

1 shall apply to the price caps for the local residential and single-line busi-  
 2 ness basket after December 31, 1999, and to the miscellaneous services  
 3 basket after December 31, 1997. The price cap formula, but not actual  
 4 prices, shall be reviewed every five years.

5 (h) The price caps for the residential and single-line business service  
 6 basket shall be capped at their initial level until January 1, 2000, except  
 7 for any increases authorized as a part of the revenue neutral rate rebal-  
 8 ancing under subsection (c). The price caps for this basket and for the  
 9 categories in this basket, if any, shall be adjusted annually after December  
 10 31, 1999, based on the formula determined by the commission under  
 11 subsection (g).

12 (i) The price cap for the switched access service basket shall be set  
 13 based upon the local exchange carrier's intrastate access tariffs as of Jan-  
 14 uary 1, 1997, except for any revenue neutral rate rebalancing authorized  
 15 in accordance with subsection (c). Thereafter, the cap for this basket shall  
 16 not change except in connection with any subsequent revenue neutral  
 17 rebalancing authorized by the commission under subsection (c).

18 (j) The price caps for the miscellaneous services basket shall be ad-  
 19 justed annually after December 31, 1997, based on the adjustment for-  
 20 mula determined by the commission under subsection (g).

21 (k) A price cap is a maximum price for all services taken as a whole  
 22 in a given basket. Prices for individual services may be changed within  
 23 the service categories, if any, established by the commission within a  
 24 basket. An entire service category, if any, within the residential and single-  
 25 line business basket or miscellaneous services basket may be priced below  
 26 the cap for such category. ~~Unless otherwise approved by the commission,~~  
 27 ~~service shall be priced below the price floor which will be long-run~~  
 28 ~~incremental cost and imputed access charges. Access charges equal to~~  
 29 ~~those paid by telecommunications carriers to local exchange carriers shall~~  
 30 ~~be imputed as part of the price floor for toll services offered by local~~  
 31 ~~exchange carriers on a toll service basis.~~

32 (l) A local exchange carrier may offer promotions within an exchange  
 33 or group of exchanges. All promotions shall be approved by the commis-  
 34 sion and may not be unjust, unreasonably discriminatory or unduly  
 35 preferential.

36 (m) Unless the commission authorizes price deregulation at an earlier  
 37 date, intrastate toll services within the miscellaneous services basket shall  
 38 continue to be regulated until the affected local exchange carrier begins  
 39 to offer 1+ intraLATA dialing parity throughout its service territory, at  
 40 which time intrastate toll will be price deregulated, except that prices  
 41 cannot be set below the price floor.

42 (n) On or before July 1, 1997, the commission shall establish guide-  
 43 lines for reducing regulation prior to price deregulation of price cap reg-

No

Additionally, predatory pricing of any individual service or any basket of services is prohibited, and the commission shall enforce this prohibition either on its own motion or upon complaint.