

# SENATE COMMITTEE ON BUSINESS AND ECONOMIC DEVELOPMENT

January 27, 2005  
1:00 P.M.

Hearing Room B  
Tapes 9 – 10

**MEMBERS PRESENT:** Sen. Bruce Starr, Vice-Chair  
Sen. Jason Atkinson  
Sen. Ryan Deckert  
Sen. Laurie Monnes Anderson

**MEMBER EXCUSED:** Sen. Rick Metsger, Chair

**STAFF PRESENT:** Theresa Van Winkle, Committee Administrator  
James Goulding, Committee Assistant

## **MEASURES/ISSUES HEARD:**

SB 13 – Public Hearing  
SB 14 – Public Hearing  
SB 15 – Public Hearing  
SB 16 – Public Hearing  
SB 17 – Public Hearing

---

These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

---

<b>TAPE/#</b>	<b>Speaker</b>	<b>Comments</b>
<b>TAPE 9, A</b>		
003	Sen. B. Starr	Calls the meeting to order at 1:04 P.M. Notes that Chair Metsger is attending to business in his district. Opens a public hearing on SB 13, 14, 15, 16, and 17.
<b><u>SB 13, 14, 15, 16, &amp; 17 – PUBLIC HEARING</u></b>		
010	Sen. B. Starr	Welcomes Senator David Nelson.
015	Sen. David Nelson	Senate District 29. Begins testimony in favor of SB 13, 14, 15, 16 and 17. Hands out two maps demonstrating infrastructure changes across the state ( <b>EXHIBIT A and B</b> ).
090	Sen. B. Starr	Thanks Sen. Nelson for his testimony and asks committee staff to explain the bills being heard.
100	Theresa Van Winkle	Committee Administrator. Gives an overview of the bills being heard. Provides summaries of SB 13, 14, 15, 16, and 17.
120	Sen. B. Starr	Asks for overview of proposed amendments to SB 17.
125	Van Winkle	Explains the SB 17-1 amendments submitted by Senator Nelson ( <b>EXHIBIT C</b> ).
130	Sen. B. Starr	Asks Chair Beyer to testify first.
140	Lee Beyer	Chair, Oregon Public Utilities Commission (PUC). Begins discussion of bills being heard before the committee. Talks about the changing role of the PUC in light of recent developments in technology. Feels that new definitions are needed to address regulation issues. Offers PUC opinions and potential changes to the bills.
270	Sen. Atkinson	Voices a concern on SB 16 with the issue of increasing PUC's oversight of broadband. Asks for clarification on FCC

		regulations.
280	Beyer	Voices the FCC definition of data service as being interstate, and thus not subject to state regulation.
290	Sen. Atkinson	Clarifies that even if they passed a bill giving PUC additional power, it would be ineffective since it is federally regulated.
293	Beyer	Replies there are things the PUC can do to promote broadband, but they can't regulate it.
295	Sen. Atkinson	Asks if they can tax it.
297	Beyer	Responds that they cannot.
300	Phil Nygaard	Administrator of Telecommunication, Oregon Public Utilities Commission. States that the federal government has claimed broadband service for itself. Explains that even if states passed broadband laws they would be preempted by federal rulings.
310	Sen. Monnes Anderson	Observes that landline based broadband can be regulated by the state. Offers that wireless and broadband internet cannot be state regulated. Points out Oregon's essential needs for broadband. Asks how they can assist improving competition and rates.
335	Beyer	Clarifies that they do not regulate landline broadband, only telephone-related internet connections. Gives his overview of the changes to regulation of new technologies. States that they're attempted to foster the growth of the industry. Describes the changes occurring in the industry related to the market and technology.
385	Sen. Monnes Anderson	Reiterates her feelings that broadband is essential.
390	Sen. B. Starr	Calls up the members of Oregon Telecommunications Coordinating Council.
410	Link Shadley	Vice-Chair, Oregon Telecommunications Coordinating Council (ORTCC). Explains the makeup and functions of the council. Testifies on ORTCC's position on SB 13 and presents written testimony ( <b>EXHIBIT D</b> ).
<b>TAPE 10, A</b>		
005	Shadley	Describes the intent of SB 13. Talks about the need for infrastructure redundancy to provide uninterrupted service. Begins discussion of SB 14.
035	Sen. Monnes Anderson	Asks if the PUC would be provided with data for broadband services. Reiterates the need for broadband access in all areas of Oregon.
040	Shadley	Responds that they would not have to. Replies that coverage is often available, but residents do not know about the service. Discusses ways to get people interested and involved. Begins reading his written testimony about SB 14 ( <b>EXHIBIT E</b> ). Also presents written testimony on ORTCC's opinion on SB 14 ( <b>EXHIBIT F</b> ).
115	Sen. Monnes Anderson	Inquires about the concept of universal service funds. Points out a case involving AT&T. Wonders if SB 14 would be thrown out in court judging by what has happened before.
125	Shadley	Replies he feels that the bill is not mandatory, but gives the PUC some authority to assist in the deployment of broadband.
140	Rob Myers	ORTCC. Presents written testimony in regards to ORTCC's opinion on SB 15 ( <b>EXHIBIT G</b> ). Provides origins of Oregon Telecommunications Coordinating Council and outlook.
190	Sen. B. Starr	Thanks him for his testimony. Points out Edwin Parker has been listening via telephone. Asks Mr. Parker to testify.

200	Edwin Parker	ORTCC. Testifies via teleconference. Offers written testimony on SB 16. Presents ORTCC's opinion on SB 16 ( <b>EXHIBIT H</b> ).
280	Catherine Britain	Legislative Chair, ORTCC. Begins testimony in support of the bills before the committee on the basis that technology can be a critical tool to improve health care.
340	Sen. Monnes	Wonders about the status of the health subcommittee of ORTCC.
350	Anderson	
375	Britain	Replies that they will provide a report to her committee in February.
385	Sen. B. Starr	Observes the list of those wishing to testify. Notes the order in which they will present.
	Brant Wolf	Oregon Telecom Association. Presents written testimony in opposition to SB 13, 14, & 15 ( <b>EXHIBITS I, J, &amp; K</b> )
<b>TAPE 9, B</b>		
005	Wolf	Continues testimony against SB 14 and SB 15.
025	Sen. Monnes	Agrees that competition should run the process. Points out the local companies that don't have affordable access to those services.
	Anderson	
045	Wolf	Testifies in opposition to SB 16. Notes his confusion over the intent of the bill. Voices his support for SB 17.
055	Sen. Deckert	Asks if he is a member of the telecomm council.
057	Wolf	Acknowledges he was a member.
060	Sen. Deckert	Offers that they look for better solutions in providing rural broadband. Wonders if there is a better way to accomplish both industry and community goals.
075	Wolf	Responds that small towns are now getting high speed access. Hopes that if SB 17 passes they will be able to sit down and work out the issues.
100	Schelly Jensen	Regulatory and Governmental Affairs, Verizon. Testifies in opposition to SB 13. Discusses the problems with disclosure of proprietary information.
120	Sen. B. Starr	Asks if she would support the removal of that section of SB 13.
125	Jensen	Voices no objection to that. Offers testimony in opposition to SB 14. Testifies in opposition to SB 16. Describes her confusion of SB 16 and the difficulties involved in implementing it. Comments in favor of SB 17.
170	Sen. B. Starr	Asks who currently fills the other telecomm seat on the coordinating council.
175	Wolf	Replies that he fills one and that Mr. Shadley occupied the other seat on the council.
185	David Paulson	Governmental Affairs, Sprint, Hood River. Expresses his concerns over the bills. Testifies in opposition to SB 14, pointing out there are better ways to address the problem.
200	Sen. Monnes	Concurs with his ideas. Wonders what other states have done.
	Anderson	
210	Paulson	Replies that, in North Carolina, a fund was put together to assist deployment of broadband. Notes the tremendous success of the program.
220	Sen. Monnes	Wonders if it would be considered economic development.
	Anderson	
230	Paulson	Responds that it would be a way to assist economic development.
245	Eileen Benner	Time Warner Telecom. Comments the prior testimony has covered most of her concerns with the bills before the

		committee. Offers testimony in opposition to SB 13, 14, 15 & 16. Points out her support of SB 17.
350	Sen. Deckert	Asks if wireless should be treated the same as other service carriers.
355	Benner	Replies they would like to see free competition with equal treatment.
375	Sen. Deckert	Asks if Mr. Paulson has a position on this issue.
380	Paulson	Replies that it varies between service providers.
395	Christopher Tamarin	Telecommunications Coordinator, Oregon Economic and Community Development Department (OECDD). Presents written testimony in support of SB 15 ( <b>EXHIBIT L</b> ).
<b>TAPE 10, B</b>		
005	Tamarin	Continues presentation of his testimony.
040	Sen. B. Starr	Asks for clarification of Mr. Tamarin's role.
045	Tamarin	Replies that their department provides staff support to the council.
050	Sen. B. Starr	Provides his feelings that there is poor coordination between private industries and the council.
055	Tamarin	Agrees that he would like to see private industry get more involved. Remarks that involvement has been increasing. Submits report of the Oregon Telecommunication Coordinating Council ( <b>EXHIBIT M</b> ).
070	Bill Pennhollow	Association of Oregon Counties. Provides written testimony to the committee in favor of SB 13, 14, 15, 16, & 17 ( <b>EXHIBIT N</b> ). Makes additional comments on the role of the council in the development of broadband.
130	Onno Husing	Director, Oregon Coastal Zone Management Association. Remarks he is a member of ORTCC. Offers his feelings that the council is very beneficial. States he is in favor of further consideration of SB 13, 14, 15, 16, & 17
170	Sen. B. Starr	Concludes the public testimony. Closes the public hearing on SB 13, 14, 15, 16, & 17.
180	Sen. B. Starr	Adjourns the committee at 2:43 P.M.

#### **EXHIBIT SUMMARY:**

- A. SB 13, 14, 15, 16, & 17, map, Sen. David Nelson, 1p**
- B. SB 13, 14, 15, 16, & 17, map, Sen. David Nelson, 1p**
- C. SB 17, -1 Amendments, Sen. David Nelson, 3 pp**
- D. SB 13, written testimony, Link Shadley, 1 p**
- E. SB 14, written testimony, Link Shadley, 11 pp**
- F. SB 14, written testimony, Oregon Telecommunications Coordinating Council, 1 p**
- G. SB 15, written testimony, Rob Myers, 1 p**
- H. SB 16, written testimony, Edwin Parker, 1p**
- I. SB 13, written testimony, Brant Wolf, 1p**
- J. SB 14, written testimony, Brant Wolf, 1p**
- K. SB 15, written testimony, Brant Wolf, 1p**
- L. SB 15. written testimony, Christopher Tamarin, 3 pp**
- M. Telecommunications Coordinating Council, Oregon, Christopher Tamarin, 88 pp**
- N. SB 13, 15, 16, & 17, written testimony, Bill Pennhollow, 2 pp**