

SENATE BILL REPORT

SB 5383

As of February 18, 2021

Title: An act relating to authorizing a public utility district to provide retail telecommunications services in unserved areas under certain conditions.

Brief Description: Authorizing a public utility district to provide retail telecommunications services in unserved areas under certain conditions.

Sponsors: Senators Wellman, Short, Hunt, King, Lovelett, Nguyen, Randall, Saldaña, Warnick, Wilson, C. and Wilson, L..

Brief History:

Committee Activity: Environment, Energy & Technology: 2/03/21, 2/11/21 [DPS-WM].
Ways & Means: 2/18/21.

Brief Summary of First Substitute Bill

- Authorizes a public utility district to provide retail telecommunication services in an unserved area under certain conditions.

SENATE COMMITTEE ON ENVIRONMENT, ENERGY & TECHNOLOGY

Majority Report: That Substitute Senate Bill No. 5383 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Carlyle, Chair; Lovelett, Vice Chair; Ericksen, Ranking Member; Das, Fortunato, Hobbs, Liias, Nguyen, Sheldon, Short, Stanford and Wellman.

Staff: Angela Kleis (786-7469)

SENATE COMMITTEE ON WAYS & MEANS

Staff: Richard Ramsey (786-7412)

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.

Background: State Broadband Office. The purpose of the Governor's Statewide Broadband Office (office) is to encourage and develop affordable, quality broadband within the state to promote innovation, serve the growing needs of Washington's systems, and improve broadband accessibility for unserved communities.

The office's statutory goals are the following:

- by 2024, businesses and residences have access to minimum speeds of 25 megabits per second (Mbps) download and 3 Mbps upload;
- by 2026, communities have access to at least 1 gigabit per second symmetrical service at anchor institutions; and
- by 2028, businesses and residences have access to at least one provider with 150 Mbps symmetrical service.

Retail Telecommunications Services-Public Utility District. Under current law, unless specified, a public utility district (PUD) is not authorized to provide retail telecommunication services to customers.

Temporary Authority. A PUD may provide retail telecommunication services to customers if an Internet service provider (ISP) operating on a PUD telecommunications facility ceases to provide Internet services to customers and no other retail service providers are willing to provide service. The PUD must find a replacement provider and may only provide retail services to customers for a maximum of five months. The tax treatment of retail services provided by a PUD must be the same as if those retail services were provided by the defunct ISP.

Authority for Certain PUDs. A PUD that provides only water, sewer, and wholesale telecommunications services in a county with an area less than 500 square miles and is located west of the Puget Sound may provide retail Internet services only when all of the existing providers cease to provide retail services or provide inadequate end-user service. The authority to provide retail services expires five years after June 7, 2018, for any PUD that has not entered into a partnership payment structure to finance broadband deployment or been petitioned to provide Internet service. Petition requirements are specified.

Summary of Bill (First Substitute): A PUD may provide retail telecommunications services to an end-user in an unserved area if it is notified by the office that an existing service provider has not filed an objection and a broadband service plan (plan).

Prior to beginning a project, a PUD must notify the office of its intent to provide service to an unserved area. The office must post this intent on its public website.

An existing service provider has 30 days within the posting of this intent to submit to the office an objection to the project demonstrating that it would result in overbuild. If the provider intends to prevent overbuild, it must also submit a plan to the office. The plan must demonstrate how the provider currently provides service to end-users near the

proposed project site that are equal to or greater than state speed goals and how the provider intends to provide speeds of at least 150 Mbps to the unserved area. The plans are not subject to public inspection.

By December 31, 2023, the office must submit a report to the Legislature evaluating the effectiveness of authorizing a PUD to provide retail telecommunication services to unserved areas as provided in this act.

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 First Substitute (Environment, Energy & Technology): PRO: We have long supported the idea that PUDs and ports should be able to provide retail services to unserved areas. We propose changing the target from 150 Mbps to 100/20 Mbps. This bill takes the right approach to bring service to those still unserved and prevent overbuild with the inclusion of the challenge process. The bill would allow PUDs to seek federal funds for unserved areas.

CON: We do not like the idea a private company can veto PUD service through the challenge process. It might allow one large for-profit to limit the expansion of broadband. In order to access federal funds, we need full retail authority. As drafted, the bill is limited to only the unserved. The challenge process undermines communities that petition a PUD to provide retail services.

OTHER: We support the general direction of the bill because it gets service out to the unserved while recognizing private sector investment. We suggest changing requirements to provide for gradual, scalable growth. The ports should also have retail authority. This is an important tool for equity and inclusion of rural areas. We would prefer universal access for all households because this issue affects more than only those in unserved areas.

Persons Testifying (Environment, Energy & Technology): PRO: Senator Lisa Wellman, Prime Sponsor; Betty Buckley, Washington Independent Telecommunications Association; David Ducharme, Broadband Communications Assn. of WA; Mike Ennis, AWB.

CON: Laura Bernstein, Share The Cities; Bob Hunter, Kitsap PUD; Debra Lester, Kitsap PUD; John Andrist, NCI Datacom, Inc.

OTHER: James Thompson, Washington Public Ports Association; George Caan, Washington PUD Association; William Painter, Lewis County Public Utility District; Russ Elliott, Washington State Broadband Office; Nancy Chamberlain, Washington State PTA.

Persons Signed In To Testify But Not Testifying (Environment, Energy & Technology): No one.

Staff Summary of Public Testimony (Ways & Means): PRO: Rural broadband is expensive, \$5 billion to build out in rural areas. Having PUDs and ports as active participants would be great. We have a shared goal of closing the digital divide. We are open to the concept of expanding the public provision of broadband in unserved areas.

CON: In its current form, the bill does not go far enough to enable public entities to expand broadband. The bill creates a protective process. The goal is to use federal funds to expand into unserved rural areas.

OTHER: We are looking to support this bill. The bill enhances the spirit of the current law that created the Statewide Broadband Office. We have made suggestions to the sponsor, including moves to change the speed metric. The focus of the bill is segregation of public and private providers; we want to change the focus to be integration of the two. Imagine e-commerce if broadband was available in Lewis County; 20,000 households would be served. The past year has demonstrated the need for broadband. We agree with the expanded role of public entities and are encouraged with the constructive conversation.

Persons Testifying (Ways & Means): PRO: Betty Buckley, WA Independent Telecommunications Association; Mike Ennis, AWB.

CON: Bob Hunter, Kitsap PUD; Lisa Thatcher, Kitsap PUD.

OTHER: Russ Elliott, Washington State Broadband Office; James Thompson, Washington Public Ports Association; William Painter, Lewis County Public Utility District; Dave Arbaugh, Mason 3 PUD.

Persons Signed In To Testify But Not Testifying (Ways & Means): No one.