

HOUSE BILL REPORT

HB 2881

As Reported By House Committee On:
Technology, Telecommunications & Energy

Title: An act relating to new procedures for alternative forms of regulation of telecommunications companies.

Brief Description: Allowing new forms of regulation of telecommunications companies.

Sponsors: Representatives Crouse, Poulsen and Eickmeyer; by request of Governor Locke.

Brief History:

Committee Activity:

Technology, Telecommunications & Energy: 2/2/00, 2/4/00 [DPA].

Brief Summary of Amended Bill

- A telecommunications company may seek an alternative form of regulation (AFOR) through a petition to the Washington Utilities and Transportation Commission (WUTC).
- The WUTC will consider whether the AFOR will invest in underserved areas and promote the public interest.
- The AFOR plan must contain carrier to carrier service quality standards and enforcement provisions.
- Deletes the election to telecommunications companies to offer advanced services through an affiliate.

HOUSE COMMITTEE ON TECHNOLOGY, TELECOMMUNICATIONS & ENERGY

Majority Report: Do pass as amended. Signed by 13 members: Representatives Crouse, Republican Co-Chair; Poulsen, Democratic Co-Chair; DeBolt, Republican Vice Chair; Ruderman, Democratic Vice Chair; Bush; Cooper; Delvin; Kastama; McDonald; Morris; Reardon; Thomas and Wolfe.

Staff: Julia Harmatz (786-7135)

Background:

As per 80.36.135 RCW, a telecommunications company subject to rate of return regulation (ROR) may request an alternative form of regulation (AFOR) from the WUTC.

Summary of Amended Bill:

In addition to existing considerations, to determine if an AFOR is appropriate, the WUTC must consider whether the plan will facilitate the broad deployment of *technological improvements* and *advanced telecommunications services* to underserved areas and customer classes.

The AFOR plan is required to consider carrier to carrier and ratepayer service quality standards, including enforcement and remedial measures for failure to meet service quality standards.

The amended bill deletes the election set out in the original bill to telecommunications to offer advanced telecommunications services through an affiliate.

Amended Bill Compared to Original Bill: Adds considerations to the commission to determine if an AFOR is appropriate. Adds service quality standards and enforcement measures to what should be in the AFOR plan. Deletes the election to telecommunications companies to offer advanced services through an affiliate.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: Applaud the Governor's office for all the work. This is a tool for transition by allowing for approval of a plan. The plan would include service quality and investment considerations. The specific elements of the plan are not here, but the

authority to put safeguards in the plan is present. The plan would have sufficient safeguards, with benchmarks and consequences for not meeting those benchmarks. A plan that addresses the place between full monopoly and full competition is needed. This offers regulatory certainty to a company. Addresses the disparity between rural and others and reduces the regulatory burden on companies.

Testimony Against: This eliminates too many consumer safeguards. The requirement of an affiliate does not go far enough. This requirement should mirror the federal requirements of divestiture. More commission oversight is needed. The provision that permits the company subject to the AFOR to modify its own plan is like changing the rules after the game has already started. Too much commission oversight is removed. Concern exists about deleting competitive classification and service quality issues. The time line to approve or reject the plan is too long. The time line should be shortened from nine months to four months. This omits considerations of competitors, and it should promote and enhance the competitive environment. The WUTC requires a rate case before an AFOR is granted. The AFOR should include a look-back provision for a specific modification during the course of the time line of the AFOR.

Testified: (Support) Marilyn Showalter, Washington Utilities and Transportation Commission; Tom Walker, U. S. West; Dan Dannen, Governor's office; and Gary Strannigan, Citizens for a Sound Economy.

(Support with concerns) Bill Garvin, MCI World Com.; Bruce Shaull, Sprint; Gary Gardner, Washington Association of Internet Service Providers; Simon Ffitch, Office of the Attorney General; and Tom Kilbane, American Electronics Association.

(Opposed) Gary Yaquinto, GST Telecom; Kaylene Anderson, Nextlink; Ron Gayman, AT&T; and Art Butler, Tracer.