

Senate Bill 343

Sponsored by Senator BEYER (at the request of Oregon Cable Telecommunications Association) (Pre-session filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Caps annual distributions made by Public Utility Commission for purpose of subsidizing basic telephone service.

Becomes operative July 1, 2014.

A BILL FOR AN ACT

1
2 Relating to the universal service fund established by the Public Utility Commission; creating new
3 provisions; and amending ORS 759.425.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 759.425 is amended to read:

6 759.425. (1) The Public Utility Commission shall establish and implement a competitively neutral
7 and nondiscriminatory universal service fund. Subject to subsection (6) of this section, the commis-
8 sion shall use the universal service fund to ensure basic telephone service is available at a reason-
9 able and affordable rate. The Public Utility Commission may adopt rules to conform the universal
10 service fund to section 254 of the federal Telecommunications Act of 1996 (Public Law 104-104), and
11 to related rules adopted by the Federal Communications Commission, to the extent that the Public
12 Utility Commission determines is appropriate. The commission may delay implementation for rural
13 telecommunications carriers, as defined in the federal Act, for up to six months after the date the
14 Federal Communications Commission adopts a cost methodology for rural carriers.

15 (2)(a) The Public Utility Commission shall establish the price a telecommunications utility may
16 charge its customers for basic telephone service. The commission in its discretion shall periodically
17 review and evaluate the status of telecommunications services in the state and designate the ser-
18 vices included in basic telephone service. The commission in its discretion shall periodically review
19 and adjust as necessary the price a telecommunications utility may charge for basic telephone ser-
20 vice.

21 (b) The provisions of this subsection do not apply to the basic telephone service provided by a
22 telecommunications utility described in ORS 759.040.

23 (3)(a) **Subject to paragraph (e) of this subsection**, the Public Utility Commission shall estab-
24 lish a benchmark for basic telephone service as necessary for the administration and distribution
25 of **moneys in** the universal service fund.

26 (b) The universal service fund shall provide explicit support to an eligible telecommunications
27 carrier that is equal to the difference between the cost of providing basic telephone service and the
28 benchmark **established under paragraph (a) of this subsection**, less any explicit compensation
29 received by the carrier from federal sources specifically targeted to recovery of local loop costs and
30 less any explicit support received by the carrier from a federal universal service program.

31 [(b)] (c) The commission in its discretion shall periodically review the benchmark and adjust it

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 as necessary to reflect:

2 (A) Changes in competition in the telecommunications industry;

3 (B) Changes in federal universal service support; and

4 (C) Other relevant factors as determined by the commission.

5 [(c)] (d) Except for a telecommunications utility described in ORS 759.040, the commission shall
6 seek to limit the difference between the price a telecommunications utility may charge for basic
7 telephone service and the benchmark.

8 (e) **The amount of moneys distributed annually under this subsection for the purpose**
9 **specified in subsection (1) of this section may not exceed \$8 million.**

10 (4) Except as provided in subsections (7) and (8) of this section, there is imposed on the sale of
11 all retail telecommunications services sold in this state a universal service surcharge. Unless oth-
12 erwise provided by the Public Utility Commission by rule, the surcharge shall be a uniform per-
13 centage of the sale of retail telecommunications services in an amount sufficient to support the
14 purpose of the universal service fund. The surcharge may be shown as a separate line item by all
15 telecommunications carriers using language prescribed by the commission. A telecommunications
16 carrier shall deposit amounts collected into the universal service fund according to a schedule
17 adopted by the commission.

18 (5) The Public Utility Commission is authorized to establish a universal service fund, separate
19 and distinct from the General Fund. The fund shall consist of all universal service surcharge moneys
20 collected by telecommunications carriers and paid into the fund. The fund shall be used only for the
21 purpose described in this section, and for payment of expenses incurred by the commission or a third
22 party appointed by the commission to administer this section. All moneys in the fund are contin-
23 uously appropriated to the commission to carry out the provisions of this section. Interest on mon-
24 eys deposited in the fund shall accrue to the fund.

25 (6) In addition to the purpose specified in subsection (1) of this section, moneys in the universal
26 service fund may be used by the Public Utility Commission to survey or map the state to determine
27 where adequate broadband services are available. The amount of moneys in the universal service
28 fund used for this purpose may not exceed the amount the state is required to expend to receive the
29 maximum amount of funds available from federal sources for broadband services. If in-kind services
30 are allowed for a state's share of a mapping project, the state shall use in-kind services before ex-
31 pending universal service funds. The commission may use an independent contractor to perform
32 mapping services.

33 (7) For purposes of this section, "retail telecommunications service" does not include radio
34 communications service, radio paging service, commercial mobile radio service, personal communi-
35 cations service or cellular communications service.

36 (8)(a) Notwithstanding subsection (7) of this section, a person who primarily provides radio
37 communications service, radio paging service, commercial mobile radio service, personal communi-
38 cations service or cellular communications service may request designation as an eligible telecom-
39 munications carrier by the Public Utility Commission for purposes of participation in the universal
40 service fund.

41 (b) In the event a person who primarily provides radio communications service, radio paging
42 service, commercial mobile radio service, personal communications service or cellular communi-
43 cations service seeks designation as an eligible telecommunications carrier for purposes of partic-
44 ipation in the universal service fund, the person shall provide written notice to the Public Utility
45 Commission requesting designation as an eligible telecommunications carrier within 60 days of the

1 date the commission establishes the fund. Upon receiving notice, the commission may designate the
2 person as an eligible telecommunications carrier for purposes of participation in the fund.

3 (c) A person who primarily provides radio communications service, radio paging service, com-
4 mercial mobile radio service, personal communications service or cellular communications service
5 who fails to request designation as an eligible telecommunications carrier within 60 days of the date
6 the universal service fund is established by the Public Utility Commission may not be designated
7 as an eligible telecommunications carrier unless the person has contributed to the fund for at least
8 one year immediately prior to requesting designation.

9 (9) A pay telephone provider may apply to the Public Utility Commission, on a form developed
10 by the commission, for a refund of the universal service surcharge imposed on the provider under
11 subsection (4) of this section for the provision of pay telephone service.

12 **SECTION 2. The amendments to ORS 759.425 by section 1 of this 2013 Act become oper-**
13 **ative on July 1, 2014.**

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