

# HOUSE BILL REPORT

## HB 2060

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**As Reported By House Committee On:**  
Technology, Telecommunications & Energy

**Title:** An act relating to franchises and the use of public rights-of-way.

**Brief Description:** Concerning the use of rights-of-way in cities and counties.

**Sponsors:** Representatives DeBolt, Morris, Crouse, Ruderman and Poulsen.

**Brief History:**

**Committee Activity:**

Technology, Telecommunications & Energy: 2/26/99, 1/18/00, 2/4/00 [DPS].

**Brief Summary of Substitute Bill**

- Cities and towns are required to give access to public rights of way, including access to wireless services, and cannot exclude wireless through zoning.
- A process for expedited permitting is created, with a 120-day time line for the initial master permit, and a further expedited 30-day time line for a use permit.
- Denials or delays of either permit must be in writing, and are subject to administrative review.
- Cities and towns are not permitted to compete with telecommunication or cable businesses using those businesses' excess access.
- Cities and towns may lease out access owned by service providers in the right of way to other service providers
- Proprietary information of a company doing business in the right of way is not subject to the open public records act.
- Cities are allowed to request a facility to move in the right of way, but the city will pay for the move if there is a second request to move within five years.

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## HOUSE COMMITTEE ON TECHNOLOGY, TELECOMMUNICATIONS & ENERGY

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 13 members: Representatives Crouse, Republican Co-Chair; Poulsen, Democratic Co-Chair; DeBolt, Republican Vice Chair; Ruderman, Democratic Vice Chair; Bush; Cooper; Delvin; Kastama; McDonald; Morris; Reardon; Thomas and Wolfe.

**Staff:** Scott MacColl (786-7106)

### **Background:**

The siting of telecommunications facilities in public rights of way was a major issue during the 1998 legislative session. The bill then under consideration was ESSB 6515, which ended up going to conference committee, where it died. As part of the 1999 interim plan, the Technology, Telecommunications and Energy Committee studied the issues related to the placement of telecommunication facilities in public rights of way.

A purpose of the federal Telecommunications Act of 1996 is to encourage competition in the telecommunications industry, in part by removing regulatory barriers that might prevent an entity from providing telecommunications service. While the act prohibits state or local legal requirements that are "barriers to entry," the act explicitly preserves state and local authority to manage public rights of way on a nondiscriminatory basis, and to require "fair and reasonable compensation" from telecommunications service providers, as long as the required compensation is competitively neutral and nondiscriminatory. What might constitute "a barrier to entry," "fair and reasonable compensation," or competitive neutrality is undefined.

The act requires state and local governments to process applications to place, construct, or modify personal wireless service facilities within a reasonable period of time after the request is filed, and to support any denial of such a request with substantial evidence in a written record.

One provision of the act can be read as promoting the use of public rights of way for siting telecommunications facilities, as it directs the Federal Communications Commission to provide technical support to states to encourage states to make rights of way available for the placement of wireless service facilities.

How public rights of way should be made available to telecommunications service providers has become an increasingly contentious issue. One viewpoint is that rights of way are public assets purchased with tax dollars, and the general public, not

private profit-making corporations, should benefit from the acquisition of those rights of way. An opposite viewpoint is that public rights of way should be made available at cost to telecommunications service providers, who are themselves taxpayers, to encourage the deployment of telecommunications infrastructure and the development of competition ultimately benefit the general public.

State Rights of Way. No uniform policy for the siting of telecommunications facilities in state rights of way exists. Statutes authorize the Washington State Department of Transportation (WSDOT) to grant utilities franchises to use state (highway) rights-of-way, but prohibit the WSDOT from charging more than administrative costs and for restoration of highway facilities necessitated by installation or relocation of facilities. In contrast, the Department of Natural Resources (DNR) must manage trust lands under its jurisdiction to make money for trust beneficiaries (such as school construction), so the DNR charges telecommunications companies to site facilities on trust lands.

Local Rights of Way. No uniform municipal or county ordinance that govern facilities in local rights of way exists. As such, telecommunications companies that provide service in multiple local jurisdictions are concerned about the potential for uneven-handed treatment.

By law, counties may establish franchises for the placement of utility facilities on county road rights of way and bridges. Franchise fees are not specifically limited by statute, and franchisees are responsible for the costs of relocation due to roadway improvements.

Municipalities may grant franchises, but are only authorized to charge for administrative costs.

Cable Franchises. Local franchising authorities, as units of local government may grant nonexclusive cable franchises. As part of a franchise agreement, a local franchising authority may impose franchising fees and require a cable company to carry public, education, and governmental or other specified programming.

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### **Summary of Substitute Bill:**

A new process is set up regarding rules and processes for cities and towns to allow access to the right of way. A requirement for expedited permitting is created, which includes a 120-day time line for an initial master permit, and a further expedited 30-day time line for the use permit. Cities and towns are not permitted to compete with telecommunication or cable businesses using the service provider's excess access, however, cities and towns may lease out excess access owned by service providers in

the right of way to other service providers. Counties are excluded from this requirement, and wireless services are included as one of the parties.

#### Cities and Towns: Master Permits and Use Permits

A new expedited process for right of way permitting for cities and towns is created in which a service provider must receive a master permit to locate facilities in the right of way. If a master permit is requested, a city or town must act upon the application within 120 days. Service providers with an existing statewide grant are not required to apply for a master permit.

Once a service provider holds a master permit, then the service provider is only required to receive a use permit to install, repair or remove facilities in the right of way. A use permit request must be granted or denied within 30 days unless a service provider agrees to an alternative time frame. If a denial or extension is necessary, the city or town must notify the service provider in writing, and the decision is subject to administrative appeal. A city or town may not deny a use permit to a service provider with an existing statewide grant based on the failure to obtain a master permit.

#### Cities and Towns: Permit Denial and Appeal

Cities and towns are granted express authority to issue or deny permits for the use of the right of way for cable or telecommunication services. If a master permit authorizing access to the right of way is denied, the city or town must support the decision with substantial evidence in writing. A service provider that is denied a master permit, or has waited longer than 30 days for a use permit, may take action to seek injunctive relief.

#### Cities and Towns: Moratoriums

Cities and towns are prohibited from placing or extending a moratorium on the application, construction, maintenance, repair, extension, or operation of any facilities for personal wireless services.

#### Cities and Towns: Liabilities

Liabilities of cities or towns are not expanded and no new liabilities are created for third party users of the right of way. Further, no limit has been placed on the right of a city or town to require an indemnification agreement as a condition of a service provider's facility occupying the right of way.

#### Cities and Towns: Responsibilities

No new responsibilities are created for cities and towns for construction of facilities or to modify the right of way to accommodate such facilities. Cities and towns may require service providers to relocate facilities within the right of way when necessary for alteration of the right of way. Notification of need must be made as soon as possible, and in calculating the time line, the service provider shall be consulted. Service providers may not seek reimbursement for relocation unless the city or town has requested a relocation within the last five years, it is an aerial to underground relocation, or it is solely for aesthetic purposes.

#### Cities and Towns: Excess Access in the Right of Way

Cities and towns may require that service providers who are constructing or relocating ducts in public rights of way provide the city or town with additional duct and related structures necessary to access the conduit (excess access). However, the city or town may not require the service provider to grant access to its access structures or vaults.

The city or town must enter into a contract with the service provider that is filed with the Utilities and Transportation Commission, which is required by statute for telecommunication service contracts. If the excess access is to be used by any other cable or telecommunications provider, the service provider is to be fully reimbursed for the costs. The city or town may not use the additional conduit or duct space or access to structures to provide telecommunication or cable services for hire, sale, or resale to the public.

Therefore, cities and towns are allowed to lease out excess access to other telecommunication or cable companies, however cities and towns are not allowed to provide telecommunication or cable services themselves using the excess access.

#### Cities and Towns: Franchise Fees

Service providers in the right of way are not allowed to be charged a franchise fee. A fee may only be charged to service providers that access the public right of way that:

- recovers actual administrative expenses;
- is a tax permitted by state law (public utility tax);
- is a franchise requirement and fee for cable television (authorized by federal legislation); or
- are site specific charges that are negotiated between wireless companies and the city or town for either the placement of new structures that exceed 50 feet tall or

15 feet above any existing structure, or that place wireless structures on structures owned by the city or town.

#### Service Providers: Responsibilities

Service providers are required to:

- obtain necessary permits;
- comply with applicable ordinances, codes and regulations;
- provide information and plans as necessary to enable a city or town to ensure scheduling and coordination of work in the right of way;
- cooperate with the city or town to ensure that facilities do not inconvenience the public use of the right of way;
- obtain written approval of the facility owner if it is not owned by the service provider prior to using the structure;
- construct, operate and install facilities at its expense; and
- comply with applicable federal and state safety laws and standards.

#### Open Public Records and Inspection

An additional exemption is added to the requirement that all public records are available for inspection and copying. Proprietary designs, drawings, or maps of existing or planned facilities in connection to a master permit are exempt from the open public records act. Within 10 days of a request, the service provider must respond in writing regarding the continuing need for confidentiality, which is then presented to the requester. In an action to compel disclosure, the service provider must be joined as a party with the city or town to demonstrate the need for confidentiality.

**Substitute Bill Compared to Original Bill:** A new process is set up regarding rules and processes for cities and towns to allow access to the right of way. A requirement for expedited permitting is created, which includes a 120-day time line for an initial master permit, and a further expedited 30-day time line for the use permit. Cities and towns are not permitted to compete with telecommunication or cable businesses using the service providers' excess access, however cities and towns may lease out access owned by service providers in the right of way to other service providers. Cities are allowed to request a facility to move in the right of way, but the city will pay for the move if there is a second move within five years. Counties are excluded from this

requirement, and wireless services are included as one of the parties. Cities and towns are not allowed to exclude wireless through zoning.

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**Appropriation:** None.

**Fiscal Note:** Available.

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

**Testimony For:** The goal of this bill is regarding deployment of telecommunications in rural areas. A city planning process was created to develop a streamlined permitting process, which included both the industry and cities. Included in the bill is no moratoria on wireless facilities, excess capacity, relocation in the right of way, wireless facilities in the right of way, including the ability to lease that excess access, and that proprietary information needs to be exempted from the open public records act.

Through the master permit, cities and the applicant will get the main points out of the way. There is an exemption for statewide grants of authority from the master permit requirements, and won't force them to get master permits in 230 different cities. There was a concern that since wireless can be located on private property for a fee, that wireless will move wholly into the public right of way, which could mean a revenue loss for city facilities not in the right of way.

Counties are separated out of the proposed substitute bill.

Sixty percent of the industry would be subject to site-specific charges if the old bill passed, however the permit time line issue is an effective compromise. There may be some remaining questions about relocation issues with excess access. Also, the industry has agreed to fund and participate in educational settings to help educate cities and industry about the new process, which will be accomplished through a letter of understanding.

**Testimony Against:** Counties need access to cable lines, and don't feel that this will give them that access. A longer review period is needed, and counties need agreements for right of way access.

**Testified:** (Opposed) Karen Pendleton, Washington State Association of Counties and Washington Association of County Officials.

(Concerns) Victoria Lincoln, Association of Washington Cities; and Tim Sullivan, city of University Place.