

## State Corporation Commission 2011 Fiscal Impact Statement

**1. Bill Number:** HB2367

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

**2. Patron:** Hugo

**3. Committee:** Passed Both Houses

**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 shall permit, but may not mandate, 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) eliminates the facility-building requirement of telephone companies in instances where a person has service available from one or more alternative providers of wireline or terrestrial wireless communications 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 and all wireline or terrestrial wireless technology, subject to a requirement that when a telephone company restores service to an existing wireline customer, the company shall offer the option to furnish service using wireline facilities; (iii) provides that the Commission may conclude that competition can effectively ensure reasonably adequate retail services in competitive exchanges and may carry out its duty to ensure that a public utility is furnishing reasonably adequate retail service in its competitive exchanges by monitoring individual customer complaints and requiring appropriate responses to such complaints; (iv) amends the requirement of prior approval for the sale of all of the assets of a telephone company to provide that the Commission in such a proceeding shall consider only the financial, managerial, and technical resources to render local exchange telecommunications services of the person acquiring ownership or control; (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) eliminates provisions relating to the authority of the Commission to establish areas where a telephone company may provide mobile telephone service; (x) deletes obsolete provisions applicable to the extension of telephone facilities into rural areas and to the rates of telephone companies set by municipal ordinances; (xi) allows the detariffing of interexchange service; and (xii) 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, but may be moderate and require a request for proposal. 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:** See Senate Bill 1368.

**Date:** 2/24/11 S. Bradley