



STATE OF DELAWARE
PUBLIC SERVICE COMMISSION

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MEMORANDUM

TO: The Chair and Members of the Commission

FROM: Connie S. McDowell, Senior Regulatory Policy Administrator *CSM*

SUBJECT: IN THE MATTER OF THE SALE, RESALE, AND OTHER PROVISIONS OF INTRASTATE TELECOMMUNICATIONS SERVICES (OPENED MAY 1, 1984; REOPENED NOVEMBER 17, 1998; REOPENED JULY 24, 2001; REOPENED AUGUST 9, 2005; REOPENED MAY 13, 2014) PSC REGULATION DOCKET NO. 10

IN THE MATTER OF THE DEVELOPMENT OF REGULATIONS FOR THE FACILITATION OF COMPETITIVE ENTRY INTO THE TELECOMMUNICATIONS LOCAL EXCHANGE SERVICE MARKET (OPENED NOVEMBER 21, 1995; REOPENED NOVEMBER 17, 1998; REOPENED JULY 24, 2001, REOPENED AUGUST 9, 2005; REOPENED May 13, 2014) PSC REGULATION DOCKET NO. 45

BACKGROUND:

Several years ago, this Commission adopted its "Rules For The Provision of Telecommunications Services," which included not only criteria related to the initial certification of telecommunication companies to provide intrastate services but also explained how the Commission would supervise these telecommunication companies' offerings and prices.

Staff is now proposing to update these Rules in light of the passage of Delaware House Bill No. 96 which took effect on July 15,

2013. The legislative revisions to Title 26 of the Delaware Code reduces the oversight of competitive services while oversight is retained for basic services.

SUMMARY OF THE REVISIONS:

The following describes the revisions proposed:

1. The Definitions in Part A, Section 1.0 are being updated to coincide with the terminology used in the new legislation. This legislation changed the types of services provided by telecommunications service providers as defined in 26 Del C. §705. Basic Service as defined in the 26 Del. C. §705(a)(1) is provided by one Carrier, Verizon Delaware Inc., which is defined in these proposed Rules as an Exclusive Telecommunications Service Provider. All other carriers are defined as Competitive Telecommunications Service Providers even if they provide Basic Service as defined in 26 Del. C. §705(a)(2).

2. Section 3.0, Application of and Conflict With Other Rules, Regulations, Tariffs and/or Price Lists, has been revised in accordance with the definitions in Section 1.0. The ILEC has been replaced with Exclusive Telecommunications Service Provider. Another change is that any carrier electing to be regulated according to Rule 3.1, is exempt from obtaining Commission approval for mergers as set forth in 26 Del. C. §215(a)(1) or transfers of control as set forth in 26 Del. C. §215(b) if the transactions are between parent and subsidiary corporations or between entities of which 50% of the

beneficial ownership is held by the same persons or entities prior to such merger or transfer of control, otherwise an application for Commission approval is required. All other Telecommunications Service Providers are required to make filings in accordance with 26 Del. C. §215. Also, another change is tariffs or price lists are only required for Basic Services.

3.0 Certification in Section 4.0 is being modified to reflect the limited authority of the Commission in regulating these entities. In Section 4.2, the format of the application may be amended from time to time. Presently, applications are filed as an original and ten paper copies. The PSC will soon be accepting applications by e-filing and the Administrative Code is being modified with this change. Section 4.3, Notice, is being modified to only require the public notice to be published in 1 newspaper instead of 2. Section 4.5 is being eliminated. The collection of intrastate and interstate revenues was used by the PSC in determining the amount of Delaware revenue assessment and the Telecommunications Service Providers have a method of tracking intrastate and interstate traffic for billing access charges and that information is not needed by the PSC. Section 4.6, Bonding Requirement, is being eliminated. Originally, this rule was intended to protect customers against fly-by-night telecommunications service providers especially those that collected deposits. The PSC has never had to file a claim against any bond holder. Section 4.7, Minimum Financial Requirements for LECs (Local Exchange Carriers), is being eliminated. The PSC Staff believes that there is sufficient competition in the state and that if a

Telecommunications Services Provider is providing these services to a customer and the company abandons its services there are many other Telecommunications Services Providers for that customer to choose. Therefore, the customer is not harmed. Section 4.8, Initial Tariffs or Price Lists. The new legislation eliminated the requirement of filing tariffs or price lists for Competitive Services. Tariffs or price lists are required to be filed for Basic Services. In Section 4.9, Demonstration of Fitness, Sections 4.9.1.4 and 4.9.1.5 have been eliminated. Since the PSC has little to no authority to regulate these entities, this information is unnecessary.

4. In Section 5.0, New Options or Offerings; Changes to Existing Rates, Prices or Terms and Conditions. H.B. 96 changed the filing requirements for tariffs or price lists. The only tariffs or price lists that are now required to be filed are the ones for Basic Services.

5. In Section 7.0, Abandonment or Discontinuation of Service, Basic Services other than Switched Access may be abandoned pursuant to 26 Del. C. §203A. All other services may be abandoned at any time. However, Telecommunications Service Providers should provide letter notification of abandonment or discontinuation of service to the Commission.

6. In Section 8, Services to be Provided by CLECs Providing Voice Telephone Service, is now titled as Services to be Provided by Telecommunications Service Providers Providing Local Telecommunications Exchange Service. These rules were updated to

reflect changes due to technology and Federal Communications Commission regulation changes such as deregulation of white page listings.

7. Sections 9.0 Resale Prohibitions and 10.0 Reports to the Commission have been eliminated. Resale Prohibitions are covered by Section 6.0, Discrimination Prohibited. Section 10.0 is being eliminated because of the limited authority of the Commission over Telecommunications Service Providers and the Commission does not have a need for the information.

STAFF RECOMMENDATION:

Staff recommends that the Commission sign PSC Order No. 8517, which reopens these two regulation dockets and permits comments from interested parties so that these regulations can be modified in accordance with House Bill No. 96.