
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1417 Session of
2015

INTRODUCED BY MAJOR, HANNA, HARHART, CONKLIN, MURT, MILLARD,
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KAVULICH, FLYNN, MULLERY, P. DALEY, ORTITAY, MARSHALL,
PETRARCA, NESBIT, ELLIS AND MILNE, JUNE 26, 2015

REFERRED TO COMMITTEE ON CONSUMER AFFAIRS, JUNE 26, 2015

AN ACT

1 Providing for rural telephone access and availability and for
2 functions of the Pennsylvania Public Utility Commission; and
3 making a gross receipts tax determination.

4 The General Assembly of the Commonwealth of Pennsylvania
5 hereby enacts as follows:

6 Section 1. Short title.

7 This act shall be known and may be cited as the Rural
8 Telephone Access and Availability Act.

9 Section 2. Declaration of policy.

10 The General Assembly finds and declares it is the policy of
11 the Commonwealth to maintain the provision of landline telephone
12 service to residents of this Commonwealth by supporting Federal
13 and State universal service objectives which provide that
14 telecommunications services should be available to all consumers
15 at reasonable rates.

1 Section 3. Definitions.

2 The following words and phrases when used in this act shall
3 have the meanings given to them in this section unless the
4 context clearly indicates otherwise:

5 "Basic calling service." Service which provides a
6 residential customer with a stand-alone single line or a
7 business customer with fewer than four stand-alone lines having
8 the ability to transmit and receive voice communications,
9 including access to E-911 service. The term excludes wireless
10 service.

11 "Commission." The Pennsylvania Public Utility Commission.

12 "Fund." The Universal Service Fund under 52 Pa. Code
13 63.163(c) (relating to universal service fund administration)
14 and 47 CFR Pt. 54 (relating to universal service).

15 "Local exchange telecommunications company." As defined in
16 66 Pa.C.S. § 3012 (relating to definitions).

17 "Rural telecommunications carrier." As defined in 66 Pa.C.S.
18 § 3012.

19 Section 4. Investigation.

20 (a) Requirement.--The commission shall initiate an
21 investigation of the fund and 52 Pa. Code Ch. 63 Subch. L
22 (relating to universal service).

23 (b) Procedure.--The investigation shall be undertaken as an
24 on-the-record proceeding.

25 (c) Order and rulemaking.--

26 (1) By January 1, 2021, the commission shall enter a
27 final order containing the findings of the investigation. The
28 following apply:

29 (i) The order shall contain a determination of
30 whether continuation of the fund is necessary to maintain

1 reasonable rates by rural telecommunications carriers or
2 to support the provisioning of basic calling service in
3 exchanges served by rural telecommunications carriers. In
4 making the determination required by this subparagraph,
5 the commission shall consider the following:

6 (A) The impact on the customers of a rural
7 telecommunications carrier regardless of carrier size
8 or affiliates.

9 (B) Any viable alternative revenue source
10 derived from services regulated by the commission or
11 funding which may be available to rural
12 telecommunications carriers to support the provision
13 of basic calling service if the commission reduces
14 the funding level of the fund.

15 (ii) If the commission determines that the fund is
16 necessary to maintain reasonable rates by rural
17 telecommunications carriers or to support the
18 provisioning of basic calling service in exchanges served
19 by rural telecommunications carriers, its final order
20 shall contain examination of and determinations regarding
21 each of the following:

22 (A) The appropriate base of fund contributors
23 and recipients.

24 (B) The appropriate total funding level of the
25 fund.

26 (C) Expansion of the fund to include support for
27 the networks of local exchange telecommunications
28 companies for the provision of broadband at levels
29 established by the Federal Communications Commission.

30 (D) Expansion of the fund to establish a State

1 program to reduce the cost of basic calling service
2 to low-income customers.

3 (2) Within 30 days of entry of the order under paragraph
4 (1), the commission shall initiate a rulemaking proceeding to
5 implement findings supporting changes to the fund.

6 (3) The order and the rulemaking shall consider all
7 relevant requirements of the Federal Communications
8 Commission.

9 Section 5. Fund.

10 (a) Continuing administration.--Except as set forth in
11 subsection (b), the commission shall continue to administer the
12 fund until January 1, 2022, on the same terms and conditions as
13 set forth in 52 Pa. Code Ch. 63 Subch. L (relating to universal
14 service) and orders in effect on the effective date of this
15 section.

16 (b) Exceptions.--The following shall apply to administration
17 under subsection (a):

18 (1) Distribution of money from the fund shall be limited
19 to a rural telecommunications carrier that:

20 (i) received money from the fund before January 2,
21 2015; and

22 (ii) offers a basic calling service in its
23 certificated service territory pursuant to a tariff.

24 (2) Prior to January 1, 2022, amounts received by a
25 rural telecommunications carrier from the fund may not be
26 reduced below the annual amount received in 2014.

27 (3) A rural telecommunications carrier that receives
28 money from the fund after December 31, 2014, and before
29 January 1, 2022:

30 (i) is obligated to provide basic calling service

1 under 66 Pa.C.S. § 1501 (relating to character of service
2 and facilities) throughout its certificated service
3 territory; and

4 (ii) is prohibited from declaring as competitive a
5 particular geographic area, exchange, or group of
6 exchanges under 66 Pa.C.S. § 3016(a) (relating to
7 competitive services) pending a final order entered by
8 the commission in the investigation under section 4.

9 (4) Except as set forth in paragraphs (1) and (2), the
10 commission shall not implement any other revision or change
11 to the fund or to 52 Pa. Code Ch. 63 Subch. L until January
12 1, 2022.

13 (5) All of the following shall be considered public
14 records under the act of February 14, 2008 (P.L.6, No.3),
15 known as the Right-to-Know Law, and shall be made available
16 on the commission's publicly accessible Internet website:

17 (i) Names of contributors and their contributions to
18 the fund.

19 (ii) Names of recipients of money from the fund and
20 the amount of money they receive.

21 Section 6. Gross receipts tax.

22 (a) Scope.--This section applies to money received:

23 (1) through Federal funding under 47 CFR Pt. 54 Subpt. D
24 (relating to universal service support for high cost areas);

25 or

26 (2) from the fund.

27 (b) Status.--Money referred to in subsection (a):

28 (1) does not constitute receipts from the transmission
29 of telegraph or telephone messages; and

30 (2) is not subject to the tax imposed under section 1101

1 of the act of March 4, 1971 (P.L.6, No.2), known as the Tax
2 Reform Code of 1971.

3 Section 7. Expiration.

4 This act shall expire on the later of:

5 (1) the effective date of regulations promulgated under
6 section 4(c)(2); or

7 (2) January 1, 2022.

8 Section 8. Effective date.

9 This act shall take effect in 60 days.