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**SENATE COMMITTEE ON INFORMATION MANAGEMENT &  
TECHNOLOGY**

April 06, 2001 Hearing Room 357  
1:00 PM Tapes 20 - 21

**MEMBERS PRESENT:**        **Sen. Verne Duncan, Chair**  
                                  **Sen. Peter Courtney, Vice-Chair**  
                                  **Sen. Jason Atkinson**  
                                  **Sen. Rick Metsger**  
                                  **Sen. David Nelson**

**STAFF PRESENT:**        **Marjorie Taylor, Administrator**  
                                  **Pamela Johansen, Committee Assistant**

**MEASURE/ISSUES HEARD:**        **SB 765 Public Hearing**  
  **HB 2727 Public Hearing**  
  **HB 2040 Public Hearing and Work Session**  
  **SB 400 Public Hearing and Work Session**

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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.

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<b>TAPE/#</b>	<b>Speaker</b>	<b>Comments</b>
<b>TAPE 20, A</b>		
004	Chair Duncan	Calls meeting to order and opens public hearing on SB 765.
<b><u>SB 765 PUBLIC HEARING</u></b>		
008	Steve McClure	Union County Commissioner and President, Association of Oregon Counties. Testifies in favor of SB 765. Submits and refers to written testimony ( <b>EXHIBIT A</b> ). Comments with so much telecommunications activity there is a need for state coordination of these activities. Details the particulars of the Telecommunications Council and the diversity of the members.
072	John Arns	Commissioner, Hood River County. Comments the telecommunication issue is not only a state and county issue but also rural and metropolitan areas are in need of centralized organization. States this type of committee could help bring all communities on board to work together.
108	Bill Penhollow	Association of Oregon Counties. Discusses problems facing rural areas and insufficient telecommunications connectivity. Refers to -3 amendments ( <b>EXHIBIT B</b> ).
146	Sen. Nelson	Asks if there are similarities between this council and the Telecommunications Forum from the 1995 Legislative Session.
152	McClure	Responds that has been discussed but the concept of this bill is to keep a more independent commission with a platform where everyone is equally represented by business, private sector and government.
161	Sen. Nelson	Asks if this includes funds for hiring staff.
168	Penhollow	Comments the estimate is \$400,00 to \$500,000 per biennium.

		Offers options but says the state will need to be in the principal position of funding the staff. Discussed other resources but are balancing the need against investments. States funding may need to be paid by communities to offset investment and accomplish middle and last mile gaps.
189	Chair Duncan	Asks if they have spoken to Ways and Means on fiscal restraints of this bill and could the existing Committee be revamped to facilitate this cause.
205	McClure	Responds they understand the fiscal constraints of the Legislature and that is why they built in the term “other alternative financial sources”.
240	Bruce Schaul	Manager, SPRINT Government Affairs. Testifies in opposition of SB 765. Submits and refers to written testimony ( <b>EXHIBIT C</b> ). Comments they oppose the bill because: <ol style="list-style-type: none"> <li>1. It attempts to develop strategies and control investment in telecommunications facilities and services that may prove uneconomically sound.</li> <li>2. It has been tried before when the benefits were unclear.</li> <li>3. It imposes a large, costly bureaucracy with another layer of oversight and regulation.</li> </ol>
295	Chair Duncan	Asks how would he address some of the concerns of previous testimony from rural counties.
304	Schaul	Responds there is a price point that has to be met for companies to be able to supply service especially in rural areas where you have a limited number of customers to spread those costs over. Says the problem is everyone wants it quickly without regard to cost.
337	Brant Wolf	Representing Oregon Telecommunications Association (OTA). Testifies in opposition of SB 765. Submits and refers to written testimony ( <b>EXHIBIT D</b> ). Comments the OTA ‘s main opposition is: <ol style="list-style-type: none"> <li>1. The creation of a new government entity.</li> <li>2. It may require telephone companies to divulge certain information that is proprietary in nature.</li> </ol>
374	Sen. Courtney	Asks if the OTA has spoken to the counties regarding SB 765.
382	Wolf	States he has attended some of the AOC telecommunication summits and says he encouraged the expansion from 15 to 21 members for more industry representation on the original council and felt if it were to proceed further, needed the additional industry support.
386	Sen. Courtney	Asks Bruce Schaul of Sprint if he had spoken with the counties to let them know of his feelings on this bill.
389	Schaul	Responds they had no discussions on this specific bill.
407	Sen. Courtney	Asks if the counties knew they were opposed to the bill.
410	Schaul	States he doesn’t know if they were made aware of their opposition.
411	Wolf	Responds yes, the OTA expressed their feelings on the bill at the summit meeting.
433	Sen. Courtney	Comments in his experience many committees and especially one this size with 21 members is difficult to get a full committee together at one time.

444	Sen. Metsger	Asks were the telecommunication companies contacted before this bill was put together.
461	McClure	Responds they invited everyone they could think of that would be affected. States they heard the concerns of the telecommunication companies and tried to include them in the Council.
467	Sen. Metsger	Asks what type of response did they get.
470	McClure	States they had a very good response. Says there are concerns as with a lot of bills and we are still in the discussion stage if there are some concerns out there or some suggestions to make it better we are willing to take a look at those. Comments this has to be viewed as a basic infrastructure like electricity, sewer and water but to accomplish that you need coordination.

**TAPE 21, A**

039	McClure	Says if we don't provide this infrastructure in rural communities, they are going to fall farther and farther behind.
050	Chair Duncan	States in his opinion that they all want to proceed with some type of bill but not this one. Suggests they go back and try to come to some type of agreement with the telecommunications companies as to the specifics of the bill.
077	McClure	Comments they would be happy to go back and rework the bill.
079	Chair Duncan	Closes the public hearing on SB 765 and opens a public hearing on HB 2727.

**HB 2727 PUBLIC HEARING**

108	Brant Wolf	Representing OTA. Testifies in support of HB 2727.
110	Tom Linstrom	CEO Beaver Creek Cooperative Telephone Company. Submits and refers to written testimony <b>(EXHIBIT E) (EXHIBIT F)</b> . Comments the main purpose of HB 2727 is to clarify the line where the Commission authority related to cooperatives begins and ends in light of recent Commission initiatives to extend their authority into areas that cooperatives do not believe are appropriate under current state laws.
201	Rep. Kurt Schrader	Representative House - District 23. Testifies in support of HB 2727. Comments this bill addresses where PUC's authority end with regard to cooperative telephone associations and telecommunication utilities as they are defined differently in statutes. Speaks in favor of the -1 and -3 amendments with preference for -3.
300	Linstrom	Addresses HB 2727 amendments. Submits and refers to written material <b>(EXHIBIT G) (EXHIBIT H) (EXHIBIT I) (EXHIBIT J)</b> . States he has agreed to -1 with some language changes and but does support -3 amendments and has come to an agreement with the commission on these amendments.
344	Sen. Metsger	Asks for clarification of the changes on amendments.
354	Linstrom	Responds there is pending legal action regarding Beaver Creek Co-op and the PUC. Expresses concern about upcoming court case.
379	Sen. Metsger	Discusses court case regarding SB 622.
400	Linstrom	Details the co-op system and the reasoning for the dispute of a surcharge.

**TAPE 20,B**

029 Joan Smith Commissioner PUC. Submits and refers to written testimony **(EXHIBIT K)**. Testifies in opposition of HB 2727. States there are a couple of reasons they oppose the passage of this bill:

1. HB 2727 pertains to Commission oversight over cooperative co-op telephone companies.
2. Passage of this bill would produce a change in current law, not clarification of current law.
3. Commission oversight over the through service of cooperative is necessary because such services affect parties that are not cooperative members.
4. HB 2727 apparently seeks to eliminate part of the Commission's limited oversight over cooperatives' EAS rates, terms and conditions.

098 Chair Duncan Comments the -4 amendments are their preference. Asks if they reflect the previous statements by Mr. Linstrom regarding the wording "established" in the -1 amendments.

106 Smith States she is not a legislative drafter but sees no problem with taking it out or leaving it in. Comments PUC would still regulate access rates in state. Discusses in detail all the proposed amendments. Gives overview of why suit was brought against Beaver Creek Co-op.

143 Chair Duncan States the committee wants to stay clear of the legal issues. Asks for clarification on the pending litigation.

150 Phil Nygaard Addresses the reasoning behind the opposition of HB 2727 and the suit against Beaver Creek Co-op.

159 Chair Duncan Asks if it is made clear on record that the Legislature has no position on this issue would it be possible to move the bill forward.

165 Sen. Metsger Asks about -4 amendments. Suggests a possible solution to the phrasing of the bill.

182 Sen. Courtney Recommends that the issue be dealt with in court. Asks if Mr. Linstrom disapproves of the language of the bill.

193 Linstrom Responds yes because it could sway the judicial system that PUC had jurisdiction over EAS rates and that is the main issue that needs to be determined in court.

217 Sen. Courtney Suggests on line 13 to delete all language after the word "act".

239 Smith Concurs with suggestion.

240 Linstrom Concurs with suggestion.

244 Ginny Lang QWEST. Testifies in support -4 amendments.

265 Chair Duncan Recesses public hearing on HB 2727 and opens work session HB 2040.

**HB 2040 WORK SESSION**

269 Marjorie Taylor SIMT Committee Administrator. Gives overview of HB 2040.

275 Sen. Courtney **MOTION: Moves HB 2040 to the floor with a DO PASS recommendation.**

**VOTE: 4-0**

**EXCUSED: 1 - Nelson**

278 Chair Duncan **Hearing no objection, declares the motion CARRIED. SEN. COURTNEY will lead discussion on the floor.**

279 Chair Duncan Closes the work session on HB 2040 and opens the public

hearing on SB 400.

**SB 400 PUBLIC HEARING**

308 Tracy Louden

Section Manager, Oregon Employment Fiscal and Performance Department. Submits and refers to written testimony (**EXHIBIT M**). Clarifies who would be the custodian of information contained in the Shared Information System. Refers to amendments (**EXHIBIT N**).

323 Bradd Swank

Office of the State Court Administrator, Oregon Judicial Department. States he initially raised the issue to make the committee aware that anytime an agency or the government shares information in a database there are public issues that arise which are not covered by the Public Records Law and who becomes the custodian of this new generated information.

325 Chair Duncan

Closes the public hearing on SB 400 and opens a work session.

**SB 400 WORK SESSION**

323 Sen. Courtney

**MOTION: Moves to ADOPT SB 400-1 amendments dated 04/01/01.**

**VOTE: 4-0**

**EXCUSED: 1 - Nelson**

326 Chair Duncan

**Hearing no objection, declares the motion CARRIED.**

329 Sen. Courtney

**MOTION: Moves SB 400 to the floor with a DO PASS AS AMENDED recommendation.**

**VOTE: 4-0**

**EXCUSED: 1 - Nelson**

339 Chair Duncan

**Hearing no objection, declares the motion CARRIED.**

**SEN. DUNCAN will lead discussion on the floor.**

349 Chair Duncan

Closes the work session on SB 400 and reopens public hearing on HB 2727.

**HB 2727 REOPENS PUBLIC HEARING**

354 Sen. Courtney

Details the suggested changes on the amendments.

362 Harrison Conley

Deputy, Legislative Counsel. States it is his duty to discourage the committee from making a conceptual amendment but in his opinion feels the changes will not do any harm by dropping that language and passing the bill. Comments it will broaden that clause so that we do not affect any action that has already commenced.

369 Chair Duncan

States that all PUC and Beaver Creek parties agree to the changes. Asks if would could proceed with the bill at this point.

374 Conley

Responds if all parties are in agreement, they could proceed.

**TAPE 21, B**

021 Sen. Metsger

**MOTION: Moves to SUSPEND the rules for the purpose of consideration of conceptual amendments.**

**VOTE: 4-0**

**EXCUSED: 1 - Nelson**

024 Chair Duncan

**Hearing no objection, declares the motion CARRIED.**

029 Sen. Courtney

**MOTION: Moves to AMEND HB 2727-4 amendments on page 1, in line 6, after "to," delete "establish or", and**

**In line 13, after "Act," delete "if the action or proceeding concerns the authority of the Public Utility Commission to regulate or establish extended area service rates of unincorporated associations or cooperative corporations."**

038 VOTE: 4-0  
040 Chair Duncan EXCUSED: 1 - Nelson  
Hearing no objection, declares the motion CARRIED.  
059 Chair Duncan SEN. METSGER will lead discussion on the floor.  
Closes the work session on HB 2727 and adjourns the meeting at  
3:01p.m.

Submitted By, Reviewed By,

Pamela Johansen, Marjorie Taylor,  
Committee Assistant Administrator

### EXHIBIT SUMMARY

A – SB 765, written testimony, Association of Oregon Counties, Steve McClure, 9pp.  
B – SB 765 -3 proposed amendments, Staff, 1p.  
C - SB 765, written testimony, Bruce Schaul, 2pp.  
D – SB 765, written testimony, Brant Wolf, 1p.  
E – HB 2727, written testimony, Tom Linstrom, 6pp.  
F - HB 2727, Binder ORS 1999 Edition, Tom Linstrom, 39pp.  
G- HB 2727 –1 amendment changes, Tom Linstrom, 2pp.  
H – HB 2727 –2 amendment changes, Tom Linstrom, 2pp.  
I – HB 2727 –3 amendment changes, Tom Linstrom , 2pp.  
J – HB 2727 –4 amendment changes, Tom Linstrom, 2pp.  
K – HB 2727, written testimony, Joan H. Smith, 2pp.  
L – SB 400, written testimony, Tracy Loudon, 1p.  
M – SB 400 -1 amendments, Staff, 2pp.  
N – HB 2727 –1 proposed amendments, Staff, 1p.  
O – HB 2727 –2 proposed amendments, Staff, 1p.  
P – HB 2727 –3 proposed amendments, Staff, 1p.  
Q – HB 2727 –4 proposed amendments, Staff, 1p.