

SENATE BILL REPORT

SB 5380

As Reported By Senate Committee On:
Economic Development & Telecommunications, February 20, 2001

Title: An act relating to telecommunications.

Brief Description: Reducing regulatory requirements on competitive telecommunications services and companies.

Sponsors: Senators T. Sheldon, Jacobsen and Finkbeiner; by request of Utilities & Transportation Commission.

Brief History:

Committee Activity: Economic Development & Telecommunications: 2/14/01, 2/20/01 [DPS].

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT & TELECOMMUNICATIONS

Majority Report: That Substitute Senate Bill No. 5380 be substituted therefor, and the substitute bill do pass.

Signed by Senators T. Sheldon, Chair; B. Sheldon, Vice Chair; Finkbeiner, Haugen, McCaslin, Rossi and Stevens.

Staff: Andrea McNamara (786-7483)

Background: As telecommunications markets have become more competitive, increasing flexibility has been provided in the regulation of telecommunications companies and services. In 1985, the Legislature directed the Washington Utilities and Transportation Commission (WUTC) to begin classifying certain telecommunications companies and services as competitive if the services they offer are subject to effective competition.

A company or service may be classified as competitive based on a petition by the company or the commission. In determining whether a company or service is competitive, the commission considers factors such as the number and size of competing providers, the extent to which service is offered by alternative providers in the relevant market, the ready availability of equivalent or substitute services at competitive prices, and other indicators of market power.

Once classified as competitive, minimal regulations apply to the competitive companies and services, particularly in the area of pricing. Instead of filing tariffs and having to await WUTC approval, competitively classified companies and companies providing competitively classified services may file price lists. Under current law, prices contained on price lists are effective after ten days' notice to the commission and customers. The commission may prescribe the form of the notice that must be given.

The commission may also waive other requirements if it determines that competition will serve the same purpose as regulation. It may waive different regulations for different companies.

Summary of Substitute Bill: The Washington Utilities and Transportation Commission's (WUTC's) authority to regulate competitive telecommunications services is modified. Competitive telecommunications services— are defined to include both telecommunications companies and telecommunications services that have been classified as competitive by the commission.

The commission must waive all but minimal regulatory requirements for competitive telecommunications services if it determines that competition serves the same purpose as public interest regulation. Different companies and services may be subject to different regulations if such treatment is in the public interest and does not result in unfair competitive advantage.

The WUTC is given discretion to either permit or require telecommunications companies to file price lists with the commission. The commission may also permit or require companies to maintain publicly accessible price lists. In no case may this flexibility be used to allow a telecommunications company to impose mandatory local measured service that is inconsistent with state law.

Companies offering competitive telecommunications services must notify customers of any change in the price, terms, or conditions related to those services. The commission may determine the form, manner, and timing of the notice, except that for price increases in pre-subscribed local exchange, local toll, and long-distance services, companies must provide at least ten days' written notice to their customers.

The WUTC must report to the Legislature by December 1, 2001, on the following issues: the development of competition, a plan for improving customer education, and the commission's guidelines for exercising its waiver flexibility. Development of the report must involve a public process.

Substitute Bill Compared to Original Bill: The original bill was not considered.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: This bill builds on the original Regulatory Flexibility Act passed in 1985. New circumstances, including the 1996 Federal Telecommunications Act, have created the need for additional flexibility. Price lists have not worked out the way they were intended; they have the effect of protecting telecom companies more than consumers. This bill would strengthen customer notice requirements by forcing companies to communicate more with their customers and less with regulators.

Testimony Against: This bill gives too much discretion to the WUTC to treat companies differently, which may result in competitive advantages or disadvantages being created by regulators. Companies should be able to determine the manner and timing of notice to customers so that they can control the costs related to the notices.

Testified: Glenn Blackmon, UTC (pro); Rosemary Williamson, Verizon (con); Robert W. Cromwell, Public Counsel (pro).