

SENATE BILL REPORT

SSB 5537

AS PASSED SENATE, MARCH 15, 1993

Brief Description: Concerning alternate operator service companies.

SPONSORS: Senate Committee on Energy & Utilities (originally sponsored by Senators Sutherland, Hochstatter and A. Smith; by request of Utilities & Transportation Commission)

SENATE COMMITTEE ON ENERGY & UTILITIES

Majority Report: That Substitute Senate Bill No. 5537 be substituted therefor, and the substitute bill do pass.

Signed by Senators Sutherland, Chairman; Jesernig, Vice Chairman; Amondson, Hochstatter, Owen, A. Smith, Vognild, and Williams.

Staff: Phil Moeller (786-7445)

Hearing Dates: February 11, 1993; February 16, 1993; February 26, 1993

BACKGROUND:

An alternate operator services company is defined in statute as a company offering connections to intra-state or interstate telecommunications services from customer-owned pay telephones and other public settings including hotels, motels and hospitals. Some alternate operator services (AOS) companies have been known to provide poor service and have charged rates significantly higher than better-known long-distance companies.

The Legislature passed bills in 1988 and 1990 giving the Washington Utilities and Transportation Commission (WUTC) authority to regulate these companies. This authority included requiring AOS companies to register with the WUTC, allowing the WUTC to adopt minimum standards and disclosure requirements for AOS companies, and financial penalties for AOS company noncompliance.

Some AOS companies that began operations prior to 1990 have eluded conforming to WUTC standards and disclosure requirements.

SUMMARY:

The Washington Utilities and Transportation Commission (WUTC) may suspend the registration of an alternate operator services (AOS) company if the WUTC finds that the rates of an AOS company are not for the public convenience and advantage or if

the WUTC finds that the AOS company does not meet accounting requirements.

Until July 1, 1996, if the WUTC files a complaint alleging that an AOS company's rates for services are unreasonable, the burden is on the AOS company to prove that its rates are for the public convenience and advantage. These requirements apply only to AOS companies that did not have tariffs on file with the WUTC as of January 1, 1987.

AOS companies first filing rates with the WUTC after January 1, 1987 are exempt from the requirement of providing their services to the public on demand. This exemption expires July 1, 1996.

Appropriation: none

Revenue: none

Fiscal Note: available

TESTIMONY FOR:

The companies affected by this legislation have escaped the type of rate and service quality standards required of companies that have begun operations since 1990. Because all new entrants are meeting these WUTC requirements it is fair to make the other companies justify their noncompliance.

TESTIMONY AGAINST:

Shifting the burden of proof is unfair in any situation. This is an industry that is beginning to police itself and the bill is not necessary.

TESTIFIED: Bradley Schmidt (pro); Robert Schrader, Paytel Northwest, Inc. (con); Laddie Taylor, WUTC (pro); Don Trotter, WUTC/Ag; Tim Sweeney, WUTC (pro)