

HOUSE BILL REPORT

HB 1111

As Reported By House Committee On:

Energy & Utilities

Title: An act relating to promoting competition for long distance telecommunications.

Brief Description: Promoting competition for long distance telecommunications.

Sponsors: Representatives Casada, Kessler, Chandler, Kremen, Horn, Patterson, Mielke, G. Fisher, Campbell, Mitchell, Grant, Huff and Basich.

Brief History:

Committee Activity:

Energy & Utilities: 1/31/95, 2/1/95 [DPS].

HOUSE COMMITTEE ON ENERGY & UTILITIES

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 10 members: Representatives Casada, Chair; Crouse, Vice Chair; Kessler, Ranking Minority Member; Kremen, Assistant Ranking Minority Member; Campbell; Chandler; Huff; Mielke; Mitchell and Patterson.

Minority Report: Do not pass. Signed by 1 member: Representative Hankins, Vice Chair.

Staff: Margaret Allen (786-7110).

Background: In 1982, a federal court ordered the break-up of the Bell telephone system. Under the court's decree, which became effective in 1984, local exchange companies (LECs) are limited to providing telephone services within defined geographic areas called local access transport areas (LATAs). By contrast, long distance companies may operate between LATAs (inter-LATA), and provide any other telephone services, subject to certain conditions.

In Washington, long distance companies have been permitted to provide intra-LATA telephone services, but their customers must dial a five-digit access code to direct the call through the long distance company.

The Washington Utilities and Transportation Commission (WUTC) is considering proposals to authorize long distance companies to provide intra-LATA service by presubscription, without requiring a five-digit access code.

Summary of Substitute Bill: The WUTC may not authorize changes in current intra-LATA dialing patterns until such time as all carriers, including LECs, are authorized to provide inter-LATA service. The act expires June 1, 1998.

Substitute Bill Compared to Original Bill: It is clarified that an exchange company is not prohibited from providing its customers a choice of one-plus carriers, and that the WUTC cannot mandate an exchange company to route intra-LATA service to a particular carrier. An expiration date is added.

Appropriation: None.

Fiscal Note: Not Requested.

Effective Date of Substitute Bill: The bill contains an emergency clause and takes effect on July 1, 1995.

Testimony For: "One-plus" intra-LATA dialing would give long distance companies an unfair advantage in the telephone market by allowing them to provide integrated services and volume discounts. "One-plus" intra-LATA dialing should not be permitted for long distance companies until local exchange companies are permitted to compete in the inter-LATA market. The bill protects the ability of local exchange companies to maintain low residential basic rates.

Testimony Against: The lack of "one-plus" dialing keeps long distance companies from being viable competitors in the intra-LATA market. The bill limits consumer choice and maintains the local exchange companies' bottleneck on services in local markets. Competition in the intra-LATA market leads to lower prices and better service. Much of the subsidies keeping local service rates low most likely come from the access charges long distance companies pay to local exchange companies.

Testified: Dale Vincent, U.S. West (pro); Rosemary Williams, GTE (pro); Reidun Crowley, citizen (pro); Ran Dunnell, Citizen (pro); Mike Woodin, AT&T (con); Sam Williams, SPRINT (con); Gail Garey and Steve Wehrly, MCI (con); and Paul Casey, Casey Communications (pro).