently published VDOT report. By the following January 15, VDOT shall calculate the Public Rights-of-Way use Fee to be used in the fiscal year beginning the next ensuing July 1 and report it to all affected localities and certificated providers of local exchange telephone services.

G. A certificated provider of local exchange telephone service shall collect the Public Rights-of-Way Use fee on a per access line basis by adding the fee to each ultimate end user's monthly bill for local exchange telephone service. The Public Rights-of-Way Use Fee shall, when collected, be stated as a distinct item separate and apart from the monthly charge for local exchange telephone service. Until the ultimate end user pays the Public Rights-of-Way Use Fee to the local exchange service provider, the Public Rights-of-Way Use Fee shall constitute a debt of the consumer to the locality or VDOT. If any ultimate end user refuses to pay the Public Rights-of-Way Use Fee, the local exchange service provider shall notify the locality or VDOT, as appropriate. After the consumer pays the Public Rights-of-Way Use Fee to the local exchange service provider, such fee collected shall be deemed to be held in trust by the local exchange service provider until remitted to the locality or VDOT.

H. Within two months after the end of each calendar quarter, each certificated provider of local exchange telephone service shall remit the amount of Public Rights-of-Way Use Fees it has billed to ultimate end users during such preceding quarter, as follows:

1. The certificated provider of local exchange telephone service shall remit directly to the applicable locality all Public Rights-of-Way Use Fees billed in (i) cities, except for any city subject to § 15.2-3530, (ii) towns whose public streets and roads are not maintained by VDOT, and (iii) any county that has withdrawn or elects to withdraw from the secondary system of state highways under the provisions of § 11 of Chapter 415 of the Acts of Assembly of 1932 and that has elected not to return, provided, however, that such counties shall use a minimum of ten percent of the Public Rights-of-Way Use Fees they receive for transportation construction or maintenance purposes.

2. The Public Rights-of-Way Use Fees billed in all other counties shall be remitted by each certificated provider of local exchange telephone service to VDOT. VDOT shall allocate the total amount received from certificated providers to the construction improvement program of the secondary system of state highways. Within such allocation to the secondary system, VDOT shall apportion the amounts so received among the several counties, other than those described in clause (iii) of subdivision 1, on the basis of population, with each county being credited a share of the total equal to the proportion that its population bears to the total population of all such counties. For purposes of this section the term "population" shall mean either population according to the latest United States census or the latest population estimate of the Weldon Cooper Center for Public Service of the University of Virginia, whichever is more recent. Such allocation and apportionment of Public Rights-of-Way Use Fees shall be in addition to, and not in lieu of, any other allocation of funds to such secondary system and apportionment to counties thereof provided by law. For purposes of this section, the terms "county" and "counties" shall also include any locality subject to § 15.2-3530.

I. Any city or town with a franchise agreement, ordinance implementing a franchise agreement or other form of consent allowing the use of the public rights-of-way, existing prior to July 1, 1998, may elect to continue enforcing such existing franchise, ordinance or other form of consent in lieu of receiving the Public Rights-of-Way Use Fee; provided, however, that such city or town does not (i) discriminate among telecommunications service providers and (ii) adopt any additional rights of way management practices that do not comply with §§ 56-458 C and 56-462 C. Any such city or town

183 electing to use this section or revoking such election shall notify all affected certificated providers of
184 local exchange telephone service no later than March 15th preceding the fiscal year. Such notice shall
185 be in writing and sent by certified mail from such locality to the registered agent of the affected
186 certificated provider of local exchange telephone service. The Public Rights-of-Way Use Fee shall not be
187 imposed in any such locality.

188 § 56-468.2. Reimbursement for relocation costs.

189 A. After July 1, 1998 , certificated providers of telecommunications services shall receive
190 reimbursement for eligible relocation costs incurred at the direction of a locality (except a locality
191 electing not to receive the Public Rights-of-Way Use Fee under subsection I § 56-468.1) or the
192 Department of Transportation for new installations as defined in of §56-468.1 in any public
193 rights-of-way in accordance with §§ 56-458 and 56-462 on the basis of age and according to the
194 following schedule. Such reimbursement shall be received from either (i) the locality that granted the
195 permit or franchise to use such right-of-way or (ii) the Commonwealth Transportation Board if the road
196 or street is in the State Highway System or the secondary system of state highways:

197 1. For the first three years after the completion of the installation, the certificated provider of
198 telecommunications service shall be reimbursed 100 percent of the eligible cost for the relocation of
199 facilities installed in the public rights-of-way.

200 2. For the fourth through sixth year after the completion of the installation, the certificated provider
201 of telecommunications service shall be reimbursed 50 percent of the eligible cost for the relocation of
202 facilities installed in the public rights-of-way.

203 3. Beginning in the seventh year, the certificate provider of telecommunications service shall be
204 responsible for the cost of relocating facilities installed in the public right-of-way.

205 B. The amount of relocation reimbursement in any fiscal year to be reimbursed under this section
206 shall not exceed the amount of Public Rights-of-Way Use Fees received by that locality either directly
207 or through its secondary road fund apportionment in the preceding fiscal year. For facilities relocated
208 in 1998 and 1999, this limit on relocation reimbursement shall be the estimated annualized fees to be
209 collected in that locality in 1998 for 1998 relocations and in 1999 for 1999 relocations. If the
210 relocation reimbursement limit will be exhausted on a relocation project where two or more
211 telecommunications service providers are eligible for relocation reimbursement, then the moneys
212 available under the cap shall be shared by those eligible providers by prorating the reimbursement
213 based on the reimbursement to which each provider would be entitled absent the limit.