

Michigan Office of Administrative Hearings and Rules

Administrative Rules Division (ARD)

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**REGULATORY IMPACT STATEMENT
and COST-BENEFIT ANALYSIS (RIS)**

Agency Information:

Department name:

Licensing and Regulatory Affairs

Bureau name:

Public Service Commission

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Rule Set Information:

ARD assigned rule set number:

2023-28 LR

Title of proposed rule set:

Responsibilities of Providers of Basic Local Exchange Service that Cease to Provide the Service

Comparison of Rule(s) to Federal/State/Association Standard

1. Compare the proposed rules to parallel federal rules or standards set by a state or national licensing agency or accreditation association, if any exist.

The Public Service Commission (PSC or Commission) is unaware of any such parallel federal rules or standards set by a state or national licensing agency or accreditation association. See the discussion of other states in Question 2 – the PSC found that other states were not parallel.

A. Are these rules required by state law or federal mandate?

MCL 484.2202(1)(c)(iv) requires the Commission to promulgate rules pursuant to MCL 484.2213 to establish and enforce quality standards for: “Providers of basic local exchange service that cease to provide the service to any segment of end users or geographic area, go out of business, or withdraw from the state, including the transfer of customers to other providers and the reclaiming of unused telephone numbers.” MCL 484.2213 authorizes the PSC to promulgate rules under the Administrative Procedures Act of 1969, 1969 PA 306.

MCL 484.2202(2) mandates that this ruleset shall expire within three years of its effective date, and that the PSC “may, before the expiration of the rules, promulgate new rules under subsection (1)(c).” Thus, these rules sunset every three years and must be re-promulgated every three years. The rules currently sunset on March 21, 2024.

B. If these rules exceed a federal standard, please identify the federal standard or citation, describe why it is necessary that the proposed rules exceed the federal standard or law, and specify the costs and benefits arising out of the deviation.

These rules do not exceed a federal standard.

2. Compare the proposed rules to standards in similarly situated states, based on geographic location, topography, natural resources, commonalities, or economic similarities.

At the time of promulgation, the PSC reviewed requirements in the states of Illinois, Minnesota, Ohio, and Wisconsin, and found the other states to be less specific than the proposed Michigan rules. Also, unlike other states, MCL 484.2202(1)(c)(iv) requires that the rules include not only providers that cease to provide the service, but also standards pertaining to the transfer of customers to other providers and the reclaiming of unused telephone numbers.

A. If the rules exceed standards in those states, please explain why and specify the costs and benefits arising out of the deviation.

Illinois, Minnesota, Ohio, and Wisconsin all require some kind of notification to customers, either through their own rules or law, or those set by the Federal Communications Commission in the event of a discontinuance of basic local exchange service. Also, Michigan's MCL 484.2202(1)(c)(iv) requires that the rules include not only providers that cease to provide the service, but also standards pertaining to the transfer of customers to other providers and the reclaiming of unused telephone numbers. The proposed rules are intended to provide a consistent notice process and awareness for both providers and customers in the event of a discontinuance of service and in parallel with requirements for notification in Section 313 of Public Act 179 of 1991, the Michigan Telecommunications Act (MTA), MCL 484.2313. Part 2 of these rules, titled Responsibilities of Providers and Wholesale Providers Involved in a Disconnection Dispute, specifically address the roles and responsibilities of retail and wholesale telecommunications providers that are involved in interconnection disputes with each other, which may result in the disconnection of end-user customers. These re-promulgated rules remain largely unchanged and help ensure that both the PSC and affected customers receive adequate notice of an impending discontinuance of service from a wholesale provider and/or a retail provider. The proposed rules also assist the PSC in attempts to resolve disputes between providers by requiring that the notice to the PSC contain certain information.

The proposed rules will provide the benefit of eliminating the ambiguity in the MTA and addressing frequently received questions from providers regarding notices to the PSC while maintaining consistency with the intent of the MTA and the traditional function and purpose of rulemaking. Adopting formalized rules will also provide consistency in terms of the information each provider must submit in a notice of discontinuance to the PSC. The rules assist to streamline the process for notification that is already required through the MTA, and the PSC staff does not anticipate any additional costs for providers in complying with these rules.

3. Identify any laws, rules, and other legal requirements that may duplicate, overlap, or conflict with the proposed rules.

The PSC is unaware of any duplication.

A. Explain how the rules have been coordinated, to the extent practicable, with other federal, state, and local laws applicable to the same activity or subject matter. This section should include a discussion of the efforts undertaken by the agency to avoid or minimize duplication.

The PSC is unaware of any duplication and did not find any coordination to be necessary.

4. If MCL 24.232(8) applies and the proposed rules are more stringent than the applicable federally mandated standard, provide a statement of specific facts that establish the clear and convincing need to adopt the more stringent rules.

The requirements of MCL 24.232(8) do not apply for two reasons. The federal government has not mandated that Michigan promulgate these rules; and the agency is not adopting rules more stringent than the applicable federally mandated standard.

5. If MCL 24.232(9) applies and the proposed rules are more stringent than the applicable federal standard, provide either the Michigan statute that specifically authorizes the more stringent rules OR a statement of the specific facts that establish the clear and convincing need to adopt the more stringent rules.

The requirements of MCL 24.232(9) do not apply because the agency is not adopting rules more stringent than the applicable federal mandated standard.

Purpose and Objectives of the Rule(s)

6. Identify the behavior and frequency of behavior that the proposed rules are designed to alter.

These rules address the responsibilities of providers of basic local exchange service that cease to provide the service to any segment of end-users or geographic area; go out of business; or withdraw from the state, including the transfer of customers to other providers and the reclaiming of unused telephone numbers. Specifically, the rules address the roles and responsibilities of retail and wholesale providers that seek to discontinue service to any type of end user or geographic area, withdraw service from the state, or transfer a customer or customers to another provider of basic local exchange service.

Part 2 of these rules, titled Responsibilities of Providers and Wholesale Providers Involved in a Disconnection Dispute, specifically addresses the roles and responsibilities of retail and wholesale telecommunications providers that are involved in interconnection disputes with each other, which may result in the disconnection of end-user customers. These re-promulgated rules remain largely unchanged and help ensure that both the PSC and affected customers receive adequate notice of an impending discontinuance of service from a wholesale provider and/or a retail provider. The rules also assist the PSC in attempts to resolve disputes between providers by requiring that the notice to the PSC contain certain information.

Part 4, titled Remedies, consists of the existing rule pertaining to remedies available in the event of a violation of these rules, with the only change being the renumbering of the part from Part 3 to Part 4, to accommodate the addition of the new rules under Part 3.

If a provider of basic local exchange service proposes to discontinue a regulated service pursuant to Section 313 of Public Act 179 of 1991, the MTA, MCL 484.2313, the provider is required to file a notice of the discontinuance of service with the PSC, to publish the notice in a newspaper of general circulation within the exchange area, provide notice to each of its customers within the exchange by first-class mail or within customer bills. Section 313 is silent as to what information providers of basic local exchange service should provide to the PSC when proposing to discontinue service.

This re-promulgated ruleset adds rules that address the notice requirements set out in Section 313 of Public Act 179 of 1991, MCL 484.2313, by requiring compliance with Section 313 in a proposal to discontinue service, listing the information that providers must include in a notice to the PSC to discontinue service pursuant to Section 313(5)(a), setting out requirements for the notice to be published in a newspaper of general circulation and for the notice provided to customers and interconnecting providers when discontinuing service pursuant to Section 313(5)(a), listing the information that the providers must include in a notice to the PSC when discontinuing service pursuant to Section 313(5)(b), setting out requirements for the notice to be published in a newspaper of general circulation and for the notice provided to customers and interconnecting providers when discontinuing service pursuant to Section 313(5)(b), addressing other forms of notice for discontinuance of service, and providing for updates to the PSC regarding the status of service discontinuance and for the notice of a completed discontinuance of service.

Prompting this request for additional rules to be added to the ruleset, the PSC staff has received several filings for a discontinuance of service pursuant to Section 313, noting an increase in discontinuance filings since 2019. The PSC staff anticipate that Section 313 discontinuance filings will increase due to changes in telecommunications technology. Currently, the PSC staff request the information set out in these additional rules from providers seeking to discontinue service and providers of basic local exchange service provide the information on a voluntary basis. These rules will provide efficiency and make the notice process pursuant to Section 313(5)(a) and (b) more effective through formalized rules that provide clarity to providers as to the specific information that should be included in a notice to the PSC regarding a discontinuance of service and how that notice should be provided to customers and interconnecting providers. These rules will eliminate the ambiguity in the MTA and address frequently received questions from providers regarding notices to the PSC while maintaining consistency with the intent of the MTA and the traditional function and purpose of rulemaking. Adopting formalized rules will also provide consistency in terms of the information each provider must submit in a notice of discontinuance to the PSC.

A. Estimate the change in the frequency of the targeted behavior expected from the proposed rules.

With the re-promulgation of the proposed rules, revisions therein, and addition of new rules in the ruleset, the targeted behavior is expected to decline to zero.

B. Describe the difference between current behavior/practice and desired behavior/practice.

Currently, providers of basic local exchange service that cease to provide service to any segment of end-users or geographic area pursuant to Section 313 of Public Act of 1991, the MTA, MCL 484.2313, are required to file a notice of the discontinuance of service with the PSC, to publish the notice in a newspaper of general circulation within the exchange area, provide notice to each of its customers within the exchange by first-class mail or within customer bills. Section 313 is silent as to what information providers of basic local exchange service should provide to the PSC, the provider's customers, or any interconnecting providers when proposing to discontinue service. As a result, the PSC staff request the information contained in this proposed ruleset from providers to be included in the required notices to the PSC, customers, and newspaper publications. The PSC staff have also included the information that it currently requests from providers in a Question & Answer document via a link titled Discontinuance Information for Service Providers on the PSC website (<https://www.michigan.gov/mpsc/regulatory/telecommunications/providers>) that outlines the process for discontinuances of service under Section 313 of the MTA. Providers that have filed discontinuances have all complied with PSC Staff's requests to provide this information on a voluntary basis.

This re-promulgated ruleset adds rules to address the notice requirements set out in Section 313 of Public Act 179 of 1991, MCL 484.2313, by requiring compliance with Section 313 in a proposal to discontinue service; listing the information that providers must include in a notice to the PSC, the provider's customers, or interconnecting providers; addressing other forms of notice for discontinuance of service; and providing for updates to the PSC regarding the status of service discontinuance and for the notice of a completed discontinuance of service. Thus, under these proposed rules, providers of basic local exchange would be required to provide the information in notices to the PSC, customers, and newspaper publications in filings with the PSC, thereby streamlining the notice process.

The current behavior of basic local exchange providers targeted by Part 2 and Part 4 of the rules is anticipated to be unchanged as these rules are being repromulgated substantively unchanged.

C. What is the desired outcome?

These rules will provide efficiency and make the notice process pursuant to Section 313(5)(a) and (b) more effective through formalized rules that provide clarity to providers as to the specific information that should be included in a notice to the PSC regarding a discontinuance of service and how that notice should be provided to customers and interconnecting providers. These rules will eliminate the ambiguity in the MTA and address questions received from providers regarding notices to the PSC while maintaining consistency with the intent of the MTA and the traditional function and purpose of rulemaking. Adopting formalized rules will also provide consistency in terms of the information each provider must submit in a notice of discontinuance to the PSC.

Additionally, the PSC aims to continue the results from basic local exchange providers achieved with compliance to Part 2 of the ruleset.

7. Identify the harm resulting from the behavior that the proposed rules are designed to alter and the likelihood that the harm will occur in the absence of the rule.

Currently, there is ambiguity in the MTA as to what information should be included in notices to the PSC, customers, and newspaper publications resulting in outreach from providers of basic local exchange service to PSC staff inquiring as to what information should be included. The proposed rules also aim to prevent scenarios in which the PSC, customers, and newspaper publication notices contain inadequate information, which could be particularly detrimental to customers who are having their service discontinued. Ensuring that the PSC and customers who are having basic local exchange services discontinued have adequate information regarding the discontinuance and alternative service available is a desired outcome for the proposed rules. Additionally, the proposed rules aim to alleviate the potential for confusion from providers of basic local exchange service, to increase efficiency and clarity in the notification process pursuant to Section 313(5)(a) and (b) of the MTA, and to reduce the burden on the PSC staff as well as providers of basic local exchange in complying with Section 313(5)(a) and (b) of the MTA.

With the repromulgation of Part 2 and Part 4 substantively unchanged, the harm resulting from the targeted behavior is the loss of basic local exchange service to residential and business telephone customers without sufficient advance warning. In the absence of the rules, it is possible that end-use customers could be faced with disconnection of telephone service, including 9-1-1 and emergency service, without any advance warning. Advance warning allows customers to find an alternative provider before their telephone service is disconnected.

A. What is the rationale for changing the rules instead of leaving them as currently written?

Currently, Section 313 of the MTA is silent as to the information required to be provided in the notices of discontinuance to the PSC, customers, and newspaper publications. The existing rules similarly do not address the information required to be provided in the notices of discontinuance to the PSC, customers, and newspaper publications. The proposed rules will provide efficiency and make the notice process pursuant to Section 313(5)(a) and (b) more effective through formalized rules that provide clarity to providers as to the specific information that should be included in a notice to the PSC regarding a discontinuance of service and how that notice should be provided to customers and interconnecting providers. The rules will eliminate the ambiguity in the MTA and address questions received from providers regarding notices to the PSC while maintaining consistency with the intent of the MTA and the traditional function and purpose of rulemaking. Adopting formalized rules will also provide consistency in terms of the information each provider must submit in a notice of discontinuance to the PSC.

Parts 1, 2, and 4 remain substantively unchanged except for the addition of definitions that add clarity to the existing rules and the new rules under Part 3.

8. Describe how the proposed rules protect the health, safety, and welfare of Michigan citizens while promoting a regulatory environment in Michigan that is the least burdensome alternative for those required to comply.

Michigan residents assume that they can access reliable telephone service. Though cell phones have become almost ubiquitous, there are still Michigan residents and businesses that rely solely on landline service, including for access to 9-1-1. The proposed rules will assist in protecting the health, safety, and welfare of Michigan citizens by ensuring that when a provider seeks to discontinue service that could result in the loss of the end-user-customer's telephone service, that customer will receive sufficient advance notice, and enough information, to seek alternative service prior to the complete loss of telephone service. The proposed rules protect the health, safety, and welfare of Michigan citizens by ensuring that providers of basic local exchange service provide adequate and complete information in notices of discontinuance of service to the PSC, to customers, and newspaper publications in an efficient and clear manner.

The proposed rules ensure that all parties subject to the notice are properly notified and receive information regarding the details of the provider's discontinuance, alternative service providers available in the same exchange area, means to contact and submit comments to the PSC regarding the discontinuance, and any balances or credits the customer may have with the provider are returned. The proposed rules promote a least-burdensome regulatory environment in that the rules aim to increase efficiency in eliminating ambiguity in Section 313 of the MTA pertaining to notices of discontinuance of service, provide clarity to providers, and to eliminate the need for providers to reach out to PSC staff regarding the information to be provided in notices at a time when the PSC staff is anticipating increases in discontinuance notices from providers of basic local exchange. Additionally, the proposed rules are consistent with the requirements of Section 313 and mimic the information that is already requested from the PSC staff and that is included in the Question & Answer document that outlines the process for discontinuances of service under Section 313 of the MTA, available via a link titled Discontinuance Information for Service Providers on the PSC website (<https://www.michigan.gov/mpsc/regulatory/telecommunications/providers>).

As to Part 2 of the rules, which are being re-promulgated substantively unchanged, these rules will protect the health, safety, and welfare of Michigan citizens by ensuring that when a provider-to-provider dispute could result in the loss of the end-user-customer's telephone service, that customer will receive sufficient advance notice, and enough information, to seek alternative service prior to the complete loss of telephone service. The rules will also assist the Commission in its attempts to resolve such disagreements by requiring providers to file certain information with the Commission in a timely manner. Finally, these rules will assist in the reclaiming of telephone numbers when a provider ceases to use those numbers. The rules were first promulgated in 2018, repromulgated in 2021, and will expire in 2024 by legislative mandate. The PSC seeks to make sure the rules are re-promulgated so that there is continuous coverage.

9. Describe any rules in the affected rule set that are obsolete or unnecessary and can be rescinded.

There are no rules in the affected rule set that are obsolete or unnecessary. Rules 484.1007, 484.1008, and 484.1009 are being rescinded to accommodate the addition of new rules (Rules 484.1010, 484.1011, 484.1012, 484.1013, 484.1014, 484.1015, 484.1016, 484.1017, 484.1018, and 484.1019) but the substantive text of the rescinded rules will remain in the proposed rule set. The text of Rule 484.1007 that is being rescinded is now being promulgated as Rule 484.1018. The text of Rule 484.1008 that is being rescinded is now being promulgated as Rule 484.1010. The text of Rule 484.1009 that is being rescinded is now being promulgated as Rule 484.1019. The PSC is seeking to rearrange the placement of these rules within the rule set as the new placement will be more comprehensive with the added rules. Thus, the substantive text of the rescinded rules remains in the rule set and therefore is not obsolete or unnecessary.

Fiscal Impact on the Agency

Fiscal impact is an increase or decrease in expenditures from the current level of expenditures, i.e. hiring additional staff, higher contract costs, programming costs, changes in reimbursements rates, etc. over and above what is currently expended for that function. It does not include more intangible costs for benefits, such as opportunity costs, the value of time saved or lost, etc., unless those issues result in a measurable impact on expenditures.

10. Please provide the fiscal impact on the agency (an estimate of the cost of rule imposition or potential savings for the agency promulgating the rule).

The PSC does not anticipate any fiscal impact for re-promulgating the remainder of the ruleset which will continue substantively unchanged.

11. Describe whether or not an agency appropriation has been made or a funding source provided for any expenditures associated with the proposed rules.

None has been made because there is no anticipated expenditure.

12. Describe how the proposed rules are necessary and suitable to accomplish their purpose, in relationship to the burden(s) the rules place on individuals. Burdens may include fiscal or administrative burdens, or duplicative acts.

The proposed rules ensure that providers of basic local exchange service provide adequate and complete information in notices of discontinuance of service to the PSC, to customers, and newspaper publications in an efficient and clear manner. The proposed rules ensure that all parties subject to notice are properly notified and receive information regarding the details of the provider's discontinuance, alternative service providers, means to contact and submit comments to the PSC regarding the discontinuance, and any balances or credits the customer may have with the provider are returned.

The proposed rules place a minimum burden on regulated providers of basic local exchange service in that the proposed rules mimic the information that the PSC staff currently requests and providers of basic local exchange provide on a voluntary basis and that is included in the Question & Answer document via a link titled Discontinuance Information for Service Providers on the PSC website (<https://www.michigan.gov/mpsc/regulatory/telecommunications/providers>) that outlines the process for discontinuances of service under Section 313 of the MTA. The burden is further minimized in relation to the importance of ensuring adequate notice in that the rules increase efficiency and clarify the notice requirements in Section 313 of the MTA.

As to Part 2 of the rules, the rules will assist in ensuring that when a provider-to-provider dispute could result in the loss of the end-user-customer's telephone service, that customer will receive sufficient advance notice, and enough information, to seek alternative service prior to the loss of service. They will also assist the Commission in its attempts to resolve such disagreements by requiring providers to file certain information with the Commission in a timely manner. Finally, these rules will assist in the reclaiming of telephone numbers when a provider ceases to use those numbers. The rules place a minimal burden on regulated entities to provide information to customers and the Commission when these disputes arise. It is a reasonable burden in relationship to the customer's burden of an unanticipated loss of telephone service including 9-1-1 service.

A. Despite the identified burden(s), identify how the requirements in the rules are still needed and reasonable compared to the burdens.

The proposed rules ensure that providers of basic local exchange service provide adequate and complete information in notices of discontinuance of service to the PSC, to customers, and newspaper publications in an efficient and clear manner. The proposed rules ensure that all parties subject to notice are properly notified and receive information regarding the details of the provider's discontinuance, alternative service providers, means to contact and submit comments to the PSC regarding the discontinuance, and any balances or credits the customer may have with the provider are returned. The minimal burden imposed on regulated providers of basic local exchange service is reasonable considering the importance of ensuring that the PSC and customers receive adequate notice with sufficient information of a provider's request to discontinue its basic local exchange service. The burden is further minimized in relation to the importance of ensuring adequate notice in that the rules increase efficiency and clarify the notice requirements in Section 313 of the MTA.

There is no additional burden regarding compliance with Parts 2 and 4 as these rules are being re-promulgated substantively unchanged.

Impact on Other State or Local Governmental Units

13. Estimate any increase or decrease in revenues to other state or local governmental units (i.e. cities, counties, school districts) as a result of the rule. Estimate the cost increases or reductions for other state or local governmental units (i.e. cities, counties, school districts) as a result of the rule. Include the cost of equipment, supplies, labor, and increased administrative costs in both the initial imposition of the rule and any ongoing monitoring.

The PSC estimates no increase or decrease in revenue to other state or local governmental units. The PSC estimates no increase or decrease in costs for other state or local governmental units.

14. Discuss any program, service, duty, or responsibility imposed upon any city, county, town, village, or school district by the rules.

There is no program, service, duty, or responsibility imposed upon any city, county, town, village, or school district by the proposed rules. The proposed rules apply only to providers of basic local exchange service.

A. Describe any actions that governmental units must take to be in compliance with the rules. This section should include items such as record keeping and reporting requirements or changing operational practices.

There are no actions that governmental units must take to be in compliance with the proposed rules. The proposed rules apply only to providers of basic local exchange service.

15. Describe whether or not an appropriation to state or local governmental units has been made or a funding source provided for any additional expenditures associated with the proposed rules.

There is none because there are no related expenditures.

Rural Impact

16. In general, what impact will the rules have on rural areas?

The impact on all areas is identical.

A. Describe the types of public or private interests in rural areas that will be affected by the rules.

The impact on all areas is identical.

Environmental Impact

17. Do the proposed rules have any impact on the environment? If yes, please explain.

The proposed rules have no impact on the environment.

Small Business Impact Statement

18. Describe whether and how the agency considered exempting small businesses from the proposed rules.

Basic local exchange service providers that are small businesses were not considered for exemption from the rules because the notice requirements to the PSC and customers are minimal and will benefit customers.

19. If small businesses are not exempt, describe (a) the manner in which the agency reduced the economic impact of the proposed rules on small businesses, including a detailed recitation of the efforts of the agency to comply with the mandate to reduce the disproportionate impact of the rules upon small businesses as described below (in accordance with MCL 24.240(1)(a-d)), or (b) the reasons such a reduction was not lawful or feasible.

Basic local exchange service providers that are small businesses were not considered for exemption or reduced obligations under the rules because the notice requirements to the Commission and customers are minimal and will benefit customers, and the consequences of lack of notice for discontinued basic local exchange service are highly significant whether the provider is a small or large business.

A. Identify and estimate the number of small businesses affected by the proposed rules and the probable effect on small businesses.

Basic local exchange service providers that are small businesses were not considered for exemption from the rules because the notice requirements to the Commission and customers are minimal and will benefit customers.

Approximately 100 small business basic local exchange service providers could potentially be affected by these rules if one of those providers sought to discontinue its basic local exchanges service.

B. Describe how the agency established differing compliance or reporting requirements or timetables for small businesses under the rules after projecting the required reporting, record-keeping, and other administrative costs.

Basic local exchange service providers that are small businesses were not considered for differing compliance requirements because the notice requirements to the PSC and customers are minimal and will benefit customers.

C. Describe how the agency consolidated or simplified the compliance and reporting requirements for small businesses and identify the skills necessary to comply with the reporting requirements.

Basic local exchange service providers that are small businesses were not considered for differing compliance requirements because the notice requirements to the PSC and customers are minimal and will benefit customers. Notices under Part 3 of the rules are also required under Section 313 of the MTA.

D. Describe how the agency established performance standards to replace design or operation standards required by the proposed rules.

Basic local exchange service providers that are small businesses were not considered for differing compliance requirements because the notice requirements to the PSC and customers are minimal and will benefit customers. Notices under Part 3 of the rules are also required under Section 313 of the MTA.

20. Identify any disproportionate impact the proposed rules may have on small businesses because of their size or geographic location.

There is no disproportionate impact on small businesses because the proposed rules are minimally burdensome.

21. Identify the nature of any report and the estimated cost of its preparation by small businesses required to comply with the proposed rules.

There is no formal report required to be filed by small business providers, however the proposed rules require that providers of basic local exchange service provide the PSC with periodic updates of the status of the discontinuance and transition of its affected customers as requested by the PSC Staff. The PSC anticipates the cost of preparation of these updates to be minimal.

22. Analyze the costs of compliance for all small businesses affected by the proposed rules, including costs of equipment, supplies, labor, and increased administrative costs.

The PSC finds that the cost of compliance will be de minimis.

23. Identify the nature and estimated cost of any legal, consulting, or accounting services that small businesses would incur in complying with the proposed rules.

There are none.

24. Estimate the ability of small businesses to absorb the costs without suffering economic harm and without adversely affecting competition in the marketplace.

The ability to absorb the costs imposed by the proposed rules is estimated to be high for small businesses. Notices to the PSC and customers are already contained in Section 313 of the MTA. Those costs for notice are not affected by these proposed rules. The proposed rules require providers to electronically file a notice to discontinue service under Section 313 of the MTA using the PSC's electronic docket filing system rather than by US mail. Aside from the cost to the provider in terms of labor time spent preparing submitting the filing, there is no cost associated with using the PSC's electronic docket filing system. The costs resulting from the requirements of the proposed rules should be a cost that a small business has the ability to absorb. There is no additional burden regarding compliance with Parts 2 and 4 as these rules are being re-promulgated substantively unchanged.

25. Estimate the cost, if any, to the agency of administering or enforcing a rule that exempts or sets lesser standards for compliance by small businesses.

There is no cost to the agency.

26. Identify the impact on the public interest of exempting or setting lesser standards of compliance for small businesses.

High. Basic local exchange service providers that are small businesses were not considered for exemption from the rules because the notice requirements to the Commission and customers are minimal and will benefit customers. The rules provide for a consistent notice process and information about a discontinuance to the PSC and customers of the discontinuance of basic local exchange telephone service including 9-1-1 service, in compliment with the requirements for a notice pursuant to Section 313 of the MTA.

27. Describe whether and how the agency has involved small businesses in the development of the proposed rules.

In November and December of 2022, the Telecommunications Division staff commenced an informal comment process with affected Incumbent Local Exchange Carriers and Competitive Local Exchange Carriers, seeking input on the draft rules. The proposed rules incorporate feedback received from providers. The invitation to provide informal comments was sent to representatives of organizations representing both large and small providers, as well as individual providers that often participate in Commission proceedings.

A. If small businesses were involved in the development of the rules, please identify the business(es).

Invitations to provide informal comments were sent to representatives of the Telecommunications Association of Michigan, which represents both incumbent local exchange carrier as well as several competitive local exchange carriers, which have members that include small businesses.

Cost-Benefit Analysis of Rules (independent of statutory impact)

28. Estimate the actual statewide compliance costs of the rule amendments on businesses or groups.

The PSC estimates none.

A. Identify the businesses or groups who will be directly affected by, bear the cost of, or directly benefit from the proposed rules.

The group directly benefiting from the proposed new and re-promulgated rules consists of all landline telephone customers in Michigan, whether residential or business customers. The group affected by the rules, and bearing the cost of the rules, consists of providers of basic local exchange service that seek to discontinue service. No additional costs will be imposed on businesses and other groups as a result of the proposed rules.

B. What additional costs will be imposed on businesses and other groups as a result of these proposed rules (i.e. new equipment, supplies, labor, accounting, or recordkeeping)? Please identify the types and number of businesses and groups. Be sure to quantify how each entity will be affected.

No additional costs will be imposed on businesses and other groups as a result of the proposed rules.

29. Estimate the actual statewide compliance costs of the proposed rules on individuals (regulated individuals or the public). Include the costs of education, training, application fees, examination fees, license fees, new equipment, supplies, labor, accounting, or recordkeeping.

The PSC estimates none.

A. How many and what category of individuals will be affected by the rules?

All individuals that rely on landline basic local exchange service will benefit from the rules.

B. What qualitative and quantitative impact do the proposed changes in rules have on these individuals?

The rules provide for notices of discontinuance of basic local exchange service to the PSC and customers, set requirements for the information to be included in those notices such that the notices sufficiently inform the PSC and customers of the discontinuance, and protect against the unanticipated loss of telephone service including 9-1-1 service.

30. Quantify any cost reductions to businesses, individuals, groups of individuals, or governmental units as a result of the proposed rules.

Costs associated with the unanticipated disconnection of landline service could be an issue if a notice of discontinuance of service does not contain sufficient information for the customer. The PSC is unable to quantify such costs.

31. Estimate the primary and direct benefits and any secondary or indirect benefits of the proposed rules. Please provide both quantitative and qualitative information, as well as your assumptions.

The primary and direct benefits of the proposed rules consist of benefits to the providers of basic local exchange service in terms of the increased efficiency achieved, clarity provided, and time saved by formalizing the requirements for the information to be included in Section 313 notices to discontinue basic local exchange service. Both providers and the PSC staff will benefit in terms of time and labor resources saved by eliminating the current ambiguity in the MTA regarding the information to be provided in notices to the PSC, customers, and newspaper publications in terms of reducing the need for inquiries to the PSC staff from providers, communications to clarify information requirements, and corrections or supplements to inadequate notice filings.

Primary and direct benefits flow through to customers of basic local exchange service providers in that the proposed rules ensure that end-use customers receive adequate and complete information regarding a provider's requested discontinuance. Michigan residents assume that they can access reliable telephone service. Though cell phones have become almost ubiquitous, there are still Michigan residents and businesses that rely solely on landline service, including for access to 9-1-1. These rules will protect the health, safety, and welfare of Michigan citizens by ensuring that when a provider seeks to discontinue service that could result in the loss of the end-user-customer's telephone service, that customer will receive sufficient advance notice, and enough information, to seek alternative service prior to the complete loss of telephone service. The proposed rules protect the health, safety, and welfare of Michigan citizens by ensuring that providers of basic local exchange service provide adequate and complete information in notices of discontinuance of service to the PSC, to customers, and newspaper publications in an efficient and clear manner. The proposed rules ensure that customers in particular are properly notified and receive information regarding the details of the provider's discontinuance, alternative service providers, means to contact and submit comments to the PSC regarding the discontinuance, and any balances or credits the customer may have with the provider.

Part 2 of the rules is a repromulgation of substantively unchanged rules. The rules are intended to specifically address the roles and responsibilities of retail and wholesale providers that are involved in interconnection disputes with each other, which may result in the disconnection of end user customers. Part 2 of the rules is intended to ensure that both the PSC and affected customers receive adequate notice from a wholesale provider and/or a retail provider of an impending discontinuance of service.

The proposed rules will also assist the Commission in its attempts to resolve such disagreements by requiring providers to file certain information with the Commission in a timely manner. Finally, the proposed rules will assist in the reclaiming of telephone numbers when a provider ceases to use those numbers.

The PSC cannot provide a quantitative value for allowing customers the opportunity to be provided sufficient notice of a discontinuance of basic local exchange service to allow them to seek reliable alternative providers before their service is discontinued. Presumably, to someone facing a life-threatening emergency requiring 9-1-1 service, the quantitative value of this access is immeasurable.

32. Explain how the proposed rules will impact business growth and job creation (or elimination) in Michigan.

The PSC does not anticipate that the proposed rules will impact business growth and job creation or elimination in Michigan.

33. Identify any individuals or businesses who will be disproportionately affected by the rules as a result of their industrial sector, segment of the public, business size, or geographic location.

There are none.

34. Identify the sources the agency relied upon in compiling the regulatory impact statement, including the methodology utilized in determining the existence and extent of the impact of the proposed rules and a cost-benefit analysis of the proposed rules.

The Commission relied on the staffs of the Telecommunications Division and the Regulatory Affairs Division in compiling this RIS. The proposed rules are mandated by MCL 484.2202(1)(c)(iv).

A. How were estimates made, and what were your assumptions? Include internal and external sources, published reports, information provided by associations or organizations, etc., that demonstrate a need for the proposed rules.

No estimates were required.

Alternative to Regulation

35. Identify any reasonable alternatives to the proposed rules that would achieve the same or similar goals.

Currently, the PSC staff communicate the information to be included in notices of discontinuance to the PSC and customers and in newspapers of general circulation upon request from a provider seeking to discontinue service or when a provider seeking to discontinue service files an insufficient notice with the PSC. The information currently requested by the PSC staff and provided on a voluntary basis is included in a Question & Answer document available via a link titled Discontinuance Information for Service Providers on the PSC website (<https://www.michigan.gov/mpsc/regulatory/telecommunications/providers>) that outlines the process for discontinuances of service under Section 313 of the MTA. These alternative methods do not achieve the same goals as they are not formalized processes and providers of basic local exchange provide the requested information on a voluntary basis.

There are no reasonable alternatives to the remainder of the ruleset which is being re-promulgated substantively unchanged. The PSC has found voluntary informal notification to the Commission to be ineffective.

A. Please include any statutory amendments that may be necessary to achieve such alternatives.

The Michigan Legislature could consider amending Section 313 of the MTA to further clarify the responsibilities of providers that cease to provide basic local exchange service in Michigan and the process that should be followed in notifying the PSC, the provider's customers, and interconnecting providers.

36. Discuss the feasibility of establishing a regulatory program similar to that proposed in the rules that would operate through private market-based mechanisms. Please include a discussion of private market-based systems utilized by other states.

Private market-based mechanisms result in notices that may not contain sufficient information to adequately inform the PSC and customers of a discontinuance of basic local exchange service by a provider. The Michigan Legislature determined that rules should be promulgated.

37. Discuss all significant alternatives the agency considered during rule development and why they were not incorporated into the rules. This section should include ideas considered both during internal discussions and discussions with stakeholders, affected parties, or advisory groups.

The PSC did not identify any significant alternatives to the proposed rulemaking apart from the status quo, which the PSC determined to be insufficient in achieving the goals of the proposed rulemaking. Stakeholders that provided feedback to the PSC staff on the proposed draft rules generally voiced support for rules that allowed for consistency in the notices and the process.

Additional Information

38. As required by MCL 24.245b(1)(c), please describe any instructions regarding the method of complying with the rules, if applicable.

There are none. The rules speak for themselves.