

# SENATE BILL REPORT

## SB 5510

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As Reported By Senate Committee On:  
Economic Development & Telecommunications, February 12, 2001

**Title:** An act relating to extending the prohibition on mandatory local measured telecommunications service.

**Brief Description:** Extending the prohibition on mandatory local measured telecommunications service.

**Sponsors:** Senators B. Sheldon, Winsley, Haugen, Constantine, Fairley, Long, Eide, Hale, Prentice, Jacobsen, Costa, Kastama, Fraser, Kline, McAuliffe, Shin, Stevens, Regala, Morton, Zarelli, Benton and Oke.

**Brief History:**

**Committee Activity:** Economic Development & Telecommunications: 2/6/01, 2/12/01 [DPS].

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### SENATE COMMITTEE ON ECONOMIC DEVELOPMENT & TELECOMMUNICATIONS

**Majority Report:** That Substitute Senate Bill No. 5510 be substituted therefor, and the substitute bill do pass.

Signed by Senators T. Sheldon, Chair; B. Sheldon, Vice Chair; Fairley, Finkbeiner, Haugen, McCaslin, Rossi and Stevens.

**Staff:** William Bridges (786-7424)

**Background:** Most telephone customers in Washington pay a flat monthly rate for local telephone service. Some local telephone companies offer lower monthly rates if customers agree to pay for local service on a per call basis. This type of pricing is called local measured service.— Under local measured service, customers pay for their local calls based on the time of day and length of call.

The Legislature prohibits the Washington Utilities and Transportation Commission (WUTC) from approving tariffs or price lists that include mandatory local measured service. The prohibition 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 against mandatory local measured service expires June 1, 2001.

**Summary of Substitute Bill:** The prohibition restricting the WUTC from approving telecommunications tariffs and price lists imposing mandatory local measured service is extended to June 1, 2004.

**Substitute Bill Compared to Original Bill:** The prohibition against mandatory local measured service expires June 1, 2004, not June 1, 2005.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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

**Testimony For:** Large end-users oppose mandatory local measured service not just because it would substantially increase telephone costs, but it would also increase administrative costs due to likely billing errors. Employees would have to restrict their local calls and it would lower economic activity by discouraging phone contacts. Economic studies show that mandatory local measured service is actually less efficient than flat rates. Residential and small business consumers will benefit from the continued prohibition of local measured service through predictable and stable phone bills. Low-income persons will benefit because their contact with social services will not be subject to unpredictable phone bills. The prohibition against mandatory local measured service has helped the Internet and the economy grow. Small businesses would suffer if the prohibition were lifted because many customers make their first contact to small merchants by telephone. The current law and the bill preserves the option of local measured service for those consumers who want the service.

**Testimony Against:** None.

**Testified:** Art Butler, Tracer (pro); Simon ffitich, Public Counsel, Washington Atty Gen. (pro); Gary Gardner, Wash. Assn of Internet Service Providers (pro); Mark Johnson, Natl. Federation of Indep. Business (pro); Jim King, Independent Business Assn (pro); Mike Woodin, AT&T (pro).