

HOUSE COMMITTEE ON
BUSINESS, LABOR AND CONSUMER AFFAIRS

January 27, 2003 Hearing Room E
8:30 A.M. Tapes 9 - 10

MEMBERS PRESENT: Rep. Betsy Close, Chair
 Rep. Derrick Kitts, Vice-Chair
 Rep. Diane Rosenbaum, Vice-Chair
 Rep. Mary Gallegos
 Rep. Bill Garrard
 Rep. Jeff Merkley
 Rep. Mike Schaufler

STAFF PRESENT: Megan Palau, Committee Administrator
 Mike Reiley, Committee Assistant

MEASURE/ISSUES HEARD: **HB 2198 & HB 2230 – Public Hearing**
 HB 2229 & HB 2231 – 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.

| TAPE/# | Speaker | Comments |
|--|----------------|--|
| TAPE 9, A | | |
| 003 | Chair Close | Calls meeting to order at 8:33 am. Opens public hearing on HB 2198 and HB 2230. |
| <u>HB 2198 & HB 2230 – PUBLIC HEARING</u> | | |
| 020 | Lee Beyer | Commissioner, Public Utility Commission (PUC). Submits prepared testimony and testifies in support of HB 2198 and HB 2130 (EXHIBIT A) . |
| 093 | Rep. Garrard | Asks if PUC is capable of handling consumer complaints effectively. |
| 096 | Beyer | Answers yes. Explains role of PUC in handling complaints. |
| 116 | Rep. Merkley | Asks if there are practices to prevent slamming and cramming before it occurs. |
| 122 | Clark Jackson | Manager, Consumer Services Division, PUC. Refers to chart in written testimony and explains complaint process. |
| 140 | Beyer | Explains how slamming works and process for addressing it. |
| 160 | Jackson | Offers further clarification of slamming process. |
| 162 | Chair Close | Asks if Department of Justice (DOJ) and PUC are doing separate investigations. |
| 173 | Beyer | Explains how consumers address slamming complaints. |
| 190 | Jackson | Clarifies that there would not be duplicate fining with DOJ and PUC. |
| 210 | Chair Close | Asks about PUC funding. |
| 214 | Jackson | Explains funding for PUC. |

| | | |
|-----|----------------|---|
| 220 | Rep. Merkley | Asks where potential PUC fines would go. |
| 224 | Beyer | Responds that fines would go to general fund. |
| 232 | Rep. Rosenbaum | Asks if there is a requirement for written permission for customers to change phone carriers. |
| 239 | Jackson | Explains authorization process. |
| 247 | Rep. Rosenbaum | Asks for clarification of difference between HB 2198 and HB 2230. |
| 251 | Beyer | Explains differences between HB 2198 and HB 2230. |
| 263 | Rep. Rosenbaum | Asks if Federal Communication Commission (FCC) permission is required for PUC to regulate. |
| 268 | Jackson | Explains process for PUC to obtain regulation authority. |
| 277 | Rep. Schaufler | Asks if phone companies have ever been fined for slamming. |
| 285 | Jackson | Explains fining of phone companies. |
| 295 | Beyer | Answers that PUC has not fined companies and complaints have been referred to different agency. |
| 311 | Rep. Schaufler | Asks if number of complaints would be reduced. |
| 316 | Jackson | Responds that from data from other states indicates that fining authority should be deterrent. |
| 334 | Beyer | Reiterates that intention of PUC is to protect customers, not impose fines. |
| 377 | Brant Wolf | Oregon Telecommunication Association. Submits and summarizes prepared testimony regarding HB 2198 & HB 2230 (EXHIBIT B). Expresses OTA's reservations regarding HB 2198 and HB 2230. |

TAPE 10, A

| | | |
|-----|----------------|--|
| 007 | Chair Close | Asks about enforcement of slamming. |
| 010 | Wolf | Explains process for slamming enforcement. |
| 015 | Chair Close | Asks about economy of scale of federal vs. state regulation. |
| 019 | Wolf | Responds that consistency is important. |
| 024 | Chair Close | Asks if two fines could be implemented. |
| 025 | Wolf | Responds that it could if two agencies have fining authority. |
| 030 | Rep. Gallegos | Asks how customers would be directed to file complaints. |
| 035 | Wolf | Responds that customers would be directed to FCC. |
| 044 | Rep. Gallegos | Expresses concern that customers would not know where to turn in case of slamming. |
| 054 | Wolf | Responds that customer would be referred to FCC by phone companies. |
| 060 | Rep. Garrard | Expresses concern that FCC would be able to efficiently handle issue. |
| 070 | Wolf | Concurs. Argues that legislation should specific in addressing issues. |
| 076 | Rep. Schaufler | Asks how companies make money. |
| 090 | Wolf | Responds that he does not know. |
| 094 | Rep. Kitts | Expresses concern over additional layer of bureaucracy. |
| 110 | Schelly Jensen | Regulatory and Governmental Affairs Manager, Verizon. Testifies |

| | | |
|------------------|------------------|--|
| | | that Verizon seeks consistency in laws. |
| 138 | Rep. Merkley | Asks about Washington rules regarding slamming. |
| 142 | Jensen | Responds that she is unsure. |
| 146 | Chair Close | Asks if those who solicit customers are independent contractors. |
| 148 | Jensen | Responds that companies are responsible for authorization. |
| 150 | Chair Close | Asks how phone companies control those who act for them. |
| 152 | Jensen | Explains control procedures. |
| 157 | Chair Close | Asks to whom the fine would be applied. |
| 158 | Jensen | Responds how fines are applied. |
| 170 | Chair Close | Asks about PUC's ability to impose fine. |
| 171 | Jensen | Responds that FCC charge is appropriate. |
| 179 | Cathy Brightwell | Director of Government Affairs, AT&T. Testifies against bills. |
| 201 | Rep. Merkley | Asks if Washington is a model in how they have implemented legislation. |
| 206 | Brightwell | Responds that Washington has opted into FCC procedure and it has been effective. |
| 217 | Rep. Merkley | Asks if PUC authority would be similar in Oregon. |
| 220 | Brightwell | Responds that various states have handled it differently. |
| 230 | Ginny Lang | Director of Governmental Relations, Qwest. Submits and summarizes prepared testimony in opposition to HB 2198 and 2230 (EXHIBIT C). |
| 280 | Chair Close | Asks if Qwest deals in New Hampshire. |
| 281 | Lang | Responds no. Explains Qwest's operations. |
| 290 | Chair Close | Asks about complaints in Oregon and New Hampshire. |
| 300 | Jensen | Responds that she is unsure. |
| 304 | Rep. Schaufler | Asks what should be done differently to allow PUC to enforce rules. |
| 325 | Lang | States that she is concerned about vagueness of legislation. |
| 333 | Rep. Rosenbaum | Asks about issues with language. |
| 347 | Lang | Responds that FCC rules should be more specifically addressed. |
| 350 | Rep. Garrard | Asks what phone companies have done to eliminate slamming. |
| 368 | Lang | Explains actions of Qwest to eliminate slamming. |
| 402 | Brightwell | Explains how AT&T has addressed issue. |
| 453 | Rep. Schaufler | Asks how many states have adopted FCC rules and how many have created their own rules. |
| 458 | Brightwell | Explains states' adoption of rules. |
| 470 | Rep. Merkley | Asks if there are specific FCC regulations for customer authorization. |
| TAPE 9, B | | |
| 004 | Brightwell | Explains how authorization works. |
| 023 | Rep. Merkley | Asks what companies are concerned about with legislation. |
| 034 | Brightwell | Responds that AT&T is concerned that rules may be inconsistent with |

| | | |
|-----|-------------------|--|
| | | federal law. |
| 050 | Rep. Garrard | Asks about fining authority. |
| 055 | Lang | Responds about fining authority. |
| 057 | Chair Close | Asks about consistency with federal law. |
| 062 | Brightwell | Explains issues regarding consistency. |
| 068 | Cheryl Pellegrini | Attorney-in-Charge, Financial Fraud/Consumer Protection Section, Oregon Department of Justice. Submits and summarizes prepared testimony regarding role of DOJ and PUC regarding slamming regulation (EXHIBIT D). |
| 135 | Chair Close | Asks if SB 120 is the same bill. |
| 136 | Pellegrini | Responds “virtually.” |
| 141 | Chair Close | Asks if legislation is necessary due to DOJ progress on issue. |
| 151 | Pellegrini | Explains agencies’ ability to handle customer complaints. |
| 170 | Chair Close | Asks why New Hampshire has so many complaints. |
| 175 | Pellegrini | Explains figures in New Hampshire and Oregon. |
| 184 | Rep. Garrard | Asks if DOJ would go after telemarketer or telecom companies. |
| 188 | Pellegrini | Explains relationship between telemarketer and telecom companies. |
| 209 | Rep. Rosenbaum | Asks for distinction between current statute and proposed legislation. |
| 217 | Pellegrini | Explains how complaint process operates. |
| 241 | Rep. Rosenbaum | Asks if customers are referred to FCC or handles by DOJ. |
| 246 | Pellegrini | Responds that FCC has few resources to address slamming. |
| 261 | Rep. Gallegos | Asks why additional legal authority is necessary. |
| 270 | Pellegrini | Explains why legal authority is necessary. |
| 290 | Rep. Gallegos | Asks if there will reduction in staff at DOJ if legislation was passed. |
| 293 | Pellegrini | Answers no. |
| 304 | Chair Close | Closes public hearing on HB 2198 & HB 2230. Opens public hearing on HB 2229 & HB 2231. |

HB 2229 & HB 2231 – PUBLIC HEARING

| | | |
|-----|---------------|---|
| 318 | Beyer | Submits and summarizes prepared testimony in support of HB 2229 and HB 2231 (EXHIBIT E). |
| 391 | Chair Close | Asks for figures regarding slamming and cramming. |
| 395 | Jackson | Summarizes figures. |
| 426 | Rep. Gallegos | Asks about magnitude of issue. |
| 443 | Beyer | Explains how PUC operates regarding complaints. |
| 019 | Rep. Merkley | Asks if there has been national campaign by FCC to address uniform laws. |
| 036 | Jackson | Explains efforts to implement uniform laws. |
| 045 | Rep. Gallegos | Asks about PUC ability to handle complaints. |
| 048 | Jackson | Explains Consumer Services within PUC. |
| 065 | Beyer | Explains that they get calls every 2-3 min. |

| | | |
|-----|--------------|---|
| 072 | Wolf | Reiterates previous testimony regarding previous bills. |
| 083 | Chair Close | Asks about PUC in Washington. |
| 085 | Wolf | Responds. |
| 087 | Rep. Merkley | Asks if FCC can enforce regulations. |
| 103 | Wolf | Responds yes. |
| 106 | Rep. Merkley | Asks about enforcement at state level. |
| 120 | Wolf | Explains state enforcement. |
| 132 | Jensen | Emphasizes implementation of policies to prevent cramming. |
| 144 | Dave Paulson | Sprint. Addresses language in HB 2229 and HB 2231. |
| 164 | Chair Close | Closes public hearing on HB 2229 and HB 2231. Adjourns meeting at 10:08 am. |

EXHIBIT SUMMARY

A – HB 2198, HB 2230, prepared testimony, Lee Beyer, 7 pp
B – HB 2198, HB 2230, prepared information, Brant Wolf, 7 pp
C – HB 2198, HB 2230, HB 2229, HB 2231, prepared testimony, Virginia Lang, 1 p
D – HB 2285, prepared testimony, Cheryl Pellegrini, 3 pp
E – HB 2229, HB 2231, prepared testimony, Lee Beyer, 4 pp