

# SENATE BILL REPORT

## SB 5857

---

---

As of February 24, 2003

**Title:** An act relating to tariffs of local exchange companies.

**Brief Description:** Concerning local exchange company tariffs.

**Sponsors:** Senators Reardon, Esser, Swecker, Rasmussen, Sheahan and T. Sheldon.

**Brief History:**

**Committee Activity:** Technology & Communications: 2/24/03.

---

### SENATE COMMITTEE ON TECHNOLOGY & COMMUNICATIONS

**Staff:** William Bridges (786-7424)

**Background:** Local exchange companies (LECs) provide local telephone service within their exchange boundaries. There are 24 LECs in Washington, the smallest 18 of which each serve less than 2 percent of the switched access lines in the state.

The Washington Utilities and Transportation Commission regulates all LECs. For example, changes to a LEC's tariffs, rates, and contracts usually require commission approval. A detailed process has been established to hear and adjudicate complaints against LECs.

There are some regulations that do not apply to small LECs. For example, small LECs are exempt from certain annual reporting and budgeting requirements. They are also exempt from authorization and reporting requirements relating to the issuance of securities, property transfers, and contracts with affiliated interests.

All small LECs charge other telephone companies an "access charge" for routing telephone traffic over their local networks. Access charges are usually paid by large LECs and long distance companies.

**Summary of Substitute Bill:** Small local exchange companies are exempt from certain regulatory provisions, access charges excepted. Current complaint procedures are modified for small LECs, and new procedures are established for notifying customers of rate increases.

The following regulatory statutes that apply to LECs do not apply to small LECs: (1) provisions concerning the process for filing complaints, including who may file a complaint, how hearings are to be conducted, and what issues may be covered in a hearing; and (2) provisions specifying procedures and notice requirements for changing tariffs.

A small LEC must notify its affected customers of any rate increase at least 45 days before the increase takes effect. Either the small LEC, or the lesser of 10 percent of the current customers or 500 customers, may file a petition with the commission after a new or revised tariff is filed. The petition must be filed at least ten days before the new or revised tariff

takes effect. The commission may reimpose any of the exempted provisions or impose new conditions following a hearing and a finding that the action is required for the public interest.

The commission's current authority to determine (1) that rates, contracts, and rules of a company are fair, just and reasonable, and sufficient; (2) that services are performed promptly; and (3) that facilities are maintained, may not be construed to authorize the commission to investigate the rates, contracts, and rules of a small LEC.

**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.