

HOUSE BILL ANALYSIS

HB 2881

Title: An act relating to new procedures for alternative forms of regulation of telecommunications companies.

Brief Description: Allowing new forms of regulation of telecommunications companies.

Sponsors: Representatives Crouse, Poulsen and Eickmeyer; by request of Governor Locke.

HOUSE COMMITTEE ON TECHNOLOGY, TELECOMMUNICATIONS & ENERGY

Meeting Date: February 2, 2000.

Staff: Julia Harmatz (786-7135)

Background:

As per 80.36.135 RCW, a telecommunications company that is subject to rate of return (ROR) regulation may request an alternative form of regulation (AFOR) from the Washington Utilities and Transportation Commission (the commission).

AFOR

In 1990, US West sought and received an AFOR. The company functioned under this form of regulation until 1994. Currently, US West is subject to rate of return regulation.

Summary of Bill:

This bill states that ROR regulation may not be the most efficient and most effective means of regulation, and as such the commission may grant an AFOR.

The Commission

The commission must determine that an AFOR is in the public interest. The commission considers in light of current circumstances, will an AFOR:

- reduce regulatory delay and costs;
- encourage innovation in telecom services;
- promote efficiency;
- facilitate improvements;

- enhance the response to competition;
- ensure effective competition exists or effective regulation;
- enhance the predictability of a telecom's regulatory requirements;
- provide rates and charges that are fair, just, reasonable, sufficient;
- not be unduly discriminatory or preferential; and
- promote the public interest.

The commission or the company can petition for an AFOR. The petition will include a time line and transitional plan. The commission will accept or reject the petition within nine months after it is filed.

The Affiliate

A telecom company may elect to offer advanced telecommunications services through an affiliate. The affiliate must:

- keep separate books from the parent company;
- keep separate officers;
- offer no recourse to the parent company (for credit arrangements);
- maintain an arm's length relationship with the parent;
- not sell the exchange services of the parent (unless others do).

The Telecom Company as Parent to the Affiliate

The parent company shall:

- not discriminate between it's affiliate and any other entity;
- provide services to it's affiliate and any other entity on an equal basis;
- offer the same information to it's affiliate and other entities with regard to facilities and services; and
- offer the same terms and conditions to it's affiliate as it would to other entities.

Appropriation: None.

Fiscal Note: Requested January 26, 2000.

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