

SENATE BILL REPORT

SB 5537

AS REPORTED BY COMMITTEE ON ENERGY & UTILITIES, FEBRUARY 26, 1993

Brief Description: Concerning alternate operator service companies.

SPONSORS: 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 charges of an AOS company are not for the public convenience and advantage. 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.

EFFECT OF PROPOSED SUBSTITUTE:

The intent of the legislation is clarified.

The authority of the WUTC to suspend the registration of an AOS company is expanded to cover noncompliance of accounting requirements.

The provisions placing the burden of proof on certain AOS companies and the provisions exempting these AOS companies from the requirement of providing service on demand expire 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)