

# SENATE BILL REPORT

## SB 6557

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As Reported By Senate Committee On:  
Technology & Communications, February 2, 2004

**Title:** An act relating to certain data reporting requirements by competitively classified local exchange companies.

**Brief Description:** Creating reporting exemption for competitive local exchange companies.

**Sponsors:** Senators Schmidt, Eide and Esser.

**Brief History:**

**Committee Activity:** Technology & Communications: 1/29/04, 2/2/04 [DPS].

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### SENATE COMMITTEE ON TECHNOLOGY & COMMUNICATIONS

**Majority Report:** That Substitute Senate Bill No. 6557 be substituted therefor, and the substitute bill do pass.

Signed by Senators Schmidt, Chair; Esser, Vice Chair; Berkey, Eide, McCaslin, Poulsen and Stevens.

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

**Background:** There are about 64 local exchange companies in Washington, which are companies that provide local telephone service within their exchange boundaries. About 24 of these companies are historic monopolies that are generally subject to regulation by the Washington Utilities and Transportation Commission (WUTC).

About 40 local exchange companies are classified as competitive, which means they offer services that are subject to effective competition. The WUTC may exempt competitive local exchange companies (CLECs) from certain regulations after determining that competition has served "the same purposes as public interest regulation." Applying this statutory standard, the WUTC has exempted CLECs from numerous regulations concerning such things as the issuance of securities and property transfers. Some CLECs must still file monthly service quality reports, however.

There are about 18 small local exchange companies, some of which are CLECs, that each serve less than 2 percent of the access lines in the state. These small companies are exempt from many of the regulations that usually apply to larger local exchange companies. For example, small local exchange companies are exempt from regulations concerning the issuance of securities, property transfers, and monthly service quality reports.

Some CLECs that serve 2 percent or more of the access lines in the state seek the same exemptions as small local exchange companies.

**Summary of Substitute Bill:** Companies classified as CLECs are exempt from the same regulatory requirements as small local exchange companies that serve less than 2 percent of

the access lines in the state. CLECs are also subject to the same reporting requirements as small local exchange companies.

**Substitute Bill Compared to Original Bill:** An expiration date of July 1, 2005, is added.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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

**Testimony For:** Comcast and AT&T have invested millions of dollars in Washington to provide consumers with competitive services. Their reward for doing this is more regulation from the WUTC. The commission now wants Comcast, for example, to file service quality reports that were designed for the historic monopoly phone companies. These reports do not make sense in the new competitive marketplace. To comply with these new requirements, Comcast will need to spend hundreds of thousands of dollars to set up a data system for all the metrics the WUTC requires. Competitive local exchange companies want to be treated like small local exchange companies for regulatory purposes. Large phone companies like Qwest are sympathetic to the desire for less regulation, but there should be less regulation for all companies, not just the competitive and small companies. According the WUTC, service quality is still an important issue even in the new competitive marketplace; for example, the commission still receives thousands of complaints against phone companies. However, the WUTC recognizes that regulatory parity is a policy issue for the Legislature.

**Testimony Against:** None.

**Testified:** Glenn Blackmon, WUTC (background information); Cathy Brightwell, AT&T (pro); Tom Walker, Qwest (concerns); Rhonda Weaver, Comcast (pro); Steve Wehrly, MCI (pro).