

# FINAL BILL REPORT

## SHB 2103

---

C 26 L 07

Synopsis as Enacted

**Brief Description:** Modifying the competitive classification of telecommunications services.

**Sponsors:** By House Committee on Technology, Energy & Communications (originally sponsored by Representatives Morris, Crouse and Wallace).

**House Committee on Technology, Energy & Communications**  
**Senate Committee on Water, Energy & Telecommunications**

### **Background:**

#### Competitive Telecommunications Services.

The Washington Utilities and Transportation Commission (WUTC) may classify a telephone service as competitive, which means the service is subject to effective competition. In determining whether a service is competitive, the WUTC considers several factors, including:

- the number and size of alternative providers of services;
- the extent to which services are available from alternative providers in the relevant market;
- the ability of alternative providers to make functionally equivalent or substitute services readily available at competitive rates, terms, and conditions; and
- other indicators of market power, which may include market share, growth in market share, ease of entry, and the affiliation of providers of services.

Competitive telecommunications services are subject to minimal regulation. The WUTC may waive regulatory requirements for companies offering a competitive telecommunications service when it determines that competition will serve the same purposes as public interest regulation. The WUTC may waive different regulatory requirements for different companies if such different treatment is in the public interest. The WUTC may reclassify competitive telecommunications service if reclassification would protect the public interest.

#### Tariffs.

A non-competitive service must be described in a tariff. A tariff is a document that contains a company's rates and terms of service, and a change to a tariff is subject to the review and approval of the WUTC.

#### Bundled Services.

In an effort to provide one-stop-shopping for customers, some telecommunications companies bundle or package different services into one bill. Sometimes competitively classified services are bundled with tariffed services, making the regulatory classification of the bundle unclear.

### **Summary:**

In determining whether a competitive telecommunications service is subject to effective competition, the WUTC must consider the number and size of alternative providers of telecommunications services not subject to WUTC's jurisdiction in addition to those that are regulated by the WUTC.

A noncompetitive telecommunications company may petition to have packages or bundles of telecommunications services it offers be subject to minimal regulation. The WUTC must grant the petition where:

- each noncompetitive service in the package or bundle is readily and separately available to customers at fair, just, and reasonable prices;
- the price of the package or bundle is equal to or greater than the cost for tariffed services plus the cost of any competitive services as determined if the service is subject to effective competition; and
- the availability and price of the stand-alone noncompetitive services are displayed in the company's tariff and on its website consistent with WUTC rules.

The WUTC may waive any regulatory requirement with respect to packages or bundles of telecommunications services if it finds those requirements are no longer necessary to protect public interest.

"Minimal regulation" means that the telecommunications company must: (1) keep its accounts according to rules adopted by the WUTC; (2) file financial reports for competitive telecommunications services with the WUTC as required; and (3) cooperate with the WUTC investigations of customer complaints.

**Votes on Final Passage:**

House	96	0
Senate	46	0

**Effective:** July 22, 2007