

SENATE BILL REPORT

SB 5600

As Reported by Senate Committee On:
Environment, Energy & Technology, February 17, 2023

Title: An act relating to removing the expiration date for the state universal communications services program.

Brief Description: Removing the expiration date for the state universal communications services program. [**Revised for 1st Substitute:** Extending the expiration date for the state universal communications services program.]

Sponsors: Senators Wellman, Braun, Lovick, Schoesler and Short.

Brief History:

Committee Activity: Environment, Energy & Technology: 2/08/23, 2/17/23 [DPS-WM].

Brief Summary of First Substitute Bill

- Extends the expiration date of the state Universal Communications Services Program by ten years.

SENATE COMMITTEE ON ENVIRONMENT, ENERGY & TECHNOLOGY

Majority Report: That Substitute Senate Bill No. 5600 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Nguyen, Chair; Lovelett, Vice Chair; MacEwen, Ranking Member; Boehnke, Lovick, Short, Trudeau and Wellman.

Staff: Angela Kleis (786-7469)

Background: Utilities and Transportation Commission. The Utilities and Transportation Commission (UTC) is a three-member commission appointed by the Governor and confirmed by the Senate. The UTC regulates the rates, services, facilities, and practices of utilities and transportation services.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

State Universal Communications Service Program. The state Universal Communications Services Program (program) was established to support the continued provision of basic telecommunications services under rates, terms, and conditions established by the UTC and the provision and enhancement of broadband services.

Under the program, an eligible communications provider (provider) may receive distributions from the Universal Communications Services Account (account). Expenditures for the program may not exceed \$5 million. Distributions from the account are based on a formula established by the UTC and may be adjusted as specified if the program does not have sufficient funds to fully fund this formula. To receive a distribution, an eligible provider must affirmatively consent to continue providing communications services to its customers under rates, terms, and conditions established by the UTC for the period covered by the distribution.

A provider is eligible to receive distributions from the account if it:

- is an incumbent local exchange carrier serving fewer than 40,000 access lines in the state or a radio communications service company providing wireless two-way communications service and broadband services to less than the equivalent of 40,000 access line in the state;
- has adopted a plan to maintain broadband services in its service area; and
- meets any other criteria set by the UTC; or
- demonstrates to the UTC that it is able to provide the same or comparable services at the same or similar service quality standards at a lower price, will provide service to all customers in the exchange service area, and submits to UTC regulation of its service as if it were the incumbent local exchange company.

The UTC must periodically review the accounts and records of any provider that receives distributions under the program to ensure compliance and monitor the use of funds. The UTC must also establish an advisory board to advise it on any rules and policies governing the operations of the program.

The program terminates June 30, 2024, and it expires July 1, 2025.

Summary of Bill: The bill as referred to committee not considered.

Summary of Bill (First Substitute): The program termination date is changed from June 30, 2024, to June 30, 2034. The program expiration date is changed from July 1, 2025, to July 1, 2035.

EFFECT OF CHANGES MADE BY ENVIRONMENT, ENERGY & TECHNOLOGY COMMITTEE (First Substitute):

- Makes a technical correction clarifying that the program termination year is also

extended ten years.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony on Proposed Substitute: *The committee recommended a different version of the bill than what was heard.* PRO: This program supports small companies that provide broadband services in rural areas. Customers need access to broadband for various purposes such as telehealth, economic development, and education. These companies need this program to build out to new locations and maintain current systems. Broadband infrastructure needs upgrades in order to run new software being deployed and to handle increased traffic from residents, hospitals, county and city facilities, schools, and libraries.

Persons Testifying: PRO: Senator Lisa Wellman, Prime Sponsor; Dallas Filan, Pioneer Telephone; Ole Olsen, St. John Telephone Company; Mike Oblizalo, Hood Canal Communications.

Persons Signed In To Testify But Not Testifying: No one.