

# SENATE BILL REPORT

## SB 6014

---

As Reported By Senate Committee On:  
Energy & Utilities, March 5, 1997

**Title:** An act relating to a city owning or operating a telecommunications system.

**Brief Description:** Regulating city ownership or operation of a telecommunications system.

**Sponsors:** Senator Finkbeiner.

**Brief History:**

**Committee Activity:** Energy & Utilities: 3/3/97, 3/5/97 [DP, DNP].

---

### SENATE COMMITTEE ON ENERGY & UTILITIES

**Majority Report:** Do pass.

Signed by Senators Finkbeiner, Chair; Hochstatter, Vice Chair; Rossi and Strannigan.

**Minority Report:** Do not pass.

Signed by Senators Brown, Jacobsen and Swanson.

**Staff:** Diane Smith (786-7410)

**Background:** The federal deregulation of the telecommunications industry in 1996 has opened the provision of telephone, television, cellular, Internet and data transmission services, among others both known and unknown, to competition.

Some cities and towns, because of their long histories as electrical utility providers, already own the wire or cable and rights of way which are capable of providing telecommunication services.

Currently, no municipal utility in the state provides telecommunications services; however, such competition is now allowed and potentially feasible.

**Summary of Bill:** The Washington Utilities and Transportation Commission (WUTC) is given the authority to approve the financing or operation plan of telecommunications systems owned or operated by cities.

No city may own or operate a telecommunications system intended for public use and constructed or purchased after January 1, 1997, unless the WUTC has approved the financing or operation plan.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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

**Testimony For:** There are serious questions that arise concerning franchising, rights of way and cross subsidization when a city competes with a private telecommunications provider. This bill properly addresses those concerns. This legislation squarely addresses the potential for the city to become a supermonopoly in energy/telecommunication services. It shines the bright light of public review on these activities, ensuring fair competition.

**Testimony Against:** The conveyance of the electrical and telecommunication technologies makes a city electrical utility's entrance into the cable business a necessity for maintaining effective competition in the deregulated, retail electrical business. The ability to offer telecommunications to consumers is a natural outgrowth of this new competitive electrical business. UTC approval will result in delay, undermine control of locally elected officials and not add value to the underlying service.

**Testified:** Arne L. Haynes, The Rainier Group (pro); Al Hove, Optical Dynamics, Inc. (con); Kevin Phelps, Tacoma Landmark Convention Center; Mark Lewington, Graham & Dunn; Brian Ebersole, City of Tacoma; Ron Main, Washington State Cable Association (pro); Matthew Lampe, City of Seattle (con); Teresa Osinski, WUTC; Mark Crisson, Jon Athow, Steve Klien, City of Tacoma.