

SENATE BILL REPORT

SHB 1703

AS REPORTED BY COMMITTEE ON ENERGY & UTILITIES, APRIL 1, 1993

Brief Description: Concerning alternate operator service companies.

SPONSORS: House Committee on Energy & Utilities (originally sponsored by Representatives Johanson, Grant and Jacobsen; by request of Utilities & Transportation Commission)

HOUSE COMMITTEE ON ENERGY & UTILITIES

SENATE COMMITTEE ON ENERGY & UTILITIES

Majority Report: Do pass as amended.

Signed by Senators Sutherland, Chairman; Amondson, Hochstatter, McCaslin, Owen, Roach, A. Smith, Vognild, and Williams.

Staff: Phil Moeller (786-7445)

Hearing Dates: March 22, 1993; April 1, 1993

BACKGROUND:

Alternate Operator Services companies (AOS) are companies that connect callers to intrastate and interstate telecommunications services from places such as hotels, motels, hospitals, and customer-owned pay telephones.

AOS companies have been somewhat controversial since their inception, mostly due to the large variation in charges they impose on callers. The Utilities and Transportation Commission (UTC) reports that nationwide, and within Washington State, complaint rates regarding AOS companies are relatively high.

In 1988, the Legislature enacted legislation requiring that AOS companies disclose the charge, fee, or rate of alternate operator services to the consumer. The 1990 Legislature required AOS companies to register with the UTC and authorized the UTC to adopt minimum standards for the operation of AOS companies. The 1990 Legislature also authorized the UTC to reject an AOS company's application if the UTC determines that the services and charges proposed by the company are not for the "public convenience and advantage." Since 1990, UTC rules have required that AOS companies match US West and AT&T rates for similar services.

The requirement that AOS rates match those of US West and AT&T has allowed the UTC to prohibit what it considers excessively high rates for companies now applying to register as telecommunications companies within Washington State.

However, this requirement does not apply to companies operating under tariffs which were granted prior to the adoption of the requirement (1990) and which permit rates higher than those charged by US West and AT&T.

SUMMARY:

The UTC may suspend the registration of an AOS company if the UTC finds that its charges are not for the public convenience and advantage, or if the AOS company is not in compliance with the accounting requirements of the UTC.

Until July 1, 1996, if the UTC files a complaint against an AOS company alleging that its rates are unreasonable, then the AOS company bears the burden of proving that its rates are for the public convenience and advantage. These requirements apply only to AOS companies that did not have tariffs on file with the UTC prior to January 1, 1987. AOS companies first filing rates with the UTC after January 1, 1987, are exempt from the requirement that they provide services to the public.

SUMMARY OF PROPOSED SENATE AMENDMENT:

A striking amendment was adopted.

A joint select committee on telecommunications is created consisting of four members of the House of Representatives and four members of the Senate.

The committee is deemed to be performing operations in assistance to the Utilities and Transportation Commission and shall be funded from the public service revolving fund. The committee may hire additional staff, create advisory committees, contract with agencies and private consultants and incur appropriate administrative, educational, and travel expenses for members and staff.

The committee shall be housed in existing facilities and shall be subject to the rules of the house of the chairperson.

The committee shall report to the Legislature in January 1994 and cease to exist on July 1, 1994.

Appropriation: none

Revenue: none

Fiscal Note: available

TESTIMONY FOR:

The alternative operator service companies that began operations prior to the 1990 legislation are charging rates far above the accepted standard. This legislation will allow the UTC to determine whether these rates are reasonable.

TESTIMONY AGAINST:

Placing the burden of proof on the alternate operator services is not a fair approach. Customers have the option to dial around and choose other long-distance carriers.

TESTIFIED: Louis Soumas, International Pacific (con); Warren Vangedoren, Paytel Northwest, Inc. (con); Tim Sweeney, Laddie Taylor, WUTC (pro); Wayne Ehlers, International Pacific (con); Mark Triplet, Paytel NW (con)