

**Second Regular Session
Sixty-seventh General Assembly
STATE OF COLORADO**

PREAMENDED

*This Unofficial Version Includes Committee
Amendments Not Yet Adopted on Second Reading*

LLS NO. 10-0872.01 Duane Gall

HOUSE BILL 10-1281

HOUSE SPONSORSHIP

Casso,

SENATE SPONSORSHIP

Spence,

House Committees

Transportation & Energy
Appropriations

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING THE DEREGULATION OF TELECOMMUNICATIONS SERVICE**
102 **IN AREAS WHERE SUFFICIENT MARKET COMPETITION EXISTS,**
103 **AND MAKING AN APPROPRIATION THEREFOR.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)

Under existing law, the Colorado public utilities commission (PUC) may relax the regulation of basic telecommunications services upon a finding that, due to increased competition, market forces will keep prices reasonable and service available to customers. The bill specifies

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

that the availability of services through wireless, cable, and voice-over-internet-protocol (VoIP) providers constitutes competition to basic telecommunications services and applicable market forces. Also, if an incumbent local exchange provider has lost 33% of its retail switched access lines since December 31, 2001, the bill requires the PUC to determine that market forces are sufficient to justify more flexible regulation of the provision of basic service in the incumbent local exchange provider's local service area.

The bill also requires that, if basic service is reclassified to allow more flexible regulation, any remaining regulatory requirements will be competitively neutral.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** 40-15-102, Colorado Revised Statutes, is amended
3 BY THE ADDITION OF A NEW SUBSECTION to read:

4 **40-15-102. Definitions.** As used in this article, unless the context
5 otherwise requires:

6 (10.5) "INTERCONNECTED VOICE-OVER-INTERNET-PROTOCOL
7 (VOIP) SERVICE" MEANS A SERVICE THAT:

8 (a) ENABLES REAL-TIME, TWO-WAY VOICE COMMUNICATIONS;

9 (b) REQUIRES A BROADBAND CONNECTION FROM THE USER'S
10 LOCATION;

11 (c) REQUIRES INTERNET PROTOCOL-COMPATIBLE CUSTOMER
12 PREMISES EQUIPMENT (CPE); AND

13 (d) PERMITS USERS GENERALLY TO RECEIVE CALLS THAT
14 ORIGINATE ON THE PUBLIC SWITCHED TELEPHONE NETWORK AND TO
15 TERMINATE CALLS TO THE PUBLIC SWITCHED TELEPHONE NETWORK.

16 **SECTION 2.** 40-15-201 (2) (a), (2) (f), and (2) (g), Colorado
17 Revised Statutes, are amended to read:

18 **40-15-201. Regulation by commission.** (2) The following
19 products, services, and providers are declared to be subject to regulation

1 pursuant to this part 2 and subject to potential reclassification under
2 section 40-15-207:

3 (a) Basic local exchange service OFFERED BY A PROVIDER WITH
4 FEWER THAN ONE HUNDRED THOUSAND ACCESS LINES;

5 (f) ~~New products and services included in the definition of basic~~
6 ~~local exchange service;~~

7 (g) ~~Dual tone multifrequency signaling;~~

8 **SECTION 3.** 40-15-301 (2), Colorado Revised Statutes, is
9 amended BY THE ADDITION OF THE FOLLOWING NEW
10 PARAGRAPHS to read:

11 **40-15-301. Regulation by the commission.** (2) The following
12 telecommunications products, services, and providers are declared to be
13 initially subject to regulation pursuant to this part 3 and subject to
14 potential deregulation under section 40-15-305:

15 (h) BASIC LOCAL EXCHANGE SERVICE OFFERED BY A PROVIDER
16 WITH ONE HUNDRED THOUSAND OR MORE ACCESS LINES; AND

17 (i) NEW PRODUCTS AND SERVICES INCLUDED IN THE DEFINITION OF
18 BASIC LOCAL EXCHANGE SERVICE.

19 **SECTION 4.** 40-15-401 (1), Colorado Revised Statutes, is
20 amended BY THE ADDITION OF A NEW PARAGRAPH to read:

21 **40-15-401. Services, products, and providers exempt from**
22 **regulation.** (1) The following products, services, and providers are
23 exempt from regulation under this article or under the "Public Utilities
24 Law" of the state of Colorado:

25 (q) INTERCONNECTED VOICE-OVER-INTERNET-PROTOCOL (VOIP)
26 SERVICE.

27 **SECTION 5.** 40-15-502 (2), Colorado Revised Statutes, is

1 amended to read:

2 **40-15-502. Expressions of state policy. (2) Basic service.**

3 (a) Basic service is the availability of high quality, minimum elements of
4 telecommunications services, as defined by the commission, at just,
5 reasonable, and affordable rates to all people of the state of Colorado.

6 The commission shall conduct a proceeding when appropriate, but no
7 later than July 1, 1999, and no less frequently than every three years to
8 consider the revision of the definition of basic service, with the goal that
9 every citizen of this state shall have access to a wider range of services at
10 rates that are reasonably comparable as between urban and rural areas.

11 (b) NOTWITHSTANDING ANY OTHER PROVISION OF THIS ARTICLE,
12 THE COMMISSION MAY REQUIRE A PROVIDER TO CHARGE UNIFORM RATES
13 FOR BASIC LOCAL EXCHANGE SERVICES THROUGHOUT A PROVIDER'S
14 SERVICE TERRITORY.

15 (c) NO PROVIDER WITH MORE THAN ONE HUNDRED THOUSAND
16 ACCESS LINES SHALL BE ELIGIBLE TO RECEIVE SUPPORT FROM THE HIGH
17 COST SUPPORT MECHANISM CREATED IN SECTION 40-15-208.

18 **SECTION 6.** 40-15-208 (3), Colorado Revised Statutes, is
19 amended BY THE ADDITION OF THE FOLLOWING NEW
20 PARAGRAPHS to read:

21 **40-15-208. High cost support mechanism - Colorado high cost**
22 **administration fund - creation - purpose - operation - rules - repeal.**

23 (3) (d) (I) NOTWITHSTANDING ANY PROVISION OF LAW TO THE CONTRARY,
24 NO LATER THAN MAY 15, 2010, THE COMMISSION SHALL TRANSMIT, OR
25 CAUSE TO BE TRANSMITTED, ALL MONEYS FROM THE HIGH COST SUPPORT
26 MECHANISM, NOT TO EXCEED FIFTY MILLION DOLLARS, INTO THE FUND.

27 (II) THIS PARAGRAPH (d) IS REPEALED, EFFECTIVE JULY 1, 2011.

1 (e) (I) NOTWITHSTANDING ANY PROVISION OF PARAGRAPH (a) OF
2 THIS SUBSECTION (3) TO THE CONTRARY, ON JULY 1, 2010, THE STATE
3 TREASURER SHALL DEDUCT FROM THE FUND FIFTY MILLION DOLLARS AND
4 TRANSFER SUCH AMOUNT TO THE GENERAL FUND.

5 (II) THIS PARAGRAPH (e) IS REPEALED, EFFECTIVE JULY 1, 2011.

6 **SECTION 7. Appropriation.** (1) In addition to any other
7 appropriation, there is hereby appropriated, out of any moneys in the
8 public utilities commission fixed utility fund created in section 40-2-114,
9 Colorado Revised Statutes, not otherwise appropriated, to the department
10 of regulatory agencies, for allocation to the public utilities commission,
11 for the fiscal year beginning July 1, 2010, the sum of two hundred thirteen
12 thousand five hundred six dollars (\$213,506) cash funds and 1.8 FTE, or
13 so much thereof as may be necessary, for the implementation of this act.

14 (2) In addition to any other appropriation, there is hereby
15 appropriated to the department of law, for the fiscal year beginning July
16 1, 2010, the sum of fifty-one thousand two hundred fifty-eight dollars
17 (\$51,258) and 0.4 FTE, or so much thereof as may be necessary, for the
18 provision of legal services to the department of regulation agencies
19 related to the implementation of this act. Said sum shall be from
20 reappropriated funds received from the department of regulatory agencies
21 out of the appropriation made in subsection (1) of this section.

22 **SECTION 8. Act subject to petition - effective date.** This act
23 shall take effect at 12:01 a.m. on the day following the expiration of the
24 ninety-day period after final adjournment of the general assembly (August
25 11, 2010, if adjournment sine die is on May 12, 2010); except that, if a
26 referendum petition is filed pursuant to section 1 (3) of article V of the
27 state constitution against this act or an item, section, or part of this act

1 within such period, then the act, item, section, or part shall not take effect
2 unless approved by the people at the general election to be held in
3 November 2010 and shall take effect on the date of the official
4 declaration of the vote thereon by the governor.