

Senate Bill 14

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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**.

Allows moneys generated by universal service surcharge to be used to ensure that broadband services are available at reasonable and affordable rate.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to broadband services; creating new provisions; amending ORS 759.425; and declaring an
3 emergency.

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 uni-**
8 **versal service fund shall be used by the commission** to ensure basic telephone service is avail-
9 able at a reasonable and affordable rate. The universal service fund shall conform to section 254 of
10 the federal Telecommunications Act of 1996 (Public Law 104-104). The commission may delay im-
11 plementation for rural telecommunications carriers, as defined in the federal Act, for up to six
12 months after the date the Federal Communications Commission adopts a cost methodology for rural
13 carriers.

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

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

22 (3)(a) The Public Utility Commission shall establish a benchmark for basic telephone service as
23 necessary for the administration and distribution of the universal service fund. The universal service
24 fund shall provide explicit support to an eligible telecommunications carrier that is equal to the
25 difference between the cost of providing basic telephone service and the benchmark, less any ex-
26 plicit compensation received by the carrier from federal sources specifically targeted to recovery
27 of local loop costs and less any explicit support received by the carrier from a federal universal
28 service program.

29 (b) The commission in its discretion shall periodically review the benchmark and adjust it as

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 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) Except for a telecommunications utility described in ORS 759.040, the commission shall seek
6 to limit the difference between the price a telecommunications utility may charge for basic tele-
7 phone service and the benchmark.

8 (4) Except as provided in subsections [(6) and] (7) **and** (8) of this section, there is imposed on
9 the sale of all retail telecommunications services sold in this state a universal service surcharge.
10 The surcharge shall be established by the commission as a uniform percentage of the sale of retail
11 telecommunications services in an amount sufficient to support the purpose of the universal service
12 fund. The surcharge may be shown as a separate line item by all telecommunications carriers using
13 language prescribed by the commission. A telecommunications carrier shall deposit amounts col-
14 lected into the universal service fund according to a schedule adopted by the commission.

15 (5) The [*commission is authorized to establish a*] universal service fund[,] **is** separate and distinct
16 from the General Fund. The fund [*shall consist*] **consists** of all universal service surcharge moneys
17 collected by telecommunications carriers and paid into the fund. The fund [*shall*] **may** be used only
18 for the [*purpose*] **purposes** described in this section, and for payment of expenses incurred by the
19 commission or a third party appointed by the commission to administer this section. All moneys in
20 the fund are continuously appropriated to the commission to carry out the provisions of this section.
21 Interest on moneys deposited in the fund shall accrue to the fund.

22 **(6) In addition to the purpose specified in subsection (1) of this section, moneys in the**
23 **universal service fund may be used by the commission to ensure that broadband services are**
24 **available at a reasonable and affordable rate.**

25 [(6)] (7) For purposes of this section, “retail telecommunications service” does not include radio
26 communications service, radio paging service, commercial mobile radio service, personal communi-
27 cations service or cellular communications service.

28 [(7)(a)] (8)(a) Notwithstanding subsection [(6)] (7) of this section, a person who primarily pro-
29 vides radio communications service, radio paging service, commercial mobile radio service, personal
30 communications service, **broadband services** or cellular communications service may request des-
31 ignation as an eligible telecommunications carrier by the Public Utility Commission for purposes of
32 participation in the universal service fund.

33 (b) In the event a person who primarily provides radio communications service, radio paging
34 service, commercial mobile radio service, personal communications service, **broadband services** or
35 cellular communications service seeks designation as an eligible telecommunications carrier for
36 purposes of participation in the universal service fund, the person shall provide written notice to
37 the Public Utility Commission requesting designation as an eligible telecommunications carrier
38 within 60 days of the date the commission establishes the fund. Upon receiving notice, the commis-
39 sion may designate the person as an eligible telecommunications carrier for purposes of partic-
40 ipation in the fund.

41 (c) A person who primarily provides radio communications service, radio paging service, com-
42 mercial mobile radio service, personal communications service, **broadband services** or cellular
43 communications service who fails to request designation as an eligible telecommunications carrier
44 within 60 days of the date the universal service fund is established by the Public Utility Commission
45 may not be designated as an eligible telecommunications carrier unless the person has contributed

1 to the fund for at least one year immediately prior to requesting designation.

2 [(8)] (9) A pay telephone provider may apply to the Public Utility Commission, on a form de-
3 veloped by the commission, for a refund of the universal service surcharge imposed on the provider
4 under subsection (4) of this section for the provision of pay telephone service.

5 **SECTION 2. The amendments to ORS 759.425 by section 1 of this 2005 Act apply to all**
6 **moneys in the universal service fund, whether deposited before, on or after the effective date**
7 **of this 2005 Act.**

8 **SECTION 3. This 2005 Act being necessary for the immediate preservation of the public**
9 **peace, health and safety, an emergency is declared to exist, and this 2005 Act takes effect**
10 **on its passage.**

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