Washington State
House of Representatives
Office of Program Research

BILL ANALYSIS

Community & Economic Development Committee

HB 1429

Brief Description: Concerning classification as a competitive telecommunications company for an incumbent local exchange carrier currently operating under an alternative form of regulation authorized by RCW 80.36.135.

Sponsors: Representatives Ryu, Lovick, Fey, Robertson and Hansen.

Brief Summary of Bill

- Specifies that effective competition includes technologies other than traditional landline telephone service for purposes of classifying a telecommunications company as a competitive telecommunications company.
- Provides that the Utilities and Transportation Commission may make an additional finding that a company is no longer subject to effective competition in order to revoke regulatory waivers and reclassify the competitive telecommunications company.
- Allows an incumbent local exchange carrier (ILEC) to elect to be classified as a competitive telecommunications company if the ILEC is operating under an alternative form of regulation, does not receive universal communication services, and otherwise qualifies as a competitive telecommunications company.

Hearing Date: 2/9/21

Staff: Kyle Raymond (786-7190).

Background:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

The Utilities and Transportation Commission (Commission) is authorized to classify a telecommunications company as a competitive telecommunications company if the services it offers are subject to effective competition. Effective competition means that the company's customers have reasonably available alternatives and that the company does not have a significant captive customer base.

In determining whether a company is competitive, the Commission considers:

- the number and sizes of alternative providers of service;
- the extent to which services are available from alternative providers in the relevant market;
- the ability of alternative providers to make functionally equivalent or substitute services readily available at competitive rates, terms, and conditions; and
- other indicators of market, including market share, growth in market share, ease of entry, and the affiliation of providers of services.

Competitive telecommunications companies are subject to minimal regulation. The Commission may waive regulatory requirements under the Commission's authority for competitive telecommunications companies when it determines that competition will serve the same purposes as public interest regulation. The Commission may revoke any waivers it grants and may reclassify any competitive telecommunications company if the revocation or reclassification would protect the public interest.

Telecommunications companies are regulated under a rate of return system. Under certain circumstances, telecommunications companies can be regulated in ways other than the traditional rate of return regulation. For example, a telecommunications company may petition the Commission to be regulated under an alternative form of regulation.

Summary of Bill:

Effective competition includes technologies other than traditional landline telephone service for purposes of classifying a telecommunications company as a competitive telecommunications company.

The Commission may make an additional finding that a company is no longer subject to effective competition in order to revoke regulatory waivers and reclassify the competitive telecommunications company.

An incumbent local exchange carrier (ILEC) may elect to be classified as a competitive telecommunications company by providing written notice to the Commission if the ILEC is operating under an alternative form of regulation by the Commission, does not receive Universal Communication Services program distributions, and otherwise qualifies as a competitive telecommunications company. The company's alternative form of regulation automatically terminates once competitive classification has been elected.

Appropriation: None.

Fiscal Note: Requested on February 5, 2021.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.