

1 reasonable unbundling of essential facilities where technically and economically feasible; (iv)
 2 to provide for the transfer of telephone numbers between providers in a manner that is
 3 technically and economically reasonable; (v) to provide for the continued development and
 4 encouragement of universally available telephone service at reasonably affordable rates; and
 5 (vi) to carry out the provisions of this subsection in a manner consistent with the public interest,
 6 which will include a consideration of whether and to what extent resale should be permitted. In
 7 adopting rules to establish an appropriate definition of universal service, the Commission shall
 8 consider evolving trends in telecommunications services and the need for consumers to have
 9 access to high-speed communications networks, the Internet, and other services to the extent
 10 that those services provide social benefits to the public at a reasonable cost.

11 Local exchange companies and competing local providers shall negotiate the rates for local
 12 interconnection. In the event that the parties are unable to agree within 90 days of a bona fide
 13 request for interconnection on appropriate rates for interconnection, either party may petition
 14 the Commission for determination of the appropriate rates for interconnection. The
 15 Commission shall determine the appropriate rates for interconnection within 180 days from the
 16 filing of the petition.

17 Except as provided in subsections (f4) and (f5) of this section, each local exchange
 18 company shall be the universal service provider (carrier of last resort) in the area in which it is
 19 certificated to operate on July 1, 1995. Each local exchange company or telecommunications
 20 service provider with carrier of last resort responsibility may satisfy its carrier of last resort
 21 obligation by using any available technology. In continuing this State's commitment to
 22 universal service, the Commission shall, by December 31, 1996, adopt interim rules that
 23 designate the person that should be the universal service provider and to determine whether
 24 universal service should be funded through interconnection rates or through some other funding
 25 mechanism. At a time determined by the Commission to be in the public interest, the
 26 Commission shall conduct an investigation for the purpose of adopting final rules concerning
 27 the provision of universal services, and whether universal service should be funded through
 28 interconnection rates or through some other funding mechanism, and, consistent with the
 29 provisions of subsections (f4) and (f5) of this section, the person that should be the universal
 30 service provider. A local exchange company that has elected to be subject to alternative
 31 regulation under G.S. 62-133.5(l) does not have any carrier of last resort obligations.

32 The Commission shall make the determination required pursuant to this subsection in a
 33 manner that furthers this State's policy favoring universally available telephone service at
 34 reasonable rates."

35 **SECTION 2.** G.S. 62-302(b)(4)b. reads as rewritten:

36 "(b) Public Utility Rate. –

37 ...

38 (4) As used in this section, the term "North Carolina jurisdictional revenues"
 39 means:

40 ...

41 b. All revenues derived from retail services no longer otherwise
 42 regulated by the operation of G.S. 62-133.5(h) or G.S. 62-133.5(l) for
 43 a local exchange company or competing local provider that has
 44 elected to be regulated under ~~that subsection~~ those subsections."

45 **SECTION 3.** G.S. 62-133.5 reads as rewritten:

46 "**§ 62-133.5. Alternative regulation, tariffing, and deregulation of telecommunications**
 47 **utilities.**

48 ...

49 (g) The following sections of Chapter 62 of the General Statutes shall not apply to local
 50 exchange companies subject to price regulation under the terms of subsection (a) of this section
 51 or electing companies subject to alternative regulation under the terms of ~~subsection~~

1 ~~(h)~~subsection (h) or (l) of this section: G.S. 62-35(c), 62-45, 62-51, 62-81, 62-111, 62-130,
2 62-131, 62-132, 62-133, 62-134, 62-135, 62-136, 62-137, 62-139, 62-142, and 62-153.

3 ...

4 (i) A competing local provider authorized by the Commission to do business under the
5 provisions of G.S. 62-110(f1) may also elect to have its rates, terms, and conditions for its
6 services determined pursuant to the ~~plan-plans~~ described in ~~subsection (h)~~subsection (h) or (l)
7 of this section. However, it is provided further that any provisions of subsection (h) of this
8 section requiring the provision of a specific retail service or impacting the pricing of such
9 service, including stand-alone residence service, shall not apply to competing local providers.

10 ...

11 (k) To evaluate the affordability and quality of local exchange service provided to
12 consumers in this State, a local exchange company or competing local provider offering basic
13 local residential exchange service that elects to have its rates, terms, and conditions for its
14 services determined pursuant to the ~~plan-plans~~ described in ~~subsection (h)~~subsection (h) or (l)
15 of this section shall make an annual report to the General Assembly on the state of its
16 company's operations. The report shall be due 30 days after the close of each calendar year and
17 shall cover the period from January 1 through December 31 of the preceding year. The Joint
18 Legislative Utility Review Committee must review the annual reports and decide whether to
19 recommend that the General Assembly take corrective action in response to those reports. The
20 report shall include the following:

- 21 (1) An analysis of telecommunications competition by the local exchange
22 company or competing local provider, including access line gain or loss and
23 the impact on consumer choices from ~~enactment of the Consumer Choice
24 and Investment Act of 2009~~, the date the local exchange company makes its
25 election to be subject to alternative regulation under the terms of subsection
26 (h) or (l) of this section.
- 27 (2) An analysis of service quality based on customer satisfaction studies from
28 ~~enactment of the Consumer Choice and Investment Act of 2009~~, the date the
29 local exchange company makes its election to be subject to alternative
30 regulation under the terms of subsection (h) or (l) of this section.
- 31 (3) An analysis of the level of local exchange rates from ~~enactment of the
32 Consumer Choice and Investment Act of 2009~~, the date the local exchange
33 company makes its election to be subject to alternative regulation under the
34 terms of subsection (h) or (l) of this section.

35 (k1) For a local exchange company that has made an election to be subject to alternative
36 regulation under subsection (l) of this section, the requirement to report annually to the General
37 Assembly under subsection (k) of this section shall no longer apply on and after the third
38 anniversary following the date of the local exchange company's election.

39 (l) Notwithstanding any other provision of this Chapter, a local exchange company that
40 is subject to rate of return regulation or subject to another form of regulation authorized under
41 this section and who forgoes receipt of any funding from a State funding mechanism, other than
42 interconnection rates, that may be established to support universal service as described in
43 G.S. 62-110(f1) and whose territory is open to competition from competing local providers
44 may elect to have its rates, terms, and conditions for its services determined pursuant to the
45 plan described in this subsection by filing notice of its intent to do so with the Commission.
46 The election is effective immediately upon filing. The terms "local exchange company" and
47 "open to competition from competing local providers" shall have the same meanings as in
48 subsection (h) of this section.

- 49 (1) Beginning on the date the local exchange company's election under this
50 subsection becomes effective, the Commission shall not:

- 1 a. Impose any requirements related to the terms, conditions, rates, or
2 availability of any of the local exchange company's retail services,
3 regardless of the technology used to provide these services.
4 b. Otherwise regulate any of the local exchange company's retail
5 services, regardless of the technology used to provide these services.
6 c. Impose any tariffing requirements on any of the local exchange
7 company's services that were not tariffed as of the date of the
8 election, or impose any constraints on the rates of the local exchange
9 company's services that were subject to full pricing flexibility as of
10 the date of election.
- 11 (2) A local exchange company's election under this subsection does not affect
12 the obligations or rights of an incumbent local exchange carrier, as that term
13 is defined by section 251(h) of the Federal Telecommunications Act of 1996
14 (Act), under sections 251 and 252 of the Act or any Federal
15 Communications Commission regulation relating to sections 251 and 252 of
16 the Act.
- 17 (3) A local exchange company's election under this subsection does not affect
18 the Commission's jurisdiction concerning:
- 19 a. Enforcement of federal requirements on the local exchange
20 company's marketing activities as set forth in 47 U.S.C. Part 64.
21 However, the Commission may not adopt, impose, or enforce other
22 requirements on the local exchange company's marketing activities.
23 b. The telecommunications relay service pursuant to G.S. 62-157.
24 c. The Life Line or Link Up programs consistent with Federal
25 Communications Commission rules and relevant orders of the North
26 Carolina Utilities Commission.
27 d. Universal service funding pursuant to G.S. 62-110(f1).
28 e. The authority delegated to it by the Federal Communications
29 Commission to manage the numbering resources involving that local
30 exchange company.
31 f. Regulatory authority over the rates, terms, and conditions of
32 wholesale services.
33 g. The Commission's authority under section 214(e) of the Federal
34 Communications Act of 1934, consistent with Federal
35 Communications Commission rules.
36 h. The authority of the Commission to act in accordance with federal or
37 State laws or regulations, including those granting authority to set
38 rates, terms, and conditions for access to unbundled network
39 elements and to arbitrate and enforce interconnection agreements.
- 40 (4) A local exchange company's election under this subsection does not prevent
41 a consumer from seeking the assistance of the Public Staff of the North
42 Carolina Utilities Commission to resolve a complaint with that local
43 exchange company, as provided in G.S. 62-73.1."

44 **SECTION 4.** This act is effective when it becomes law.