

**CHAPTER NO. 71**

**SENATE BILL NO. 1282**

**By Ramsey**

**Substituted for: House Bill No. 731**

**By Harrison**

AN ACT to amend Tennessee Code Annotated, Title 65, relative to telecommunication services.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 65-5-109(f), is amended by deleting the subsection in its entirety and by substituting instead the following:

(f) Notwithstanding the annual adjustments permitted in subsection (e), the initial basic local exchange telephone service rates of an incumbent local exchange telephone company subject to price regulation shall not increase for a period of four (4) years from the date the incumbent local exchange telephone company becomes subject to such regulation. At the expiration of the four-year period, an incumbent local exchange telephone company is permitted to adjust annually its rates for basic local exchange telephone services in accordance with the method set forth in subsection (e); except that the rate for residential basic local exchange telephone service shall not be increased in any one (1) year by more than the percentage change in inflation for the United States using the gross domestic product-price index (GDP-PI) from the preceding year as the measure of inflation. Nothing in this subsection shall be construed to prohibit or limit residential basic local exchange rate increases or aggregate revenues permitted in subsection (e) caused by:

(1) Revenue neutral rate proposals that rebalance access revenue or touchtone revenue to residential basic local exchange service,

(2) Revenue neutral rate proposals that expand local calling areas, or

(3) Rate regrouping when it is based on population growth or expanded local calling such that there is an increase in the number of lines that end-users within the rate group can reach by local calling and the rate group no longer corresponds to the rate group definitions in a carrier's approved tariffs.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.

PASSED: April 4, 2005

  
JOHN S. WILDER  
SPEAKER OF THE SENATE

  
JIMMY NAIFEH, SPEAKER  
HOUSE OF REPRESENTATIVES

APPROVED this 18<sup>th</sup> day of April 2005

  
PHIL BREDESEN, GOVERNOR