HOUSE BILL REPORT

SSB 6144

As Reported By House Committee on:
Energy & Utilities

Title: An act relating to authorizing a temporary reduction or waiver of existing tariff charges for the purpose of promoting a telecommunications service.

Brief Description: Regulating public service company tariff charge reduction or waiver.

Sponsor(s): By Senate Committee on Energy & Utilities (originally sponsored by Senators Thorsness, Sutherland, Saling and Stratton).

Brief History:
Reported by House Committee on:
Energy & Utilities, February 21, 1992, DP.

HOUSE COMMITTEE ON ENERGY & UTILITIES

Majority Report: *Do pass.* Signed by 10 members: Representatives Grant, Chair; H. Myers, Vice Chair; May, Ranking Minority Member; Hochstatter, Assistant Ranking Minority Member; Bray; Casada; Cooper; R. Fisher; Miller; and Rayburn.

Minority Report: *Do not pass.* Signed by 1 member: Representative Jacobsen.

Staff: Fred Adair (786-7113).

Background: Telecommunications utilities regulated by the Utilities and Transportation Commission (UTC) are required to file with the UTC the rates, charges or tolls that are charged to customers. Generally these charges are subject to some form of approval by the UTC.

Telecommunications utilities are limited in providing free or reduced price services. There is concern that these limitations should be defined more precisely to allow telecommunications utilities the ability to promote a service with temporary free or reduced rates.

Summary of Bill: For certain telecommunications services, a utility tariff that temporarily reduces or waives existing charges shall be considered a tariff that decreases a rate, charge, rental, or toll. If the utility files with the UTC necessary documentation, the UTC may not suspend such a tariff. The services affected by such a tariff include custom calling service, second access lines, and other services the UTC specifies by rule; the UTC may suspend any promotional tariff other than these. The service time for a reduced tariff is limited to no more than 60 days.

Fiscal Note: Not requested.

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

Testimony For: There is a need to promote services where the market is soft or not penetrated. The UTC concluded it does not have the authority to allow this and assisted U.S. West in the preparation of legislation to enable promotional offerings. The UTC can act to preserve the public interest. This bill has nothing to do with broadcasting, newspapers, or telephone answering services. These people are our customers. We can and have (e.g., with the Seattle Times) gone into mutually beneficial partnerships in providing information services. U.S. West is not knowledgeable about gathering news and entertainment. In 1931, newspapers tried to stop radio from broadcasting news. Newspapers are still read today. Even though U.S. West estimates the loss of 20-30 percent of its customers to competition, it will not fight the allowance of competition. U.S. West is the only one of potential competitors that must file a tariff and state law precludes price reductions that are below cost.

Testimony Against: This bill goes beyond what is necessary. Cross-subsidization between basic telephone service and these new offerings may occur. Competitive and non-competitive services can be bundled, possibly resulting in unfair competitive advantage. "Custom calling services" and "second access lines" are not defined in law. It appears we could have endless 60-day consecutive trial periods. Some businesses are threatened if this bill passes because the playing field would not be level. There is concern about telecommunications companies entering into the news and entertainment fields.

The National Association of Broadcasters has a task force to oversee telecommunications company entry into the information services field and investment in fiber optics. There is need for public policy on transmission of computer services and personal communications devices that is consistent nationwide. Information services is at the heart of the issue. There are various definitions, there are First Amendment rights, privacy considerations and competitive strategies. The issue is exacerbated by the Federal Communications Commission policy of promoting a video dial tone. Consumer constituencies need to be clearly defined. Telecommunications companies are interested in news and entertainment and associated advertising revenues. Temporary low-cost promotion, of itself, is not an issue. U.S. West is a scary competitor who could cross-subsidize and drive us out of business. We see preferential treatment for a monopoly provider.

Witnesses: Dale Vincent, U.S. West (pro); Bill Garvin, MCI (con); Rowland Thompson, Allied Daily Newspapers of Washington (con); Robert Frisbee, Electric Lightwave (con); Art Butler, TRACER (con); T.K. Bentler, U.S. Sprint (neutral); Sharon Nelson and Carol Monohon, UTC (neutral); Mike Woodin, AT&T (neutral); Jack Doyle, Pacific Telecommunications (pro); Bob Bratton, GTE (pro); Rick Hansen, NTA - an answering service he owns (con); and John Behnke, Fisher Broadcasting Company (con).