

GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2009

Legislative Fiscal Note

BILL NUMBER: House Bill 1180 (Fifth Edition)

SHORT TITLE: Consumer Choice and Investment Act of 2009.

SPONSOR(S): Representatives Holliman, Brubaker, Tillis, and Tolson

FISCAL IMPACT				
	Yes ()	No ()	No Estimate Available (X)	
	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>FY 2011-12</u>	<u>FY 2012-13</u> <u>FY 2013-14</u>
REVENUES:	* No	Estimate	Available*	
	* See Assumptions & Methodology*			
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:	NC Utilities Commission			
EFFECTIVE DATE:	Effective when bill becomes law			

BILL SUMMARY:

The proposed committee substitute allows an incumbent local exchange provider (ILEC) open to competition from competing local providers, and to the extent applicable a competing local provider (CLP), to elect to have its rates, terms and conditions of service determined pursuant to a new plan. An ILEC may only choose this new plan if the ILEC commits to provide stand-alone basic service to rural customers at rates comparable to those rates charged to urban customers for the same service.

Rates for basic service: After entering into this plan, the ILEC may not increase the amount charged for basic residential service more than the percentage increase of the GDP each year, unless otherwise authorized by the Utilities Commission. Other than to enforce this rate increase standard, the Commission cannot regulate rates or service standards for basic service.

Authority retained by the Utilities Commission: The Utilities Commission retains authority over the following:

1. Obligations of ILECs under sections 251 and 252 of the Federal Telecommunications Act of 1996.
2. Federal requirements of ILECSs marketing requirements.
3. Telecommunications relay service.
4. Lifeline or Link Up programs.

5. Universal Service Programs.
6. Carrier of last resort obligations.
7. The ability to hear consumer complaints regarding ILECs.
8. Intercarrier compensation rates of ILECs.
9. The authority delegated to the Commission by the FCC to manage numbering resources.

Report: Each ILEC or CLP offering basic local residential exchange service that chooses this new plan must report to the General Assembly annually on its operations. The report must include the following from the enactment of this Act:

1. Analysis of competition including lines lost and lines gained.
2. Analysis of consumer satisfaction studies.
3. Analysis of rates.

Consumer complaints: ILECs and CLPs must inform any customer complainants that the customer may contact the Public Staff of the Utilities Commission, and provide contact information for the Public Staff. The Public Staff must keep a record of all complaints. If the Public Staff cannot dispose of the complaint, the matter may be referred to the Commission. The standard of review by both the Public Staff and the Commission shall be whether the action or inaction of the provider is reasonable and appropriate.

Utility Regulatory Fee: The utility regulatory fee was imposed in 1989. Its purpose is to defray the State's cost in regulating public utilities. The regulatory fee is imposed on all utilities that are subject to regulation by the North Carolina Utilities Commission. The fee is a percentage of the utility's North Carolina jurisdictional revenues. In general, jurisdictional revenue is revenue derived from providing regulated utility service in North Carolina. House bill 1180 amends the definition of jurisdictional revenues to include revenue derived from retail services but no longer subject regulation due to the election of a company to this new plan,

Source: Adopted from the bill analysis done by the Committee Counsel to Senate Finance on June 10, 2009.

ASSUMPTIONS AND METHODOLOGY:

House Bill 1180 would provide an alternative plan of regulation for telephone providers. The fiscal impact of the bill would depend on the number of incumbent local exchange providers that would choose to utilize this new plan as well as the impact of this plan on their operating revenues. Unfortunately, there is not enough data currently to estimate either of these variables. Therefore, there is no estimate available.

SOURCES OF DATA: NC Utilities Commission.

TECHNICAL CONSIDERATIONS: None

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DATE: June 11, 2009



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