

SENATE BILL REPORT

SB 5505

As of February 5, 2025

Title: An act relating to the state universal communications services program.

Brief Description: Concerning the state universal communications services program.

Sponsors: Senators Chapman, Short and Wellman.

Brief History:

Committee Activity: Environment, Energy & Technology: 2/05/25.

Brief Summary of Bill

- Renews the State Universal Communications Services Program (Program) through July 1, 2027.
- Modifies Program account uses to include providing and upgrading services, ensuring reliability, and maintenance of existing infrastructure.
- Specifies requirements for telecommunications providers to be eligible for the Program funds.

SENATE COMMITTEE ON ENVIRONMENT, ENERGY & TECHNOLOGY

Staff: Alicia Kinne-Clawson (786-7407)

Background: State Universal Communications Services Program. The State Universal Communications Services Program (Program) was established in 2014 to provide temporary support to Washington's smaller incumbent telephone companies.

The Program supports continued provision of basic telecommunication services under rates, terms, and conditions established by the Utilities and Transportation Commission (UTC) and the provision, enhancement, and maintenance of broadband services. Under the Program, eligible communications providers may receive distributions from the Program in

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exchange for an agreement to provide continued telecommunications services under the rates, terms, and conditions established by the UTC, and broadband services, for the period covered by the distribution.

A communications provider is eligible to receive distributions from the Program if:

- the provider is an incumbent local exchange carrier and has fewer than 40,000 lines in the state or is a radio communications service company providing wireless two-way voice communications service and broadband services to less than the equivalent of 40,000 access lines in the state;
- the provider has adopted a plan to provide, enhance, or maintain broadband services in its service area; and
- the provider meets any other criteria established by the UTC.

A communications provider other than a provider meeting the criteria above is eligible to receive distributions from the Program if the provider:

- demonstrates to the UTC that the provider is able to provide the same or comparable services at the same or similar service quality standards at a lower price;
- will provide communications services to all customers in the exchange or exchanges in which it will provide service; and
- submits to the UTC's regulation of its service as if it were the incumbent local exchange company serving the exchange or exchanges for which it seeks distribution from the account.

Expenditures from the Program may not exceed \$5 million per fiscal year. If less than \$5 million is expended in any fiscal year, the unexpended portion must be carried over to subsequent fiscal years and be available for Program expenditures in subsequent fiscal years in addition to the \$5 million allotted for each of the subsequent fiscal years. The Program is funded from amounts deposited by the Legislature into the Universal Communications Services Account. The UTC must operate the Program within amounts appropriated.

The Program expired on June 30, 2024.

Broadband Goals. The statewide goals for access to broadband service and minimum download and upload speeds established in statute include that:

- by 2024, all businesses and residences have access to high-speed broadband that provides minimum download speeds of at least 25 megabits per second and minimum upload speeds of at least 3 megabits per second;
- by 2026, all communities have access to at least 1 gigabit per second symmetrical broadband service at anchor institutions like schools, hospitals, libraries, and government buildings; and
- by 2028, all businesses and residences have access to at least one provider of broadband with download speeds of at least 150 megabits per second and upload speeds of at least 150 megabits per second.

Summary of Bill: The purpose of the Program is modified to include the development of statewide telecommunications infrastructure for public safety, telemedicine, services for individuals with special needs, distance learning, public library services, and 911 access.

Program funds may be used for:

- providing and upgrading services in areas that do not meet the state's broadband speed goals;
- ensuring reliability and integrity of emergency telecommunications systems;
- maintaining existing telecommunications infrastructure; and
- other purposes defined by the UTC.

Funds may not be used to overbuild existing infrastructure in areas that receive federal funding and exceed state broadband speed goals.

Eligible telecommunications providers are modified to those who:

- serve fewer than 20,000 access lines in the state;
- use battery back-up of the communication provider's system;
- are eligible and do participate in a low-income, service affordability program; and
- provide access to the state's emergency services programs such as 911, enhanced 911, and next-generation 911.

Radio communications service companies providing two-way voice communications and broadband services or no longer eligible under the Program.

The expiration date is extended to July 1, 2027.

Appropriation: None.

Fiscal Note: Requested on January 30, 2025.

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

Effective Date: The bill contains an emergency clause and takes effect immediately.

Staff Summary of Public Testimony: PRO: We know that many of the small broadband and telecom service providers in our area would not provide services without support. We need that connectivity. This is one more tool in that toolbox. This bill allows us to serve where others will not. The cost to serve these areas is very expensive. We provide broadband and telephone services to customers that don't have power. Any of our customers to not have access to cell phone service. We provide 911 services access to the 911 network so that no call is missed. The cost to do this is extremely high and the Universal Communications Service Program is key. The loss of funding changed our ability to build additional fiber optic. When we lost that funding we cut back on new fiber service projects. These funds have enabled the installation of backup and supporting systems for emergency

communications services. Without this funding, we would not be able to build out large capital projects.

Persons Testifying: PRO: Senator Mike Chapman, Prime Sponsor; Rick Vitzthum, Tenino Telephone Company & Kalama Telephone Company; Clint Volk, Union Fire Department ; Michael Oblizalo, Hood Canal Communications.

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