

# HOUSE BILL REPORT

## HB 2553

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**As Passed House:**

February 11, 1998

**Title:** An act relating to mandatory measured telecommunications service.

**Brief Description:** Extending the prohibition on filing for a tariff on mandatory measured telecommunications service.

**Sponsors:** Representatives Crouse, Morris, DeBolt, Kessler, Cooper, Benson, Mielke, Dunshee, Hankins, Delvin, Zellinsky, Constantine, Kastama, O'Brien, Conway, Dickerson and Mason.

**Brief History:**

**Committee Activity:**

Energy & Utilities: 1/20/98, 2/3/98 [DP].

**Floor Activity:**

Passed House: 2/11/98, 95-1.

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### HOUSE COMMITTEE ON ENERGY & UTILITIES

**Majority Report:** Do pass. Signed by 12 members: Representatives Crouse, Chairman; DeBolt, Vice Chairman; Mastin, Vice Chairman; Poulsen, Ranking Minority Member; Morris, Assistant Ranking Minority Member; Bush; Cooper; Delvin; Honeyford; Kastama; Kessler and Mielke.

**Minority Report:** Do not pass. Signed by 1 member: Representative B. Thomas.

**Staff:** Margaret Allen (786-7110).

**Background:** Most telephone customers in Washington pay a flat monthly rate for local telephone service. Many of the local exchange companies offer their customers the option of paying for local calls on a per call basis. This practice is commonly known as local measured service. Under this option, the telephone customer pays a lower monthly rate and then pays for the calls actually made, based on the time of day, length of call, and in some cases, the distance of the call.

Telecommunications service providers file tariffs, or in some cases price lists, with the Washington Utilities and Transportation Commission (WUTC). In 1984, the Legislature temporarily prohibited the WUTC from approving telecommunications tariffs that include

mandatory local measured service. The prohibition does not explicitly apply to price lists. The prohibition also does not apply to mobile services, pay telephone services, or to any other service that has traditionally been offered on a measured basis.

The prohibition has been extended a few times, most recently in 1993, and is currently set to expire June 1, 1998.

**Summary of Bill:** The prohibition is extended for three years until June 1, 2001, and is explicitly made applicable to filings of price lists.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** Mandatory measured local service penalizes high utilization of phone service, and rewards low utilization; good state policy is to encourage high utilization. Mandatory measured local service would disadvantage people who are homebound. The prohibition was enacted in 1984 in response to an effort to impose mandatory measured local service. Mandatory measured local service would have a significant adverse impact on business. The cost of telecommunications service has decreased since the ban was enacted. The incremental cost for long versus short telephone calls is minimal. These kinds of protections are necessary until customers have a choice in local service. Citizens prefer a flat rate, even if they pay more than with local measured service. Items that require extensive fact-finding should be left to the WUTC; this is more of a policy question.

**Testimony Against:** The market will not support mandatory measured local service, and the WUTC would not allow local phone companies to impose mandatory measured service. This bill is unfair because it applies only to regulated telephone companies, not to their competitors. The flat rate may become a premium rate if local calling areas continue to be expanded. Flat rates for blocks of time rather than calling areas should be considered.

**Testified:** Mark Greenberg, Tracer(pro); Art Butler, Tracer(pro); Gary Smith, Independent Business Association(pro); Mike Woodin, AT&T(pro); and Terry Vann, Washington Independent Telephone Association(con).