

**SENATE BILL REPORT**

**SB 5622**

**AS REPORTED BY COMMITTEE ON ENERGY & UTILITIES, MARCH 2, 1993**

**Brief Description:** Establishing a state-wide community calling fund.

**SPONSORS:** Senators Sutherland and Hochstatter; by request of Utilities & Transportation Commission

**SENATE COMMITTEE ON ENERGY & UTILITIES**

**Majority Report:** Do pass and be referred to Committee on Ways & Means.

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

**Staff:** Phil Moeller (786-7445)

**Hearing Dates:** February 16, 1993; March 2, 1993

**SENATE COMMITTEE ON WAYS & MEANS**

**Staff:** Martin Chaw (786-7715)

**Hearing Dates:** March 8, 1993

**BACKGROUND:**

As telephone service spread throughout the state of Washington earlier in the century, small companies were formed to provide this service to distinct communities. Later, many of the small companies were absorbed or merged with larger companies, but a range of distinct service areas remain. With the recent growth in the state's urban areas, some formerly distinct communities have become part of a larger urban community. However, in some cases the telephone service areas remain distinct. This can cause a toll charge to be incurred to the caller when calling outside the local calling area even though the call may be placed to a location considered part of the larger urban community.

"Extended Area Service" (EAS) is a service offering that provides to a caller unlimited calling to a specific area outside the caller's normal calling area. The lost toll revenue is then recovered through a monthly charge on each of the access lines in the original area. Implementing this concept becomes more challenging when the original area and the extended area are served by different telephone companies. Additionally, some rural telephone companies may be proportionately more dependent upon toll revenues than larger companies providing service in urban areas. Citizens may petition the Washington Utilities and Transportation Commission (WUTC) to consider additional EAS routes.

The WUTC attempted to resolve this issue by creating a "Community Calling Fund" financed by a monthly charge on all access lines in the state. As envisioned the moneys in this fund would be distributed to compensate for lost toll revenue to certain companies as EAS was offered in more locations throughout the state. The authority of the WUTC to create such a fund was challenged in court, with a resulting ruling that the WUTC presently lacks this authority.

**SUMMARY:**

The Washington Utilities and Transportation Commission (WUTC) may impose a charge on all switched access lines provided by local telephone companies within the state. The charge may not exceed ten cents per line per month and may be distributed for the recovery of costs associated with the expansion of local calling area routes. No funds shall be distributed to a local telephone company that serves more than 15,000 access lines. The WUTC is required to review this program and report its results to the Legislature by January 1, 1998.

Sections authorizing the process of petitioning the WUTC for extended area service are repealed.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** available

**TESTIMONY FOR:**

Certain areas, such as greater Seattle, presently benefit from extended area service based on political decisions of the past. A community calling fund will allow certain customers to benefit from a larger local calling area. These customers will still be paying more, but their rate increases will be less drastic under this bill.

**TESTIMONY AGAINST:**

This is an unfair subsidy of rural customers by urban customers. The UTC can order these routes at the present time and the bill is not needed.

**TESTIFIED:** PRO: Terry Vann, WITA; Rick Buechel, Hood Canal Telephone Co.; Rick Finnigan, WECA; Mike Woodin, ATT; Sharon Nelson, Dick Casad, Bud Pardini, Bethany Weidner, WUTC; Bill Moore, Tracer (con)