

SENATE BILL REPORT

ESSB 5156

As Passed Senate, March 8, 1995

Title: An act relating to promoting competition for long distance telecommunications.

Brief Description: Promoting competition for long distance telecommunications.

Sponsors: Senate Committee on Energy, Telecommunications & Utilities (originally sponsored by Senators Sutherland, Gaspard, Sellar, Hochstatter and Loveland).

Brief History:

Committee Activity: Energy, Telecommunications & Utilities: 1/24/95 [DPS, DNP].
Passed Senate, 3/8/95, 41-7.

SENATE COMMITTEE ON ENERGY, TELECOMMUNICATIONS & UTILITIES

Majority Report: That Substitute Senate Bill No. 5156 be substituted therefor, and the substitute bill do pass.

Signed by Senators Sutherland, Chair; Loveland, Vice Chair; Hochstatter and Owen.

Minority Report: Do not pass.

Signed by Senator Finkbeiner.

Staff: David Danner (786-7784)

Background: In 1982, a federal court mandated the break-up of the Bell telephone system. Under the court's decree, which became effective in 1984, local exchange companies (LECs) are limited to providing telephone services within defined local geographic zones known as local access transport areas (LATAs). By contrast, long distance companies may operate between LATAs (inter-LATA), and provide any other telephone services, subject to certain conditions.

In Washington, long distance companies have been permitted to provide intra-LATA telephone services so long as their customers dial a four-digit access code to direct the call through the long distance company.

The Washington Utilities and Transportation Commission (WUTC) is considering proposals to authorize long distance companies to provide intra-LATA service by presubscription, without requiring a four-digit access code. Such proposals have raised concerns of competitive imbalance in the telecommunications marketplace, insofar as LECs are barred by federal law from competing in the inter-LATA market.

Summary of Bill: The WUTC may not require changes in current intra-LATA dialing patterns until such times as all carriers, including LECs, are authorized to provide intra-LATA service, or June 30, 1998, whichever is earlier.

The WUTC must submit to the Legislature by December 1, 1997, a study reviewing the intra-LATA and inter-LATA long distance markets, applicable laws and regulations, and the impact upon telephone rates and the public interest of proposed changes in rules governing intra-LATA services.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on July 1, 1995.

Testimony For: "One plus" intra-LATA dialing would give long distance companies an unfair advantage in the telephone market by allowing them to provide integrated services and volume discounts not available to local exchange companies. The bill promotes full and fair competition by requiring carriers to provide services on equal terms and conditions. It protects local exchange companies' ability to fund universal service obligations to rural areas, the poor and elderly.

Testimony Against: The bill denies consumers a choice of service providers in the intra-LATA long distance market. Competition in the intra-LATA market leads to lower prices and better service. The bill maintains LECs' bottleneck on services in local markets.

Testified: PRO: Dale Vincent, US WEST; Todd R. Woosley; Paul Casey; Fred L. Maxie; Reidun Crowley; Ran Dunnell, Kay Godefroy; Lewis Yarbrough; Jim Henderson; Don Felling; Rosemary Williamson, GTE-NW; CON: Mike Woodin, AT&T; Gail Garey, MCI; Steve Wehrley, MCI; Samuel Williams, Sprint Communications; Joe Hommell, Electric Lightwave.