

HOUSE COMMITTEE ON COMMERCE

March 08, 1999 Hearing Room 350

3:00 p.m. Tapes 23 - 24

MEMBERS PRESENT: Rep. Jim Hill, Chair

Rep. Ryan Deckert, Vice-Chair

Rep. Al King

Rep. Jerry Krummel

Rep. Bob Montgomery

Rep. Anitra Rasmussen

Rep. Diane Rosenbaum

Rep. Mark Simmons

Rep. Bill Witt

STAFF PRESENT: Jason Cody, Administrator

Annetta Mullins, Administrative Support

MEASURE/ISSUES HEARD:

HB 2177 ñ Work Session

HB 2577 ñ Work Session

HB 2669 ñ Work Session

HB 2271 ñ Work Session

SB 188 ñ Work Session

HB 2634 ñ Work Session

SB 106 ñ Work Session

SB 189 ñ Work Session

HB 2578 ñ Work Session

HB 2092 - Work Session

Y2K Issues

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 23, A		
004	Chair Rep. Hill	Calls meeting to order at 3:11 p.m. and opens the work session on HB 2177.
<u>HB 2177 n WORK SESSION</u>		
006	Jason Cody	Administrator. Reviews HB 2177 with the HB 2177-1 amendments (EXHIBIT A).
016	Rep. Krummel	Advises he has spoken with the Health Division, the Department of Environmental Quality (DEQ) and the Department of Agriculture (DOA). DEQ is not planning to ask for any full time equivalent positions (FTEs). They want to see what kind of reception it gets in the world and if they need extra people they will go to the E-Board. Health Division will not show additional positions because other positions are being eliminated.
034	Rep. Krummel	MOTION: Moves HB 2177 to the floor with a DO PASS AS AMENDED recommendation and BE REFERRED to the committee on Ways and Means.
044		VOTE: 9-0
	Chair Hill	Hearing no objection, declares the motion CARRIED.
044	Chair Hill	Opens work session on HB 2577.
<u>HB 2577 n WORK SESSION</u>		
047	Cody	Reviews HB 2577 with the HB 2577-1 amendments (EXHIBIT B).
050	Rep. Rosenbaum	Reports that HB 2577 comes from the Subcommittee on Trade and Economic Development. The original bill requires that reports be given in the years the legislature meets. The amendments require that the reports be given annually. Adds that the Public Utility Commission (PUC) did not testify but a statement explains that the statute already requires a report to the legislature on an annual

		basis.
062	Rep. Rosenbaum	MOTION: Moves HB 2577 to the floor with a DO PASS AS AMENDED recommendation.
068	Committee	Discusses whether the statutes already require reports.
083	Rep. Rosenbaum	Clarifies that the ORS 759.050 says that the commission shall report annually to the legislative assembly the number of competitive zones created, the number of competitive providers, the number of and types of competitive services made available to consumers and consumer comments on competitive communication services.
087	Rep. King	Questions whether HB 2577 would supersede the previous statute.
093	Rep. Krummel	Reviews subcommittee considerations and testimony of Schelly Jensen, GTE.
120	Rep. Krummel	Notes that the HB 2577-1 amendments would require an annual report.
129		VOTE: 9-0-0
	Chair Hill	Hearing no objection, declares the motion CARRIED. REP. ROSENBAUM will lead discussion on the floor.
131	Chair Rep. Hill	Opens the work session on HB 2669.
<u>HB 2669 n WORK SESSION</u>		
136	Cody	Reviews HB 2669.
144	Rep. Deckert	Explains that HB 2669 authorizes a seller of cable services to assess a late fee against delinquent subscriber.
149	Rep. Deckert	MOTION: Moves HB 2669 to the floor with a DO PASS recommendation.
151	Rep. Rosenbaum	Submits letter from City of Portland (EXHIBIT C). Comments she voted

		against the bill in the Subcommittee on Trade and Economic Development because the amount of late fees seemed excessive.
170	Rep. Witt	Asks what the average bill is on which the fee would be charged.
181	Mike Dewey	Oregon Cable Association. Explains that the average bill is about \$37.50.
194	Rep. Witt	Comments he has the same concern as Rep. Rosenbaum. Regulated utilities do not have that kind of late fee.
200	Rep. King	Comments he also has concerns about the amount of the late fee. Adds that the late fee also contributes to the recovery of cost of collection. Thinks fifty cents is too trivial.
209	Rep. Rasmussen	Comments she will probably oppose the bill. Concerned that the issue is regulated at the federal level and local level and has not heard a case made for Oregon inserting itself into the dialogue.
215	Rep. Krummel	Explains that in testimony from the cable companies that a late fee of \$6 or five percent actually reflected their actual costs. Adds that in many cases the bill is up to 60 or 90 days old before they are assessed a late fee.
240	Rep. King	Asks if the bill is 90 days old whether there would be a \$6 charge or whether it would be \$18.
243	Rep. Deckert	Comments that testimony indicated the cable companies tend to allow many periods of time to elapse before assessing the first late fee and then they assess a five-percent fee. It seems to be a nominal late charge.
262	Rep. Rosenbaum	Points out that on lines 26 and 27 the bill says the late fee may not be assessed earlier than 27 days after the due date for the unpaid balance.
273	Rep. Krummel	Adds that currently there is no restriction on the amount of late fees that may be charged. This would create a cap where none exists today.
280	Rep. Rasmussen	Asks if late fees are negotiated through the franchise agreements.
286	Rep. Krummel	Comments he is not sure late fees are generally negotiated as part of a franchise.
311	Rep. Rasmussen	Comments that the letter from the City of Portland says, "Late fees are only one of a number of customer service standards that may be addressed by the FCC or local authorities in franchise agreements." Suggest that passage of HB 2669 would be asserting Oregon into one of those arenas.

322	Rep. King	Comments that if this is a one-time fee, he will support the bill, but not if it is a cumulative fee.
331	Rep. Deckert	Comments that from reading the bill, there would be an opportunity for charging more than one late fee.
337	Rep. Witt	Comments he thinks the language in line 17 allows five percent of the unpaid balance or a \$6 fee. Thinks it accumulates only as the bill accumulates.
346	Rep. Montgomery	Moves to table HB 2669.
	Rep. Deckert	By consensus, withdraws his motion.
364	Rep. Montgomery	MOTION: Moves to TABLE HB 2669.
368	Rep. Witt	Comments he supports the motion and that the committee needs to analyze the amount of fee that is appropriate in addition to the exact meaning of the language.
371	Chair Hill	Comments that his intention is to bring in Legislative Counsel to answer questions during this meeting.
376		VOTE: 9-0
	Chair Hill	Hearing no objection, declares the motion CARRIED.
367	Chair Hill	Opens a work session on HB 2271.
<u>HB 2271 in WORK SESSION</u>		
381	Cody	Explains HB 2271.
400	Rep. Witt	Explains that the HB 2271-3 amendments (EXHIBIT D) were adopted. The Subcommittee on Regulations also incorporated elements of HB 2582 into HB 2271. The subcommittee found the 40 inches that was being disputed to be useful space and those 40 inches will be calculated in determining rates for cable pole attachments and other pole attachments. The effect of that is to lower the cost for those attachments because there is now more usable space. The subcommittee also includes non-regulated utilities and adopted regulations suggested by the PUC relating to implementing the legislation. Also adopted into

		the bill were elements of HB 2582 including a fine for improper, unauthorized attachments. The subcommittee also agreed to a commission to be formed to study some of the issues relative to cable pole attachments.
TAPE 24, A		
002	Rep. Montgomery	Asks if the parties have discussed this.
019	Rep. Witt	Responds that they were encouraged to come to some resolution. Thinks the cable industry as well as the utilities didn't necessarily like it, but the committee did their best to try to resolve some of the conflicts.
024	Rep. Montgomery	Asks if there was a reason for removing some of the PUC's authority for regulating utility companies.
025	Rep. Witt	Responds that the committee did make a determination relative to the 40 inches. Believes 41 or 42 states presently recognize 40 inches as useful space under a Federal Communication Commission (FCC) ruling.
033	Chair Hill	Thinks the only change on the PUC is a clarification because of an interpretation by PUC.
041	Rep. Simmons	Comments the issue is an equity issue between pole owners and renters. Explains it is something that should be taken before the PUC. Does not think the bill resolves the issues, but it does shift costs; \$1 million from cable companies is being shifted to electric ratepayers. Will be voting no.
060	Rep. Witt	Comments that the fine of \$250 is significantly greater than previously. Under law, cable companies are required to provide service within seven days of request, but in many cases utilities could not comply with the cable company requests to make an attachment. The bill attempts to make sure that the cable companies can make the attachments to provide the service in the timeline they are required to provide service, but still set up a procedure where they can be held accountable if they do not get authorization from the utility company to confirm the attachment. Believes the \$250 fine is significant. It still provides for establishment of a commission and a task force to advise the PUC on policy and regulations.
084	Rep. King	Comments there is a cost shift of \$1 million to \$1.5 million in favor of the cable companies. Adds the penalty is severe enough that there is some capture of revenues.
093	Rep. Simmons	Comments he could support the bill if it only created the commission and task force.
100	Rep. Witt	Comments that the issue has been around for some time and at some point the legislature has to step in and make a judgement of what the right way is to handle issues like this.

108	Rep. Witt	MOTION: Moves HB 2271 to the floor with a DO PASS AS AMENDED recommendation.
110	Rep. Simmons	MOTION: Moves to TABLE HB 2271.
		VOTE: 2-7-0 AYE: 2 - Montgomery, Simmons NAY: 7 - Deckert, King, Krummel, Rasmussen, Rosenbaum, Witt, Hill
	Chair Hill	The motion FAILS.
133		VOTE: 7-2-0 AYE: 7 - Deckert, King, Krummel, Rasmussen, Rosenbaum, Witt, Hill NAY: 2 - Montgomery, Simmons
	Chair Hill	The motion CARRIES. REP. WITT will lead discussion on the floor.
144	Rep. Montgomery	MOTION: Moves to take HB 2669 FROM THE TABLE.
145		VOTE: 8-0-1 EXCUSED: 1 - Rep. Deckert
	Chair Hill	Hearing no objection, declares the motion CARRIED.
150	Chair Hill	Opens a work session on HB 2669.
<u>HB 2669 ñ WORK SESSION</u>		

154	Rep. King	Asks if the late fee in lines 17 and 18 is a one-time only charge.
164	Chris Crean	Legislative Counsel. Comments one does not know the frequency that the late fees may be charged. It could go from once on a single account to every day the account is unpaid. In line 27, it says the late fee may not be assessed earlier than 27 days. Thinks if a customer did not pay his January and February bill, a fee of \$12 would be assessed on the unpaid balance. Interprets it to be a monthly fee for every month the bill goes unpaid or there is an outstanding balance. Adds that the bill does not answer questions like whether the \$18 figures into five percent of the unpaid balance.
201	Rep. Deckert	Comments the cumulative issue is almost a moot point because the cable company will turn off service in 60 to 90 days.
219	Chair Hill	Explains that his intent is to send the bill back to the subcommittee.
229	Chair Hill	Closes the work session on HB 2669 and opens the work session on SB 188.
<u>SB 188 n WORK SESSION</u>		
236	Cody	Reviews SB 188.
247	Rep. Montgomery	Explains that there are no employees needed and there is no financial transfer.
251	Rep. Montgomery	MOTION: Moves SB 188 to the floor with a DO PASS recommendation.
252	Rep. Witt	Asks if the funds all go into emerging growth business and key industries and affordable housing. Asks what criteria are used in determining how the investments are made.
266	Rep. Montgomery	Responds affirmatively.
271	Rep. Witt	Asks what kind of return the funds have had over the last few years.
276	Mary Anne Gest	Oregon State Treasury. Explains that the fund was created last year and no investments have been made.
289	Rep. Witt	Concerned we are making investment on criteria other than the best return on investment.
290	Gest	Explains bill was passed originally in 1995 creating the Oregon Growth Account. It was given to the Oregon Investment Council (OIC) to invest. The OIC found themselves in conflict with the prudent and productivity statutes. The

		investments are strictly for emerging growth business and affordable housing in Oregon.
333		VOTE: 9-0
	Chair Hill	Hearing no objection, declares the motion CARRIED.
325	Chair Hill	Opens a work session on HB 2634.
<u>HB 2634 ñ WORK SESSION</u>		
346	Cody	Explains HB 2634.
349	Rep. Rosenbaum	Explains that the bill comes from the Subcommittee on Trade and Economic Development with a unanimous recommendation. The bill repeals a 1987 law that stated the policy of Oregon that it was morally and politically inconsistent with our values to invest in South African companies and to do business with South Africa.
373	Rep. Rosenbaum	MOTION: Moves HB 2634 to the floor with a DO PASS recommendation.
378	Rep. Rasmussen	Displays and explains photographs taken in South Africa last August
406		VOTE: 7-0-2 EXCUSED: 2 - Reps. Montgomery, Simmons
	Chair Hill	Hearing no objection, declares the motion CARRIED.
411	Chair Opens	Opens work session on SB 106.
<u>SB 106 ñ WORK SESSION</u>		
415	Rep. King	Comments that this is an important bill to Rep. Simmons and requests that Rep. Simmons be present. Adds that he has requested that the Travel Information Council prepare information for the committee.

427	Rep. Rasmussen	Submits statement from Travel Information Council (EXHIBIT F). Explains process for placement of information signs.
TAPE 23, B		
047	Rep. Rasmussen	MOTION: Moves SB 106 to the floor with a DO PASS recommendation.
056		VOTE: 8-0-1 EXCUSED: 1 - Rep. Montgomery
	Chair Hill	Hearing no objection, declares the motion CARRIED. REP. RASMUSSEN will lead discussion on the floor.
059	Chair Hill	Opens work session on SB 189.
<u>SB 189 n WORK SESSION</u>		
057	Cody	Reviews bill. SB 189.
062	Rep. Deckert	Comments that a report is now being issued and this is duplicative and could save money.
069	Rep. Deckert	MOTION: Moves SB 189 to the floor with a DO PASS recommendation.
070	Rep. Witt	Asks what is duplicative.
077	Cody	Comments that the State Treasury is already doing this and eliminating this ORS does not take away their reporting responsibilities to the governor or the legislature assembly.
090		VOTE: 8-0-1 EXCUSED: 1 - Rep. Montgomery
	Chair Hill	Hearing no objection, declares the motion CARRIED.

088	Chair Hill	Opens a work session on HB 2578
<u>HB 2578 n WORK SESSION</u>		
097	Roger Hamilton	Commissioner, Public Utility Commission (PUC), submits prepared statement and proposes amendments to HB 2578 (EXHIBIT D). Comments the commission thinks HB 2578 is a good bill but there are some unintended consequences that may damage ratepayers through double counting and further confuse ratepayers who already have a very confusing telephone bill. Highlights prepared statement (EXHIBIT D).
121	Chair Hill	Asks if Legislative Counsel is drafting the amendments.
121	Hamilton	Responds affirmatively.
125	Schelly Jensen	GTE. Comments GTE agrees with the amendments. One of the amendments came up in the subcommittee and others came up along the way. They have been working with the PUC.
134	Hamilton	Adds that there is a timeline that shows when there is a problem in lag time because the telecommunication providers are not actually paying these fees now.
140	Chair Hill	Announces that when the amendments are available the committee will reschedule the bill.
143	Chair Hill	Closes the work session on HB 2578 and opens a work session on HB 2092.
<u>HB 2092 n WORK SESSION</u>		
149	John Belue	Manager, Oregon Resource and Technology Development Fund (ORTDF), Oregon Economic Development Department (OEDD). Submits proposed amendment to Section 9 of HB 2092 (EXHIBIT E) which gives the ORTDF board the ability to use either the Department of Administrative Services (DAS) or the Economic Development Department (EDD) for administrative assistance.
158	Cynthia Burns	Attorney General's office. Explains the amendments are to provide the staff for day-to-day operations.
192	Chair Hill	Announces that the committee will request that the amendments be drafted and will reschedule the bill.
208	Chair Hill	Closes the work session on HB 2092 and opens a public hearing on update on Year 2000 (Y2K).

YEAR 2000 ISSUES

212	Rep. King	Distributes reminders and awards to the committee for efforts in attaining Y2K compliance.
232	Don Mazziotti	Chief Information Officer, State of Oregon. Introduces Barbara Jensen, Coordinator for the Statewide Y2K Office. Submits report "Oregon's State of the State for the Year 2000", a summary of the statewide mission critical system conditions ratings, a March 5 detailed agency-by-agency report on status and a workforce management policy issued since his last report to the committee. Adds that he will describe the results of interface inventory recently completed and the business continuation activity currently underway.
263	Chair Hill	Asks which two agencies are still red.
265	Mazziotti	Reports the two systems are rated as red are the telecommunications network in DAS, and sentencing calculation system in the Department of Corrections (DOC) (EXHIBIT G, page 3). Explains that a number of systems have moved from red to yellow or green. The process has been a very effective way of reporting system conditions and causing agencies to document or take steps which they had not previously documented in order to bring their plan up to date.
289	Rep. Simmons	Comments he is concerned about the agencies. Asks if Mazziotti reports to Ms. Jensen.
293	Mazziotti	Responds he reports to Ms. Jensen on a daily basis or more often. Explains that they will keep the telecommunications system red until they know it works perfectly.
300	Chair Hill	Asks if there is a plan for the telecommunications system and whether it is on schedule.
315	Mazziotti	Responds that they have a plan. It is not on schedule. Adds that even if it were on schedule it would not qualify for a yellow or green status because quality is not verified or verifiable.
328	Chair Hill	Asks when they expect the Department of Corrections to move into a yellow status.
330	Barbara Jensen	Manager, Statewide Year 2000 Office. Responds she thinks it will be some time before it moves into a yellow or green status. Explains it is on a later schedule. Comments that Corrections has a manual backup system to conduct the services rendered by their sentence calculation system.
342	Chair Hill	Asks why the Department of Corrections is red.
342	Jensen	Explains that DOC does have a plan and they are trying to get a contract signed

		and moved forward to get a design of their plan and it is taking longer than anticipated.
357	Mazziotti	Comments they believe DOC will not be able to verify a schedule within three weeks of hitting their milestones until October. Adds that DOC has asked that sentencing calculation be removed from the list of mission critical because they can make the manual calculations.
375	Rep. Krummel	Asks if the departments determined which systems are mission critical.
385	Mazziotti	Responds that a committee composed of 18 director or deputy level executives throughout state government focused on the 262 systems that were listed as mission critical. The lists were nominated by the agencies. The 78 identified mission critical systems are the byproduct of that process. The other systems are still reported on and are not statewide mission critical.
422	Chair Hill	Asks how many programs in the Department of Human Resources (DHR) moved from yellow to green since the last report.
447	Mazziotti	Responds that all programs in DHR reported to the committee originally were yellow. Six went to green during this interim period and the second completion assurance has just been completed. Adds that the consultants still believe DHR is on track. They are slightly ahead of schedule and are doing an excellent job on interfaces.
470	Chair Hill	Asks how many of the systems listed are dependent upon the \$13 million for Y2K.
474	Mazziotti	Responds he does not know the answer but can come up with a response in a day or two.
TAPE 24, A		
024	Chair Hill	Comments that this committee will be giving input to Ways and Means on DHR's budget. Asks that Mr. Mazziotti provide information on costs for each of the DHR critical systems.
044	Chair Hill	Asks Mazziotti when they would like to see all agencies as green.
046	Mazziotti	Responds that by July 1 he would like to see 98 or 96 percent green.
048	Chair Hill	Request that Mazziotti provide a schedule of which systems could move to green in April and in May.
055	Mazziotti	Responds he thinks they can do that. Comments that he would wait until after

		they have posted the business continuation results to ask agencies to report again. Adds that Testmasters inventoried all the state agency interfaces. They are now examining each interface for its linkage to the statewide mission critical systems or functions. They expect the work to be completed by the middle of March. They will then go through a rating to determine the status of the interfaces and will post the ratings.
094	Mazziotti	Comments that one piece of the document provided to the committee is called "Year 2000 Workforce Management Policy" (EXHIBIT G, pages 34 - 36). Explains they issued a Y2K alert among all agencies suggesting they need to address their work force issue for the change of the millenium. It does not set a uniform state policy on workforce because each agency is different. By June they expect to see the policy in effect for each agency.
127	Chair Hill	Adjourns meeting at 4:42 p.m.

Submitted By, Reviewed By,

Annetta Mullins, Jason Cody,

Administrative Support Administrator

EXHIBIT SUMMARY

A ñ HB 2177, HB 2177-1 amendments, Health Division, 1 p

B ñ HB 2577, HB 2577-1 amendments, Schelly Jensen, 1 p

C ñ HB 2669, letter from City of Portland, Rep. Rosenbaum, 1 p

D ñ HB 2578, prepared statement and proposed amendments, Roger Hamilton, 11 pp

E ñ HB 2092, proposed amendments, John Belue, 1 p

F - SB 106, prepared statement by Travel Information Council, Rep. Rasmussen, 5 pp

G ñ Y2K Issues, report "Oregonís State of the State for the Year 2000", a summary of the statewide mission critical system conditions ratings, a March 5 detailed agency-by-agency report on status and workforce management policy, Don Mazziotti, 36 pp