

Senate passes telecom bill, takes away state oversight

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LANSING, Mich. (AP) -- State regulators would lose oversight of telephone rates in Michigan under a rewrite of the telecommunications law approved Tuesday in the Senate, with lawmakers promising that customers stand to benefit from deregulation.

After hours of debate and maneuvering, the Senate voted unanimously to send the House legislation that would eliminate state-approved phone rates for residents and business customers who make more than 200 local calls a month.

All other plans and services would be unregulated, including extra services such as caller ID and call waiting. The state only could regulate one phone line in a home or business signed up for 200 monthly calls; any additional lines would be unregulated.

The Senate vote was just an initial step, and the legislation likely will end up in a conference committee to be hashed out by House and Senate negotiators.

"What we passed today is probably nothing like what the final version will look like in many ways," said Ari Adler, spokesman for Senate Majority Leader Ken Sikkema, a Wyoming Republican.

The legislation would update the Michigan Telecommunications Act, which expires at the end of the year. It sparked lengthy debate inside the GOP-controlled Senate chamber as some lawmakers sought to change the bill before the vote.

Senators agreed to let business customers get a regulated 200-call plan like residents would receive. The previous version of the bill would have deregulated all calling plans and services available to businesses.

Sen. Nancy Cassis, a Novi Republican who proposed the amendment, said it would help small restaurants, book stores and other businesses that have one phone line.

"These are rural stores, mom-and-pops stores," she said.

In an uncommon move, Republicans begrudgingly went along with various Democratic amendments they had opposed earlier in the day. The changes would, among other things, give the Michigan Public Service Commission oversight of parts of the cell phone industry and require a 200-call plan statewide -- including in areas recently deregulated by the Michigan Public Service Commission.

Sikkema said Democrats were not serious about crafting good public policy but instead wanted

to "politically entrap the Republicans on bad votes." Republicans approved the Democratic amendments and sent the bill to the House, which is considering its own legislation.

The Senate bill also would bar cell phone providers from charging more than \$20 to leave a contract early, give customers more time to drop a plan without getting locked in and require wireless companies to show customers verified coverage maps. The cell phone provisions were proposed by Democrats, and their likelihood of becoming law may be slim.

Sen. Virg Bernero, D-Lansing, said people are "stomped on like dirt" by cell phone companies that mislead them about coverage areas, prices and contract terms.

"Empower your constituents. Give them some rights," he urged his colleagues.

Republicans said regulating wireless service would go against the bill's intent: to deregulate phone service and create more competition. The state currently regulates landline service but not wireless, phone service from cable providers or Internet-based phone service.

The bill also would require so-called incumbent providers like SBC Communications Inc. to charge their competitors wholesale rates that are lower than retail rates. Wholesale prices are what phone companies pay SBC to use the state's public phone network. Without wholesale price protections, competitors and other critics fear the rewrite would create an unregulated, anti-consumer monopoly.

The provision protecting competitors, however, was proposed by Democrats -- meaning its chances for final approval are unclear.

Sen. Mark Schauer, a Battle Creek Democrat, denied allegations that Democrats had political motivations behind their amendments.

"The bill now includes a number of important consumer protections," he said.

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The telecommunications bill is Senate Bill 754.

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