

SHB 2679 - H AMD 696

By Representative Morris

1 Strike everything after the enacting clause and insert the
2 following:

3 "Sec. 1. 2013 2nd sp. s. c 8 s 201 (uncodified) is amended to read
4 as follows:

5 (1) The legislature finds that:

6 (a) The benefit that all consumers and communications providers
7 derive from connection to the legacy public telephone network is
8 enhanced by a universal service program that enables as many consumers
9 to be connected to the public network as possible; and

10 (b) Consumers in all areas of the state should continue to have
11 access to communications services at reasonable rates.

12 (2) The state has long relied on incumbent local exchange carriers
13 to provide a ubiquitous incumbent public network as carriers of last
14 resort. Significant changes are occurring in the communications
15 marketplace, including: (a) The migration from customer reliance on
16 access lines for voice service to the use of broadband for a number of
17 communications applications; and (b) changes in federal regulations
18 governing: How communications providers compensate other providers for
19 the use of the network; and eligibility for federal universal service
20 funds. These changes are adversely affecting the ability of some
21 communications providers to continue to offer communications services
22 in rural areas of the state of Washington at rates that are comparable
23 to those prevailing in urban areas. These changes, absent explicit
24 federal and state universal service support for such communications
25 providers, may lead, in the short term, to unreasonable telephone
26 service rate increases or cessation of service for some Washington
27 consumers. Therefore, it is in the best interest of the state to
28 ensure that incumbent local exchange carriers are able to continue to
29 provide services as the carrier of last resort.

1 (3) The changes in the communications marketplace result in a
2 revenue shortfall of greater than five million dollars for rural
3 incumbent local exchange carriers in this state.

4 (4) As a result of the foregoing and to enable all consumers in
5 Washington to access and benefit from a ubiquitous public network, the
6 legislature intends to create a targeted and temporary universal
7 service program that supports the legacy public telephone network of
8 Washington's smaller incumbent communications providers and ensures
9 access to the network during this transition to broadband services, is
10 operated in a transparent manner pursuant to rules adopted by the
11 utilities and transportation commission, and advances universal service
12 in a manner not inconsistent with the requirements of 47 U.S.C. Sec.
13 254, the federal telecommunications act of 1996.

14 **Sec. 2.** RCW 80.36.650 and 2013 2nd sp.s. c 8 s 203 are each
15 amended to read as follows:

16 (1) A state universal communications services program is
17 established. The program is established to protect public safety and
18 welfare under the authority of the state to regulate telecommunications
19 under Article XII, section 19 of the state Constitution. The purpose
20 of the program is to support continued provision of basic
21 telecommunications services under rates, terms, and conditions
22 established by the commission during the time over which incumbent
23 communications providers in the state are adapting to changes in
24 federal universal service fund and intercarrier compensation support.

25 (2) Under the program, eligible communications providers may
26 receive distributions from the universal communications services
27 account created in RCW 80.36.690 in exchange for the affirmative
28 agreement to provide continued services under the rates, terms, and
29 conditions established by the commission under this chapter for the
30 period covered by the distribution. The commission must implement and
31 administer the program under terms and conditions established in RCW
32 80.36.630 through 80.36.690. Expenditures for the program (~~may not~~
33 ~~exceed~~) must be five million dollars per fiscal year, less the
34 administrative costs appropriated to the commission to administer the
35 program established in subsection (1) of this section in the omnibus
36 operating appropriations act.

1 (3) A communications provider is eligible to receive distributions
2 from the account if:

3 (a) The communications provider is: (i) An incumbent local
4 exchange carrier serving fewer than forty thousand access lines in the
5 state; or (ii) a radio communications service company providing
6 wireless two-way voice communications service to less than the
7 equivalent of forty thousand access lines in the state. For purposes
8 of determining the access line threshold in this subsection, the access
9 lines or equivalents of all affiliates must be counted as a single
10 threshold, if the lines or equivalents are located in Washington;

11 (b) The customers of the communications provider are at risk of
12 rate instability or service interruptions or cessations absent a
13 distribution to the provider that will allow the provider to maintain
14 rates reasonably close to the benchmark; and

15 (c) The communications provider meets any other requirements
16 established by the commission pertaining to the provision of
17 communications services, including basic telecommunications services.

18 (4)(a) Distributions to eligible communications providers are based
19 on a benchmark established by the commission. The benchmark is the
20 rate the commission determines to be a reasonable amount customers
21 should pay for basic residential service provided over the incumbent
22 public network. However, if an incumbent local exchange carrier is
23 charging rates above the benchmark for the basic residential service,
24 that provider may not seek distributions from the fund for the purpose
25 of reducing those rates to the benchmark.

26 (b) To receive a distribution under the program, an eligible
27 communications provider must affirmatively consent to continue
28 providing communications services to its customers under rates, terms,
29 and conditions established by the commission pursuant to this chapter
30 for the period covered by the distribution.

31 (5) The program is funded from amounts deposited by the legislature
32 in the universal communications services account established in RCW
33 80.36.690. The commission must operate the program within amounts
34 appropriated for this purpose and deposited in the account.

35 (6) The commission must periodically review the accounts and
36 records of any communications provider that receives distributions
37 under the program to ensure compliance with the program and monitor the
38 providers' use of the funds.

1 (7) The commission must establish an advisory board, consisting of
2 a reasonable balance of representatives from different types of
3 communications providers and consumers, to advise the commission on
4 any rules and policies governing the operation of the program.

5 (8) The program terminates on June 30, 2019, and no distributions
6 may be made after that date.

7 (9) This section expires July 1, 2020."

8 Correct the title.

EFFECT: Makes the following changes to the substitute house bill:
Changes language in the intent section.

Removes the requirement that the Utilities and Transportation
Commission (UTC) distribute funds pursuant to a recommendation by the
UTC Universal Communications Services Program Advisory board.

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