

# HOUSE BILL REPORT

## HB 1287

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### As Amended by the Senate

**Title:** An act relating to extending the prohibition on mandatory local measured telecommunications service.

**Brief Description:** Extending the prohibition on mandatory local measured telecommunications service.

**Sponsors:** By Representatives Reardon, Delvin, Hunt, Ruderman, Campbell, Simpson, McIntire, Crouse, Casada, Hankins, Doumit, Mielke, Bush, Quall, Cooper, Haigh, Skinner, Ballasiotes, Morris, Woods, DeBolt, Lambert, O'Brien, Tokuda, Pennington, Hatfield, Fisher, Eickmeyer, Ericksen, Ahern, Anderson, Pflug, Schindler, Dunshee, Ogden, Veloria, Grant, Morell, Romero, Kenney, Schoesler, Barlean, Keiser, Cody, Roach, Miloscia, Dickerson, Esser, Conway, Murray, Edmonds, Edwards, Kessler, Linville, D. Schmidt, Jackley, Hurst, Kagi and Van Luven.

### Brief History:

#### Committee Activity:

Technology, Telecommunications & Energy: 2/9/01, 2/12/01 [DP].

#### Floor Activity:

Passed House: 3/9/01, 98-0.

Senate Amended.

Passed Senate: 4/9/01, 49-0.

### Brief Summary of Bill

- Extends the prohibition on mandatory local measured telephone service for four years until June 1, 2005.

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## HOUSE COMMITTEE ON TECHNOLOGY, TELECOMMUNICATIONS & ENERGY

**Majority Report:** Do pass. Signed by 15 members: Representatives Crouse, Republican Co-Chair; Ruderman, Democratic Vice Chair; Anderson, Berkey, Bush, B. Chandler, Cooper, Delvin, Esser, Hunt, Mielke, Morris, Pflug, Simpson and Wood.

**Minority Report:** Without recommendation. Signed by 1 member: Representative Poulsen Democratic Co-Chair; .

**Staff:** Bob Longman (786-7139).

**Background:**

Most telephone customers in Washington pay a flat monthly rate for local telephone service. Many of the local exchange companies offer their customers the option of paying for local calls on a per call basis. This practice is commonly known as local measured service. Under this option, the telephone customer pays a lower monthly rate and then pays for the calls actually made, based on the time of day, length of call, and in some cases, the distance of the call.

Telecommunications service providers file tariffs, or in some cases price lists, with the Washington Utilities and Transportation Commission (WUTC). In 1984 the Legislature temporarily prohibited the WUTC from approving telecommunications tariffs that include mandatory local measured service. The prohibition also does not apply to mobile services, pay telephone services, or to any other service that has traditionally been offered on a measured basis.

The prohibition has been extended a few times, most recently in 1998, and is currently set to expire June 1, 2001.

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**Summary of Bill:**

The prohibition on mandatory local measured service is extended for four years until June 1, 2005.

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**EFFECT OF SENATE AMENDMENT(S):**

The prohibition on mandatory local measured service will expire June 1, 2004, instead of 2005. An emergency clause is added, and the bill takes effect immediately.

**Appropriation:** None.

**Fiscal Note:** Not Requested.

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

**Testimony For:** Business customers have long supported a ban on local measured service. Local measured service is less efficient than flat rate. The costs of local measured service would exceed the hypothetical benefits. Experience shows substantial billing errors with local measured service, which would be costly for telephone customers to reconcile and get corrected. There would be costs for training or restricting employees

to limit phone use. The local economy would be adversely effected if local calls are discouraged. Small businesses would be particularly hurt if local calls become more expensive. Flat rates provide consistency and predictability which is very important to small businesses. Dialup internet, which is what most people use, would be adversely affected by local measured service. The internet might never have grown as it has without flat rate local telephone service. This bill would be even better if the ban on local measured service were made permanent.

**Testimony Against:** None.

**Testified:** (In Support) Art Butler, TRACER; Gary Gardner, Washington Association of Internet Service Providers; Jim King, Independent Business Association; and Mark Johnson, National Federation of Independent Businesses.