

Act No. 52
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**STATE OF MICHIGAN
97TH LEGISLATURE
REGULAR SESSION OF 2014**

Introduced by Senator Nofs

ENROLLED SENATE BILL No. 636

AN ACT to amend 1991 PA 179, entitled "An act to regulate and insure the availability of certain telecommunication services; to prescribe the powers and duties of certain state agencies and officials; to prescribe penalties; and to repeal acts and parts of acts," by amending sections 103, 304, 310, 313, 317, 320, and 502 (MCL 484.2103, 484.2304, 484.2310, 484.2313, 484.2317, 484.2320, and 484.2502), sections 103, 304, 313, and 502 as amended by 2011 PA 58, section 310 as amended by 2009 PA 182, section 317 as amended by 2005 PA 235, and section 320 as added by 1995 PA 216.

The People of the State of Michigan enact:

Sec. 103. (1) Except as otherwise provided in this act, this act shall not be construed to prevent any person from providing telecommunication services in competition with another telecommunication provider.

(2) The commission shall maintain a publicly available database of providers in each exchange that are licensed to or otherwise provide toll and local exchange service in this state.

(3) A provider shall submit to the commission all information requested by the commission necessary for the preparation and maintenance of the database under this section.

Sec. 304. (1) A call made to a local calling area adjacent to the caller's local calling area is considered a local call and shall be billed as a local call. Effective December 31, 2007, a call made to a called party who is not located within the geographic area of the caller's local calling area or an adjacent local calling area as defined by the commission's order in case numbers U-12515 and U-12528, dated February 5, 2001, is not a local call if the tariff, service guide, or similar document containing the terms and conditions of the provider originating the call does not classify the call as a local call.

(2) A provider of basic local exchange service with less than 10,000 end-users in this state may determine that their total service long run incremental cost is the same as that of a provider with more than 250,000 end-users.

Sec. 310. (1) Except as provided by this section, the commission shall not review or set the rates for toll access services.

(2) A provider of toll access services shall set the rates for intrastate switched toll access services at rates that do not exceed the rates allowed for the same interstate services by the federal government and shall use the access rate elements for intrastate switched toll access services that are in effect for that provider and are allowed for the same interstate services by the federal government. Eligible providers shall comply with this subsection as of the date established for the commencement of the operation of the restructuring mechanism under subsection (9). Providers other than eligible providers shall not charge intrastate toll access service rates in excess of those rates in effect as of July 1, 2009 and shall reduce the differential, if any, between intrastate and interstate switched toll access service rates

in effect as of July 1, 2009 in no more than 5 steps of at least 20% each of the differential on the following dates: January 1, 2011; January 1, 2012; January 1, 2013; January 1, 2014; and January 1, 2015. Providers may agree to a rate that is less than the rate allowed by the federal government.

(3) Two or more providers that each have less than 250,000 access lines may agree to joint toll access service rates and pooling of intrastate toll access service revenues.

(4) A provider of toll access services shall make available for intrastate access services any technical interconnection arrangements, including colocation required by the federal government for the identical interstate access services.

(5) A provider of toll access service, whether under tariff or contract, shall offer the services under the same rates, terms, and conditions, without unreasonable discrimination, to all providers. All pricing of special toll access services and switched access services, including volume discounts, shall be offered to all providers under the same rates, terms, and conditions.

(6) If a toll access service rate is reduced, then the provider receiving the reduced rate shall reduce its rate to its customers by an equal amount. The commission may investigate and ensure that the provider has complied with this subsection.

(7) In order to restructure intrastate switched toll access service rates, there is hereby established in the department of licensing and regulatory affairs an intrastate switched toll access rate restructuring mechanism as a separate interest-bearing fund. The state treasurer shall direct the investment of the restructuring mechanism. Money in the restructuring mechanism shall remain in the restructuring mechanism at the close of the fiscal year and shall not revert to the general fund.

(8) An eligible provider is entitled to receive monthly disbursements from the restructuring mechanism as provided in subsection (11) in order to recover the lost intrastate switched toll access service revenues resulting from rate reductions under subsection (2).

(9) The restructuring mechanism shall be administered by the commission. The restructuring mechanism shall be established and shall begin operation by September 13, 2010. Subject to the preceding sentence, the commission shall establish the date for commencing the operation of the restructuring mechanism and shall notify the participants in the restructuring mechanism at least 30 days in advance of that date. The commission shall recover its actual costs of administering the restructuring mechanism from assessments collected for the operation of the restructuring mechanism.

(10) The commission shall establish the procedures and timelines for organizing, funding, and administering the restructuring mechanism. The commission shall report to the legislature and the governor annually regarding the administration of the restructuring mechanism. The report shall include the total amount of money collected from contributing providers, the total amount of money disbursed from the restructuring mechanism annually to each eligible provider, the costs of administration, and any other information considered relevant by the commission. The report shall also identify any duplicative costs or revenues that are already being recovered by eligible providers through federal access recovery charges or the connect America fund. If the commission identifies duplicative recovery, the commission shall notify the federal communications commission and all contributing providers. Any duplicative recovery identified by the commission is not exempt from public disclosure under section 210. Beginning with the first report following the recalculation required under subsection (16), the annual report shall include recommendations for altering the restructuring mechanism, based on the results of the recalculation and the state and federal regulations in effect at the time, to ensure that the restructuring mechanism is still achieving the purposes for which it was originally established. Any company-specific information pertaining to access lines, switched toll access services minutes of use, switched toll access demand quantities, contributions, and intrastate telecommunication services revenues submitted to the commission under this subsection are confidential commercial or financial information and exempt from public disclosure under section 210.

(11) The initial size of the restructuring mechanism shall be calculated as follows:

(a) By February 15, 2010 each eligible provider shall submit to the commission information and all the supporting documentation that establishes the amount of the reduction in annual intrastate switched toll access revenues that will result from the reduction in rates required in subsection (2). The reduction shall be calculated for each eligible provider as the difference between intrastate and interstate switched toll access service rates in effect as of July 1, 2009, multiplied by the intrastate switched access minutes of use and other switched access demand quantities for the calendar year 2008.

(b) The commission shall compute the size of the initial restructuring mechanism disbursements for each eligible provider and shall inform each eligible provider of that computation within 60 days after receiving the information and supporting documentation from the eligible providers under subdivision (a).

(12) The restructuring mechanism shall be created and supported by a mandatory monthly contribution by all providers of retail intrastate telecommunication services and all providers of commercial mobile service. Interconnected voice over internet protocol services shall not be considered an intrastate telecommunication service for the purposes of this section and interconnected voice over internet protocol service providers shall not be required to pay, directly or indirectly, the mandatory monthly contributions established in this subsection. A provider of telecommunication services

to a provider of interconnected voice over internet protocol services shall not pay a mandatory monthly contribution related to those interconnected voice over internet protocol services or attempt to pass through any mandatory monthly contributions, directly or indirectly, to a provider of interconnected voice over internet protocol services. Nothing in this act grants the commission authority over commercial mobile service providers or voice over internet protocol service providers except as is strictly necessary for administration of the restructuring mechanism.

(13) By February 15, 2010, each contributing provider shall report its 2008 intrastate retail telecommunication services revenues to the commission. Notwithstanding anything in subsection (12), if the federal communications commission determines that interconnected voice over internet protocol services may be subject to state regulation for universal services purposes, the commission may open a proceeding to determine who is required to participate in a universal service fund.

(14) The initial contribution assessment percentage shall be a uniform percentage of retail intrastate telecommunication services revenues determined by projecting the total amount necessary to cover the initial intrastate switched toll access rate restructuring mechanism disbursement levels for 12 months, including projected cash reserve requirements, actual and projected administrative costs, and projected uncollectible contribution assessments, divided by the 2008 calendar year total retail intrastate telecommunication services revenues in this state, less projected uncollectible revenues, reported to the commission. The commission shall issue an order establishing the initial calculation of the contribution assessment percentage by May 16, 2010. The commission may increase or decrease the contribution assessment on a quarterly or other basis as necessary to maintain sufficient funds for disbursements.

(15) Each contributing provider shall remit to the commission on a monthly basis an amount equal to its intrastate retail telecommunication services revenues, less uncollectible revenues, multiplied by the contribution assessment percentage determined under subsection (14), according to a time frame established by the commission. These contributions shall continue until the end of the period for which eligible providers are entitled to receive monthly disbursements from the restructuring mechanism under subsections (11) and (16).

(16) The commission shall recalculate the size of the restructuring mechanism for each eligible provider on March 13, 2018. The recalculation process shall be as follows:

(a) The restructuring mechanism shall be recalculated as the difference between the intrastate switched toll access rates in effect as of July 1, 2009 and the interstate switched toll access rates in effect at the time of the recalculation, multiplied by the intrastate switched toll access minutes of use and other switched access demand quantities for the calendar year 2008.

(b) The recalculated restructuring mechanism shall be further adjusted during the recalculation by the percentage change, if any, in the number of access lines in service for each eligible provider from December 31, 2008 to December 31 of the year immediately preceding the year in which the adjustment is made.

(c) Each eligible provider is entitled to receive monthly disbursements from the restructuring mechanism for a period of no more than 12 years from the date the restructuring mechanism is established under subsection (9), at which time the restructuring mechanism shall cease to exist.

(d) The commission shall reduce the amount of the monthly disbursement to an eligible provider from the restructuring mechanism on a pro rata basis for each exchange in which the provider discontinues basic local exchange service under section 313. A reduction under this subsection is effective on the date of the discontinuance of service.

(17) The money received and administered by the commission for the support and operation of the restructuring mechanism created by 2009 PA 182 shall not be used by the commission or any department, agency, or branch of the government of this state for any other purpose, and that money is not subject to appropriation, allocation, assignment, expenditure, or other use by any department, agency, or branch of the government of this state.

(18) If the federal government adopts intercarrier compensation reforms or takes any action that causes or requires a significant change in interstate switched toll access service rates, the commission may initiate, or any interested party may file an application for, a proceeding under section 203 within 60 days of that action to determine whether any modifications to the size, operation, or composition of the restructuring mechanism are warranted. During the pendency of that proceeding, the requirement in subsection (2) for eligible providers to set intrastate switched toll access service rates equal to interstate switched toll access service shall be temporarily suspended by those providers. Intrastate access rates may not be increased above the levels that exist at the time of the suspension. Following notice and hearing, upon a showing of good cause, the commission may stop or place certain conditions on the temporary suspension.

(19) If the federal government changes the federal universal service contribution methodology so that it is not based on a percentage of total interstate telecommunication services revenues, the commission shall modify the contribution methodology for the restructuring mechanism to be consistent with the federal methodology. The commission shall initiate a proceeding to modify the contribution methodology for the restructuring mechanism and to establish a reasonable time period for transition to the new contribution methodology.

(20) Disputes arising under this section may be submitted to the commission for resolution under sections 203 and 204.

(21) If any contributing provider subject to this section fails to make the required contributions or fails to provide required information to the commission, the commission shall initiate an enforcement proceeding under section 203. If the commission finds that a contributing provider has failed to make contributions or to perform any act required under this section, a contributing provider is subject to the remedies and penalties under section 601.

(22) Eligible providers and contributing providers shall provide information to the commission that is required for the administration of the restructuring mechanism. Company-specific information pertaining to access lines, switched toll access services minutes of use, switched toll access demand quantities, contributions, and intrastate telecommunication services revenues submitted to the commission under this subsection is confidential commercial or financial information and exempt from public disclosure under section 210.

(23) As used in this section:

(a) "Commercial mobile service" means that term as defined in section 332(d)(1) of the telecommunications act of 1996, 47 USC 332.

(b) "Contributing provider" means an entity required to pay into the restructuring mechanism.

(c) "Eligible provider" means an incumbent local exchange carrier as defined in section 251(h) of the telecommunications act of 1996, 47 USC 251, that as of January 1, 2009 had rates for intrastate switched toll access services higher than its rates for the same interstate switched toll access services, and that provides the services and functionalities identified by rules of the federal communications commission described at 47 CFR 54.101(a).

(d) "Interconnected voice over internet protocol service" means that term as defined in 47 CFR 9.3.

(e) "Restructuring mechanism" means the intrastate switched toll access rate restructuring mechanism established in this section.

Sec. 313. (1) A telecommunication provider that provides either basic local exchange or toll service, or both, shall not discontinue either service to an exchange unless 1 or more alternative providers for toll service, or 2 or more alternative providers for basic local exchange service, are furnishing a comparable voice service to the customers in the exchange. A comparable voice service includes any 2-way voice service offered through any form of technology that is capable of placing and receiving calls from a provider of basic local exchange service, including voice over internet protocol services and wireless services.

(2) A telecommunication provider proposing to discontinue a regulated service to an exchange shall file a notice of the discontinuance of service with the commission, publish the notice in a newspaper of general circulation within the exchange, provide notice to each of its customers within the exchange by first-class mail or within customer bills, and provide other reasonable notice as required by the commission.

(3) Within 60 days after the date of publication or receipt of the notice required by subsection (2), a person or other telecommunication provider affected by a discontinuance of services by a telecommunication provider may apply to the commission to determine if the discontinuance of service is authorized under this act. Within 90 days after the date of publication of the notice required by subsection (2), the commission may, in response to a request or on its own initiative, commence a proceeding to determine if the discontinuance of service is authorized under this act. The commission has 180 days from the date any proceeding is initiated under this subsection to issue its final order. A provider shall not discontinue service unless it has provided at least 60 days' notice to each customer after a commission order has been issued under this subsection or after the last day for initiating a proceeding under this subsection.

(4) Discontinuance of basic local exchange service under this section by an incumbent local exchange carrier does not affect the requirements of that incumbent local exchange carrier under federal law and this act. As used in this subdivision, "incumbent local exchange carrier" means that term as defined in section 251(h) of the telecommunications act of 1996, 47 USC 251. This section does not create, restrict, or expand the commission's jurisdiction and authority for any of the following:

(a) The jurisdiction and authority established under section 201.

(b) The jurisdiction and authority to carry out the commission's obligations to enforce the rights, duties, and obligations of an entity that are established in sections 251 and 252 of the telecommunications act of 1996, 47 USC 251 and 252, and any applicable agreement or wholesale tariff or state law, rule, regulation, or order related to wholesale rights, duties, and obligations, including, but not limited to, interconnection and exchange voice traffic.

(c) The jurisdiction and authority to regulate switched access rates, terms, and conditions, including the implementation of federal or state law concerning intercarrier compensation.

(5) Subsections (1) to (3) do not apply after December 31, 2016. Beginning January 1, 2017, a telecommunication provider that provides basic local exchange or toll service may discontinue that service in an exchange by doing each of the following:

(a) At the same time as filing a petition under section 214 of the telecommunications act of 1996, 47 USC 214, all of the following:

(i) File a notice of the proposed discontinuance of service with the commission.

(ii) Publish a notice of the proposed discontinuance of service in a newspaper of general circulation within the exchange.

(iii) Provide notice of the proposed discontinuance of service to each of the telecommunication provider's customers within the exchange by first-class mail or within customer bills.

(iv) Provide notice of the proposed discontinuance of service to any interconnecting telecommunication providers by first-class mail or other notice permitted under the terms of the interconnection agreement between the providers.

(b) Upon approval of the federal communications commission to discontinue service, at least 90 days before discontinuing service, all of the following:

(i) File a notice of the discontinuance of service with the commission.

(ii) Publish a notice of the discontinuance of service in a newspaper of general circulation within the exchange.

(iii) Provide notice of the discontinuance of service to each of the telecommunication provider's customers within the exchange by first-class mail or within customer bills.

(iv) Provide notice to any interconnecting telecommunication providers by first-class mail or other notice permitted under the terms of the interconnection agreement between the providers.

(6) After January 1, 2017, and only in an area in which a telecommunication provider either has given notice of a proposed discontinuance of service under subsection (5) or has discontinued service within the previous 90 days, a customer of that provider or any interconnecting telecommunication provider may request the commission to investigate the availability of comparable voice service with reliable access to 9-1-1 and emergency services to that customer or a customer of an interconnecting telecommunication provider. If the commission, after conducting an investigation to last no longer than 180 days regarding the availability of comparable voice service with reliable access to 9-1-1 and emergency services, determines that the federal communications commission failed to make a finding that the present and future public convenience and necessity is not adversely affected or has not adequately addressed the issue, the commission shall declare by order that an emergency exists in an area in this state that is not served by at least 1 voice service provider offering comparable voice service with reliable access to 9-1-1 and emergency services through any technology or medium and shall conduct a request for service process to identify a willing provider of comparable voice service with reliable access to 9-1-1 and emergency services in that area, including the current provider. A provider shall not be required to participate in the request for service process. The willing provider may utilize any form of technology that is capable of providing comparable voice service with reliable access to 9-1-1 and emergency services, including voice over internet protocol services and wireless services. If the commission determines that another provider is not capable of providing comparable voice service with reliable access to 9-1-1 and emergency services in that area, the commission shall issue an order requiring the current telecommunication provider to provide comparable voice service with reliable access to 9-1-1 and emergency services in that area utilizing any form of technology that the commission determines is capable of providing comparable voice service with reliable access to 9-1-1 and emergency services, including voice over internet protocol services and wireless services, until another willing provider is available. An intrastate universal service fund under section 316a shall not be created or used to compensate or fund a willing provider or current telecommunication provider to provide service under this section. As used in this subsection:

(a) "Comparable voice service" includes any 2-way voice service offered through any form of technology, including voice over internet protocol services and wireless services, that is capable of placing calls to and receiving calls from a provider of basic local exchange service.

(b) "Emergency services" means services provided to the public by police, fire, ambulance, or other first responders.

(c) "Reliable access to 9-1-1" means the rules, regulations, and guidelines set forth in the FCC trials order, including all appendices, that provide comparable and reliable consumer access to emergency services.

(d) "Willing provider" means a provider that voluntarily participates in the request for service process.

(7) Beginning January 1, 2017, a telecommunication provider that discontinues service under this section shall adhere to all rules, regulations, and guidelines set forth in the FCC trials order, including all appendices, for each of that telecommunication provider's exchanges in this state, whether or not the discontinuance is undertaken pursuant to an official trial under the FCC trials order, except that all notices or reports to be filed with the federal communications commission shall be submitted to the Michigan public service commission for its information. This subsection is effective until the federal communications commission determines the legal and policy framework and establishes the requirements for the IP-transition including emergency connectivity requirements that provide comparable and reliable consumer access to emergency services.

(8) As used in this section, "FCC trials order" means the order of the federal communications commission, GN docket nos. 13-5 and 12-353, adopted January 30, 2014, and any subsequent order of the federal communications commission modifying or revising that order that includes emergency connectivity requirements that provide comparable and reliable consumer access to emergency services.

Sec. 317. (1) An operator service provider shall not provide operator services in this state without first registering with the commission. The registration shall include the following information:

(a) The name of the provider.

(b) The address of the provider's principal office.

(c) If the provider is not located in this state, the address of the registered office and the name of the registered agent authorized to receive service of process in this state.

(d) Any other information that the commission may require.

(2) The registration shall be accompanied with a registration fee of \$100.00.

(3) The registration is effective immediately upon filing with the commission and the payment of the registration fee.

(4) At no charge, an operator service provider shall immediately connect a person making an emergency call to an emergency responder service.

Sec. 320. (1) A person shall not provide payphone service in this state without first registering with the commission. The registration shall include all of the following information:

(a) The name of the provider.

(b) The address and telephone number of the provider's principal office.

(c) If the provider is not located in this state, the address and telephone number of the registered office and the name and telephone number of the registered agent authorized to receive service of process in this state.

(d) The specific location of each payphone in this state owned or operated by the provider. Information required under this subdivision shall be made available to the local unit of government solely for the enforcement of the reporting, repairing, and replacement standards under subsection (8). The information required to be provided under this subsection is considered commercial information under section 210, and the information submitted is exempt from the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.

(2) The registration shall be accompanied by a registration fee of \$100.00.

(3) The registration is effective immediately upon filing with the commission and the payment of the registration fee.

(4) The commission shall establish a toll-free number that can be dialed to report to the commission a payphone that is inoperative. The toll-free number shall be conspicuously displayed by the provider on or near each payphone.

(5) If the commission receives a report under subsection (4), it shall immediately notify the provider of the inoperative payphone.

(6) After consulting with providers of payphone service, local units of government, and other interested parties, the commission shall promulgate rules or issue orders under section 213 to establish and enforce quality standards in the providing of payphone service.

(7) Except as provided in subsection (8), a local unit of government shall not regulate payphone service.

(8) A local unit of government may enforce the reporting, repairing, and replacement of inoperative payphones within its jurisdiction by adopting an ordinance that conforms to the standards established by the commission under subsection (6). A local unit of government shall not impose standards greater than those established by the commission.

Sec. 502. (1) A provider of a basic local exchange service shall not do any of the following:

(a) Make a statement or representation, including the omission of material information, regarding the rates, terms, or conditions of providing a service that is intentionally false, misleading, or deceptive. As used in this subdivision, "material information" includes, but is not limited to, a good faith estimate of all applicable fees, taxes, and charges that will be billed to the end-user, regardless of whether the fees, taxes, or charges are authorized by state or federal law.

(b) Charge an end-user for a subscribed service for which the end-user did not make an initial affirmative order. Failure to refuse an offered or proposed subscribed service is not an affirmative order for the service.

(c) If an end-user has canceled a service, charge the end-user for service provided after the effective date the service was canceled.

(d) Cause a probability of confusion or a misunderstanding as to the legal rights, obligations, or remedies of a party to a transaction by making an intentionally false, deceptive, or misleading statement or by failing to inform the customer of a material fact, the omission of which is deceptive or misleading.

(e) Represent or imply that the subject of a transaction will be provided promptly, or at a specified time, or within a reasonable time, if the provider knows or has reason to know it will not be so provided.

(f) Require the purchase of a regulated service of the provider as a condition of purchasing an unregulated service.

(g) If a bona fide dispute exists between a customer and the provider, disconnect the service to the customer for nonpayment of that disputed amount.

(2) When the commission has authority to bring a proceeding for a violation of this section, the commission may accept an assurance of discontinuance of a method, act, or practice that is alleged to be unlawful under this section from

the person who is alleged to have engaged, be engaging, or be about to engage in the method, act, or practice. The assurance of discontinuance is not an admission of guilt and shall not be introduced in any other proceeding. Unless rescinded by the parties or voided by the court for good cause, the parties to the assurance of discontinuance may enforce the assurance in circuit court. The assurance of discontinuance may include a stipulation for any of the following:

- (a) The voluntary payment by the person for the cost of investigation.
- (b) An amount to be held in escrow pending the outcome of an action.
- (c) An amount for restitution to an aggrieved person.

This act is ordered to take immediate effect.

Carol Morey Viventi

Secretary of the Senate

Gay E. Randall

Clerk of the House of Representatives

Approved

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Governor