

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3961-03  
Bill No.: SB 1069  
Subject: Public Service Commission; Business and Commerce; Telecommunications  
Type: Original  
Date: February 2, 2004

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 4 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### **FISCAL ANALYSIS**

#### **ASSUMPTION**

Officials of the **Department of Economic Development - Public Service Commission (PSC)** state that under the proposed legislation the PSC's authority is reduced to rubber-stamping tariff filings of large incumbent local exchange carriers that would become competitive filings because of the legislation, while competitive carriers serving in the same exchanges would continue to be subject to PCS review under all Sections of 392.200, RSMo. For many tariff filings, the PSC's review time is reduced from thirty days to twenty days. This change could impact PSC resources depending on the level of review necessary for the various types of filings. The services that would be subject to customer-specific pricing would no longer be subject to PSC review.

PSC anticipates no costs due to this proposal.

Officials of the **Department of Economic Development - Office of the Public Counsel (OPC)** state although this bill has some impact on OPC, OPC should be able to absorb the changes; however, if the requirements of this bill are combined with additional requirements or changes OPC may incur a fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

#### FISCAL IMPACT - Small Business

The proposed legislation outlines several new standards for when services of a large incumbent local exchange telecommunications would be considered competitive. In markets where there is true competition, small businesses could benefit from competitive pricing pressures. In markets where competitive status is obtained through the presence of wireless carriers or prepaid service providers, small business may not benefit from the competitive status. The proposed legislation also provides for customer-specific pricing for business services in those exchanges where the PSC has found effective competition exists under current statutory requirements. Also, the ability to negotiate rates may have an impact on small businesses.

#### DESCRIPTION

This proposal allows telecommunications companies to file with the Public Service Commission a rate change provided they notify the PSC within twenty days, state the changes proposed, the time such change will go into effect, and by filing new schedules that are to be kept open to public inspection. The PSC may allow a change in rates without requiring the twenty days notice, under good cause and conditions as it may prescribe.

This proposal adds the definition of "central office based broadband service" to Section 386.020, RSMo. This proposal provides the opportunity for regulated, incumbent local exchange telecommunications companies to make up to six annual adjustments to access and local rates.


DESCRIPTION (continued)

This proposal creates a new Section 392.405, that provides for competitive classification of all services in an exchange when the large incumbent company has made a broadband commitment and demonstrates that three or more competitors are providing service within the exchange.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Economic Development  
Public Service Commission  
Office of the Public Counsel

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Director  
February 2, 2004